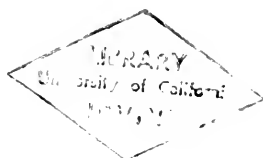


LEGISLATIVE COUNSEL BUREAU



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TARIFF SCHEDULES

HEARINGS

BEFORE THE

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES

VOL. IV

SCHEDULES I, J, K, AND L

INDEX IN FINAL VOLUME

WASHINGTON
GOVERNMENT PRINTING OFFICE

1913

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SCHEDULE I.
COTTON MANUFACTURES.

SCHEDULE I.—COTTON MANUFACTURES.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
January 22 and 23, 1913.

The committee met at 10 o'clock a. m., Hon. Oscar W. Underwood in the chair.

Present with the chairman: Messrs. Harrison, Shackelford, Kitchin, James, Rainey, Dixon, Hull, Peters, Palmer, Payne, Hill, Needham, and Longworth.

The CHAIRMAN. Gentlemen, the committee will come to order.

STATEMENT BY MR. HILL.

Mr. HILL. Mr. Chairman, there was a statement made yesterday by a member of the committee which seems to have gone all through the papers of the country. I quote from the Washington Post:

Free meat, proposed by the House Democrats at the last session of Congress, but blocked by a presidential veto, was indicated as part of the tariff revision program at hearing before the House Committee on Ways and Means yesterday.

I find that also in the New York Tribune.

I think in justice to the President, it should be stated frankly that when the bill went to the President it did not contain that provision, but that that had been stricken out on motion of Senator Kern, of Indiana, from the free list. It was in the House bill and passed the House, but it was not vetoed by the President, and I think in justice to him that correction should be made.

The CHAIRMAN. I think that is right, Mr. Hill. There was a modified revision.

Mr. HILL. I think the bill passed with modifications, and I think in justice to the Executive that correction should be made by the Associated Press.

STATEMENT BY MR. RAINEY.

Mr. RAINEY. On yesterday a statement was made by a member of the committee, Mr. Fordney, I believe, to the effect that he had been informed that Marshall Field & Co., of Chicago, were interested in certain factories in Japan making cotton goods, and that he addressed a letter to Marshall Field & Co., asking for information, and Marshall Field & Co had never denied it. I sent a telegram to Marshall Field & Co. yesterday afternoon for the facts, and have received from them this answer:

CHICAGO, ILL., *January 22, 1913.*

HENRY T. RAINEY, M. C.,
Ways and Means Committee, Washington, D. C.:

Your telegram concerning statement that we are interested in factories in Japan is first time matter has come to our attention. The statement is absurdly untrue. Marshall Field & Co. have not now nor have they had at any time interest or ownership in any mill or factory in Japan or elsewhere outside of United States

MARSHALL FIELD & Co.,
By JOHN G. SHEDD, *President.*

PARAGRAPH 313—YARN.

I ask permission to print this telegram in the record.

Mr. FORDNEY. Mr. Chairman, I will briefly but fully explain that.

Ex-Congressman McKinlay, of California, while in Congress stated to me in this city that while traveling in the Orient, and while in Japan, he called upon the American consul—I have forgotten just where—and that the American consul had pointed out to him four different cotton factories in Japan in which Marshall Field & Co. were interested, either in the factory or in sending the raw material, cotton, to Japan and having it manufactured into the finished product for them, and that product brought back to this country. I made that statement publicly in the State of Michigan. Later on I received from Marshall Field & Co. a letter, with a clipping from a paper published in Grand Rapids, Mich., which stated that I had made a statement along that line, and they asked me whether or not I had made the statement, and if so, where I got my information. I stated that I had stated in substance what was in the article, and then related to them what I had said and where I got my information and asked whether or not that was true. I never received any reply to that. So when that gentleman states in his telegram that that matter has never been brought to their attention before so far as the man sending the telegram is concerned that may be right, but my statement to you is absolutely correct, that they did write me and that I wrote back to them and never got any reply.

Mr. RAINEY. They deny it now.

Mr. FORDNEY. Then it is a question of veracity between the man who sends the telegram and myself.

STATEMENT BY MR. FORDNEY.

[Hearing of Jan. 27.]

Mr. FORDNEY. Before you proceed with the next witness, I desire to state, as a matter of personal privilege, that the other day I made a statement here about receiving a letter from Marshall Field & Co., and in return writing them about a certain matter of importations, or their interest in knit goods being produced in Japan.

The gentlemen from Illinois, Mr. Rainey, evidently telegraphed Marshall Field & Co., and in return received a reply from them that they had never heard of such a thing, thus practically in effect raising a question of my veracity.

I have here the letters I received from Marshall Field & Co., together with my reply. I received a letter from them April 21, 1909, and replied to it May 21, 1909. Those are the letters I spoke of, in exactly the same substance and the same words that I stated at that time. I do not care to have them go in the record, unless some one desires it. The letter from Marshall Field & Co., was signed by a man by the name of Barnhart.

Mr. RAINEY. Will you read that?

Mr. FORDNEY. I will let the clerk read it, or I will read it if you desire.

Mr. PAYNE. Mr. Barnhart appeared before the committee then.

Mr. FORDNEY. The telegram came, to the effect that they never had any such correspondence.

PARAGRAPH 313—YARN.

Mr. PAYNE. He appeared before the committee for Marshall Field & Co. then.

Mr. FORDNEY. Mr. Chairman, did not Mr. Barnhart sign that telegram?

Mr. RAINEY. No; Mr. Shedd signed it, and he said it was the first time it had been brought to his attention.

The CHAIRMAN. The clerk will read the letter referred to by the gentlemen from Michigan.

The clerk read as follows:

MARSHALL FIELD & Co.,
EXECUTIVE OFFICES,
Chicago, April 21, 1909.

DEAR SIR: A copy of the Grand Rapids Herald of April 17 has come to our hands, in which you are quoted as saying: "I know as a definite fact that the estate of Marshall Field & Co., and Sears, Roebuck & Co., of Chicago, own factories in Japan, where they ship quantities of American cotton to be made into hosiery and sold to the American trade."

We should be glad to learn if this interview correctly quoted you; and if so, we beg to say that you have been seriously misinformed.

Denial of our ownership of foreign factories was presented to the House by our Representative, Mr. Madden, and it was published in the Congressional Record of April 8, page 1080; and, supplementing this statement, would say that we have not one dollar invested in the manufacture of hosiery in Japan, nor have we ever imported hosiery from that country. Further, we have no knowledge nor can we find in the Government statistical reports record of hosiery being imported into the United States from Japan by anyone.

Yours, very truly,

MARSHALL FIELD & Co.,
By KENNETH BARNHART, *Secretary.*

Hon. J. W. FORDNEY,
House of Representatives, Washington, D. C.

Mr. RAINEY. I will say I did not want to raise any question as to Mr. Fordney's veracity; I did not intend that at all. But the statement made by Mr. Fordney the other day was that he had heard these facts with reference to Marshall Field & Co.'s operations in Japan, and that they had written to him asking him for his authority; that he had written back to them giving it, asking them whether or not it was true, and that they had never replied to him as to whether or not it was true.

It appears from this letter that as to this report Marshall Field & Co. denied it in the first instance, and at that time Mr. Fordney had that letter.

I do not want, as I say, to raise any question of veracity at all in the matter. All I wanted to do was to spoil the campaign speech that Mr. Fordney has been making all through the country by getting the facts directly from the manager of Marshall Field & Co., and I got them in this telegram, from which it appears that Mr. Fordney already had them when he made the statement before that Marshall Field & Co. did not deny it.

Mr. FORDNEY. My statement was not as to hosiery. They say nothing about any other knit goods except hosiery. I never made a statement of that kind. I gave the information that I had, and in my letter, which is attached to that, I refer to knit goods. It is a long letter, but if necessary it can also be read.

The information given me was by ex-Congressman, then Congressman, Duncan McKinlay, of California. I gave the information only

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as it came to me. I did not make campaign speeches throughout the country using that.

I want further to say, for it is a matter of justice, I stated I had no reply. I telegraphed to my home and got the records, and in the records comes a letter from Marshall Field & Co. to me of May 25, a reply to my letter to them. I never saw this until yesterday. It got into the files without my ever seeing it.

They again restate that they have not imported hosiery, and say nothing about other knit goods. That is all there is to it.

Mr. RAINEY. All of the testimony on the point shows they have no interest of any kind in a factory abroad, and never did have. So I hope the gentleman from Michigan will not make that campaign speech any more.

Mr. FORDNEY. But I will make a speech according to the information given me, my friend, always; I did then and I will do it again, and am not making any different statement now.

Mr. RAINEY. Then you will not make this speech any more?

Mr. FORDNEY. I will make the same speech I did before. That information came to me that they were receiving the greater portion of the product of those knit factories—

Mr. RAINEY (interposing). If you do, it will be a typical Republican speech, because the facts show otherwise.

Mr. FORDNEY. The facts do not show anything of the kind.

The CHAIRMAN. I hope my friends will let the hearing proceed.

Mr. FORDNEY. The letter refers only to hosiery and to nothing else. They have not made answer as to anything other than that.

STATEMENT BY THE CHAIRMAN.

The CHAIRMAN. Gentlemen, the committee has adopted a rule to allow each witness 10 minutes. Of course that does not include the time the members of the committee take for cross-examination of the witness. I want the witnesses present to understand this. The committee itself is privileged to extend that time if it wants to get further information. The purpose is not to cut the witness off, and we are desirous of giving each witness coming to this hearing an opportunity to be heard to some extent. The time occupied in examination of the witness by members of the committee might run the time occupied by the witness somewhat over 10 minutes, but that is for the committee to determine. I would like to ask the members of the committee, if possible, to allow the witnesses to complete their statements and occupy their full 10 minutes before cross-examination begins, because it is so much easier for the Chair to keep a record of the time.

PARAGRAPH 313.

Cotton thread and carded yarn, warps or warp yarn, in singles, whether on beams or in bundles, skeins, or cops, or in any other form, except spool thread of cotton, crochet, darning, and embroidery cottons, hereinafter provided for, not colored, bleached, dyed, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, two and one-half cents per pound on all numbers up to and including number fifteen, one-sixth of a cent per number per pound on all numbers exceeding number fifteen and up to and including number thirty, and one-fifth of

PARAGRAPH 313—YARN.

a cent per number per pound on all numbers exceeding number thirty: *Provided*, That none of the foregoing shall pay a less rate of duty than fifteen per centum ad valorem; colored, bleached, dyed, combed, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, whether on beams, or in bundles, skeins, or cops, or in any other form, except spool thread of cotton, crochet, darning, and embroidery cottons, hereinafter provided for, six cents per pound on all numbers up to and including number twenty-four, and on all numbers exceeding number twenty-four and up to number eighty, one-fourth of one cent per number per pound; on number eighty and up to number two hundred, three-tenths of one cent per number per pound; on number two hundred and above, sixty cents per pound, and one-tenth of one cent per number per pound additional for every number in excess of number two hundred; cable-laid yarns or threads, made by grouping or twisting two or more grouped or twisted yarns or threads together, not colored, bleached, or dyed, four-tenths of one cent per number per pound; colored, bleached, or dyed, nine-twentieths of one cent per number per pound: *Provided further*, That said threads and yarns, colored, bleached, dyed, combed, advanced beyond the condition of singles, and cable-laid yarns or threads, as hereinbefore provided, except those (other than cable-laid threads and yarns) finer than number one hundred and forty shall not pay a less rate of duty than twenty per centum ad valorem: *And provided further*, That all the foregoing threads and yarns as hereinbefore provided, when mercerized or subjected to any similar process, shall pay, in addition to the foregoing specific rates of duty, one-fortieth of one cent per number per pound; cotton card laps, roping, sliver, or roving, thirty-five per centum ad valorem. Cotton waste and flocks, manufactured or otherwise advanced in value, twenty per centum ad valorem.

YARN.

BRIEF SUBMITTED BY THE NEW ENGLAND COTTON YARN CO.

[Mills in New Bedford, Fall River, and Taunton, Mass.]

To the honorable Committee of Ways and Means of the House of Representatives:

Yarn.—The New England Cotton Yarn Co. operates 540,000 spindles solely on the production of cotton yarns.

It is submitted that the schedules as now framed under the Underwood bill of 1912 do not take into consideration the different kinds and varieties of yarns; that bill is applicable solely to weaving yarns.

This corporation practically manufactures no weaving yarns. Its yarns are used for knitting work, electrical work, narrow goods fabrics—sometimes called elastics—upholstery, tapestry, and a great variety of other special uses.

The per cent of weaving yarns to the whole product is not in excess of 10 per cent.

These special yarns require a higher degree of perfection in manufacture than weaving yarns, and consequently a larger labor cost.

It is respectfully submitted, therefore, that the committee should take into consideration the difference between these costs and the costs of weaving ordinary yarns in the South.

Under the bill of 1912 as drawn, this corporation feels that it would be impossible for it to remain in existence and employ its help.

It has been extremely difficult to get comparative English figures on which reliance could be placed.

Certain figures, however, have been obtained from two or more independent sources in England which check, and consequently prove their correctness as to certain numbers and qualities of yarns.

PARAGRAPH 313—YARN.

The schedules based on these figures are herewith submitted:

Description.	First week, December, 1912 (English price).	Under-wood duty.	English total.	Our cost.	Difference between English total and our cost (our loss).	Labor in our cost.
American:						
30's fill cops.....	\$20.20	\$2.02	\$22.22	\$24.59	\$2.37	\$4.98
40's fill cops.....	21.21	2.12	23.33	27.18	3.85	6.13
50's fill cops.....	23.99	2.40	26.39	32.71	6.32	8.07
60's fill cops.....	29.16	4.37	33.53	37.52	3.99	9.86
Egyptian:						
30's fill cops.....	27.27	2.73	30.00	32.86	2.86	4.98
40's fill cops.....	28.28	2.83	31.11	35.45	4.34	6.13
50's fill cops.....	30.80	3.08	33.88	38.69	4.81	8.07
60's fill cops.....	32.82	4.92	37.74	41.71	3.97	9.86
70's fill cops.....	35.85	5.38	41.23	45.58	4.35	11.41
80's fill cops.....	37.87	5.68	43.55	48.88	5.33	12.90
100's fill cops.....	47.47	7.12	54.59	63.75	9.16	17.05
120's fill cops.....	55.04	11.01	66.05	71.04	4.99	20.66

Description	First week, December, 1912, English price.	Under-wood duty.	English total.	Our cost frame bobbins.	Difference between English total and our cost (our loss).	Labor in our cost.
American:						
20's warp cops.....	\$19.19	\$1.92	\$21.11	\$22.08	\$0.97	\$3.10
30's warp cops.....	20.96	2.10	23.06	24.48	1.42	4.25
40's warp cops.....	24.75	2.48	27.23	28.00	.77	5.39
50's warp cops.....	28.79	2.88	31.67	31.76	.09	6.53
60's warp cops.....	31.44	4.72	36.16	36.80	.64	8.02
Egyptian:						
40's warp cops.....	30.30	3.03	33.33	34.19	.86	5.39
70's warp cops.....	37.88	5.68	43.56	47.00	3.44	9.70

It is to be noticed that we are here putting frame spun bobbins against warp cops, a cheaper operation against a more expensive one. The American manufacturer rarely, if ever, uses mule-spun yarn for warp.

Description.	First week, December, 1912, English price.	Under-wood duty.	English total.	Our cost frame bobbins.	Difference between English total and our cost (our loss).	Labor in our cost.
American:						
20/2 warp bobbins.....	\$21.72	\$2.17	\$23.89	\$24.26	\$0.37	\$5.00
40/2 warp bobbins.....	27.02	2.70	29.72	32.07	2.35	9.08
50/2 warp bobbins.....	31.31	3.13	34.44	36.38	1.94	10.70
Egyptian:						
30/2 warp bobbins.....	29.80	2.98	32.78	34.76	1.98	6.85
40/2 warp bobbins.....	30.81	3.08	33.89	38.34	4.45	9.08
50/2 warp bobbins.....	32.83	3.28	36.11	41.42	5.31	10.70
60/2 warp bobbins.....	35.60	5.34	40.94	45.37	4.43	12.85
70/2 warp bobbins.....	40.40	6.06	46.46	53.68	7.22	15.73
80/2 warp bobbins.....	44.44	6.67	51.11	62.23	11.12	19.79
100/2 warp bobbins.....	55.05	8.25	63.30	74.30	11.00	24.75
40/2 English ball warps.....	35.35	3.53	38.88	40.74	1.86	11.04
50/2 English ball warps.....	36.36	3.63	39.99	44.09	4.10	12.88
60/2 English ball warps.....	39.39	5.91	45.30	48.34	3.04	15.28
80/2 English ball warps.....	49.49	7.42	56.91	62.83	5.92	22.13

PARAGRAPH 313—YARN.

AD VALOREM DUTY.

Although your petitioner realizes that the bills heretofore passed have been on the basis of ad valorem duty, it feels that its duty is to protest against such duty being the basis or the entire basis of the duty and submits herewith a table showing extreme fluctuations of cotton for each year of the last 12 years, the average fluctuation, and the difference or variation in the duty.

Table showing effect of fluctuation in market price of cotton on an ad valorem duty.

	Extreme fluctuation.	With 15 per cent waste.	Variation in duty, 1's to 50's.	Variation in duty, 51's to 100's.	Variation in duty, 101's up.
			<i>Cents per pound.</i>	<i>Cents per pound.</i>	<i>Cents per pound.</i>
1901.....	\$4.25	\$5.00	0.50	0.75	1.00
1902.....	1.50	1.76	.176	.264	.352
1903.....	4.50	5.30	.53	.79	1.06
1904.....	10.25	12.06	1.21	1.81	2.42
1905.....	5.25	6.18	.62	.63	1.24
1906.....	2.75	3.24	.32	.49	.65
1907.....	2.85	3.40	.34	.51	.68
1908.....	3.25	3.80	.38	.57	.78
1909.....	7.20	8.47	.85	1.27	1.69
1910.....	5.85	6.88	.69	1.03	1.38
1911.....	7.20	8.47	.85	1.27	1.69
1912.....	3.95	4.64	.46	.70	.93
Average, 12 years.....	4.90	5.76	.576	.864	1.152

Practically no figures have been obtained for English yarns above 80, and your petitioner submits that it is of comparative little importance in view of the fact that the customhouse reports at 78 2-ply (and the same thing is applicable to 78 single) under the present duty, large importations are made, showing that we are already on a competitive basis.

HOSIERY YARNS.

These yarns, carded and combed, are made in the North, mule spun, of high grade and quality.

They are made from good middling and strict good middling cotton, which commands a premium in the market.

They bear a twist which differentiates them from weaving yarns.

It is submitted that under the bill of 1912, the production of these yarns from this country would have to stop, and for this reason the English spinning is practically entirely mule spinning.

The American spinning is practically, so far as coarse numbers are concerned, up to 60, frame spun. Fine hosiery or knitting yarns demand to be mule spun.

Mule spinning is a much more expensive operation than frame spinning.

The tariff as drawn, makes no provision for this, and as English yarns are, as above stated, mule spun, they will come in to the entire exclusion of American yarns.

The numbers for hosiery or knit goods are up to 20's.

These goods are sold in the condition in which they come from the knitting machine. They are not washed, they are not bleached, and only a very small portion of them dyed.

The schedule showing the comparison of English and American cost of these yarns is here submitted, based on strict good middling cotton:

Description.	First week December, 1912 (English price).	Underwood duty.	English total.	Our cost.	Difference between English total and our cost (our loss).	Labor in our cost.
American:						
10's fill cops.....	\$18.18	\$1.82	\$20.00	\$20.91	\$0.91	\$2.66
20's fill cops.....	18.43	1.84	20.27	23.25	2.98	3.53

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ADVANCED YARNS.

It is submitted this corporation does, as do most of the yarn companies in the North, a large business in advanced yarns; that is, yarns which are bleached, dyed, mercerized, or gassed. The advance in duty of 5 per cent does not care for these yarns.

In many cases it cares for one process, but in most cases yarns are submitted to two and sometimes three of these processes. For instance, many yarns are gassed, mercerized, and dyed.

The Englishman makes no difference above 40's between gassed yarns and plain yarns.

The American mills in competition have been obliged to recognize this difference in their cost.

Respectfully submitted.

NEW ENGLAND COTTON YARN Co.,
By FRANK BULKELEY SMITH,
Treasurer.

BRIEF ON YARNS SUBMITTED BY THE NYANZA MILLS AND HOLMES MANUFACTURING CO.

BOSTON, January 30, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, House of Representatives.

SIR: We, the undersigned, representing the Nyanza Mills (25,000 spindles), of Woonsocket, R. I., and the Holmes Manufacturing Co. (63,000 spindles), of New Bedford, believe that it will be impossible for us to compete with foreign-made ply or processed yarns if the present duty is materially reduced.

The Nyanza Mills manufactures (from the raw cotton) combed yarns of slack twist, by far the greater proportion of which are subsequently twisted into ply yarns in that mill, and are mercerized or bleached or dyed and put up for the hosiery, underwear, and embroidery trade, the numbers varying from No. 1 to No. 40.

The Holmes Manufacturing Co. makes the same class of yarns, the numbers varying from No. 30 to No. 120.

Both these mills are of modern construction and are equipped with machinery to make and process these yarns in the most economical manner.

We respectfully call to your attention that no difference is made in H. R. 25034 between single yarn and ply yarn, or mercerized, dyed, or bleached yarn, although the costs of these various processes are very largely the labor employed in them, and are not, therefore, adequately protected by the increase of ad valorem duty as outlined in the above bill.

We would call your attention to the fifth paragraph on page 426 in the Report of the Tariff Board on Schedule I of the Tariff Law. (Copy attached.)

And in this connection we would ask you to distinguish that the criticism relating to duty on mercerized cloth, as compared to the cost of mercerizing on page 503 of this report, applies to cloth alone. On page 35 the Tariff Board discussed the duty on mercerized yarns, and finds that the duty on the higher numbers is out of proportion to the cost of mercerization, but this we believe is due to the method of levying this duty at one-fortieth of a cent per number, whereas the cost of mercerization does not so increase. No deduction can be drawn from this report that no duty should be levied for mercerization, and the imports cited below show that some of such yarns are now imported in considerable quantities. The report of the Tariff Board may be taken to mean that the method of fixing such duty is wrong or excessive.

Present imports of mercerized yarns.—From the report on imported merchandise entered for consumption in the United States and duties collected thereon for the year ending June 30, 1912, of the Bureau of Foreign and Domestic Commerce (hereafter called the "Report on Imports"), page 11, it appears that no single mercerized yarn was imported, all such imports being of ply or processed yarns.

Of such ply and processed yarns the competition in the lower numbers consists in the imports of embroidery yarn which we estimate to be fully 50 per cent of such yarns used in the United States. We have no method of determining the exact imports of such yarns, as they are classed with spool thread in the Reports on Imports, page 12. We believe, however, from our experience that 50 per cent of the amount used in this country is a conservative estimate of such imports; the importation of embroidery yarns having increased largely in the last year in the form of small balls or spools, in

PARAGRAPH 313—YARN.

which form the putting-up labor is the large element of cost. If this estimate is correct the present duty would appear not to be prohibitory, and a lowering of such duty would deprive the Government of part of the revenue now received by it from this class of merchandise, amounting in the year ending June 30, 1912, to over \$350,000. (See page above referred to.)

Apart from the above the imports of processed yarn up to No. 40 are not considerable, and it may be that a reduction of the duty should be made to make the imported yarns plus the duties competitive with American yarns.

From No. 41 to No. 80 we estimate that about 15 to 20 per cent of the processed yarns used are imported. The imports between these numbers for the year ending June 30, 1912, as shown on page 11 of the above report, were 910,028 pounds. From No. 80 to No. 100 about 25 to 30 per cent of the mercerized yarn used in the country is imported, and, as a matter of fact, the Holmes Manufacturing Co. has been compelled to cease manufacturing No. 80 yarn and finer because of the low price caused by competition with imported yarn. Above No. 100 about 75 per cent of the processed yarn used is imported, although the volume is not large.

By examining the table of imports above referred to, it will be readily seen that under the present tariff little single yarn is imported, either plain or processed in contrast to the large imports of ply or processed yarn, in spite of the extra duty now levied on the latter by the present tariff. Fixing the duty to apply on yarn, without regard to condition, to make the entry of single yarn competitive, will work a hardship on the manufacturers of ply and processed yarns which it will be impossible for them to bear. The present increase of duty does not keep out the ply or processed yarns, as shown by the imports now made (p. 11, Reports on Imports), amounting to over 6,500,000 pounds in the year ending June 30, 1912, valued at over \$3,900,000 and paying duties of \$1,230,000 and the ad valorem increase under H. R. 25034, due to increased value because of twisting or processing, will make far less difference in the duties assessed on single and ply or processed yarns than under the present law.

This difference in the imports between single and ply yarns is as apparent in the yarns imported unmercerized as in those mercerized. (See p. 11 of the above report.)

To summarize our argument, it is shown by the imports during the last year that even with an increased duty under the present tariff, due to mercerizing, dyeing, bleaching, or twisting, such yarns are imported in large quantities, whereas single yarns have not come in except in small quantities whether mercerized or not. Fixing the rate of duty upon all yarns by the duty to be laid on single yarns is therefore unfair, and the added labor cost will not be covered alone by the increase of duty due to increased value.

This distinction between single and processed, or ply, yarns is noted in the brief as submitted by Mr. Lewis W. Parker under date of January 22, 1913, and, while we feel that the rate of duty as suggested by him is somewhat lower than is adequate to protect American manufacturers, we feel that this distinction between different kinds of yarns is a sound and fair one, but that the difference in duty should be somewhat higher than the 5 per cent suggested by him.

NYANZA MILLS,
By NATHANIEL F. AYER, *Treasurer*.
HOLMES MANUFACTURING CO.,
By CHAS. M. HOLMES, *Treasurer*.

[Extract from Report of the Tariff Board, page 426.]

On yarn in the gray from 50s to 80s the duty ranges from 44 per cent to 71 per cent of the total conversion or manufacturing cost, and in practically all such cases it is greater than the labor cost in the United States. Comparing these figures with the figures showing the general ratio of manufacturing cost in England to that in this country it appears that on such yarns the duty is regularly in excess of the difference in cost of production.

A somewhat different situation appears in the case of yarns requiring the additional processes of twisting (two-ply yarns) and finishing (bleached, mercerized, and dyed yarns). For such yarns the ratio of the duty to the American conversion cost is decidedly less, ranging from 30 to 50 per cent. A duty which is 30 per cent of the American conversion cost would offset the difference in cost when the English conversion cost is 70 per cent of the American. A duty of 50 per cent is in excess of the difference in cost unless applied to yarn on which the English cost of manufacture is only 50 per cent of the American. On single-ply mercerized yarns, 60s to 80s, the duty is about 31 per cent of the American manufacturing cost, while on two-ply mercerized yarns it ranges from 35 to 50 per cent of the American cost.

PARAGRAPH 314—THREAD.

BRIEF OF JEWEL COTTON MILLS, THOMASVILLE, N. C.

THOMASVILLE, N. C., *February 19, 1913.*

DEAR SIR: At the annual meeting of the Hard Yarn Spinners' Association held in Gastonia, N. C., February 11, 1913, the following preamble and resolutions were unanimously adopted, the same being presented by a committee composed of the following gentlemen: A. C. Phelps, Draper, N. C.; J. H. Separk Gastonia, N. C.; C. E. Hutchinson, Mount Holly, N. C.; and John C. Rankin, Lowell, N. C.:

We, the Hard Yarn Spinners' Association of North Carolina, South Carolina, Georgia, and Alabama, in annual meeting assembled, being conscious of the serious results that would follow the operation of various textile plants of the country should the next Congress pass a cotton tariff after the plan now under consideration, for the reason that under its operations it would be impossible for the spinners of this country to compete with the mills of England, France, and Germany; and being equally aware of the fact that should a low tariff be fixed for the towel, lace-curtain, carpet, hosiery, and upholstery industries equal hardship would result to the mills of this association now making the major part of yarn consumed by these industries, by reason of the competition of foreign yarn manufactured by cheap labor: therefore, be it resolved,

First. That we are opposed to any material reduction in the present tariff that would place us in competition with the mills of Europe employing pauper labor.

Second. That we believe it to be impossible to operate our mills under a low tariff except through a drastic reduction of labor cost.

Third. We entertain the conviction that the only class of our population that would materially benefit through a low tariff would be the importers of the East and foreign manufacturers, who have nothing in sympathy with the southern manufacturers, and not the masses or laboring people of the country.

This association represents over half a million spindles. We respectfully request that you give this matter your serious consideration.

Very respectfully,

T. J. LILLARD,
Secretary and Treasurer.

PARAGRAPH 314.

Spool thread or cotton, crochet, darning, and embroidery cottons, on spools, reels, or balls, containing on each spool, reel, or ball, not exceeding one hundred yards of thread, six cents per dozen; exceeding one hundred yards on each spool, reel, or ball, for every additional hundred yards or fractional part thereof in excess of one hundred, six cents per dozen spools, reels, or balls; if in skeins, cones, or tubes, containing less than six hundred yards each, one-half of one cent for each one hundred yards or fractional part thereof: Provided, That in no case shall the duty be assessed upon a less number of yards than is marked on the spools, reels, cones, tubes, skeins, or balls: And provided further, That none of the foregoing shall pay a less rate of duty than twenty per centum ad valorem.

THREAD.

BRIEF OF COTTON-THREAD MANUFACTURERS.

NEW YORK, *January 17, 1913.*

The COMMITTEE ON WAYS AND MEANS,

The House of Representatives, Washington, D. C.

HONORED SIR: At a general meeting of the cotton-thread manufacturers of the United States, at which 22 were present, the undersigned were unanimously appointed a committee to lay the views on the tariff of the said cotton-thread manufacturers before your honored body.

COTTON THREADS—SCHEDULE I, PARAGRAPH 314.

Although of the belief that conditions justify and require the continuance of the present tariff rate on cotton thread for the protection of the industry, nevertheless, recognizing the fact that a general reduction of the tariff has been decided upon, this committee begs to submit, after careful study and consideration of the subject, that this end could best be accomplished by a reduction of 25 per cent on the present rate. This would make the new rate $4\frac{1}{2}$ cents per dozen spools of 100 yards, in place of the present rate of 6 cents, in paragraph 314 of the tariff law approved August 5, 1909.

PARAGRAPH 314—THREAD.

The phraseology we recommend is given in Schedule A attached. We have not suggested a change in the final phrase of paragraph 314, because even the present rate allows us very little chance for competition in the threads to which this rate applies, the imports of same being four times as much in the year ending June, 1912, as they were in the year ending June, 1910, as shown from the United States official reports. (See Schedule E.)

Our only hope in view of the demands for a lower tariff is to retain enough protection to enable us to run our mills sufficiently so as to avoid the necessity of disbanding large bodies of trained operatives. As previously stated, even with the present rate, a rapidly increasing volume of trade is going to foreign manufacturers, and the reduction of 25 per cent now suggested will necessarily be a strong additional factor further to increase the importation of foreign-made threads. The extent to which they will be increased it is impossible to estimate with any degree of reliability, but we do not hesitate to state the belief that the increase will be very material. In fact, letters have already been mailed to thread concerns by importers and agents of foreign manufacturers asking for samples of the goods used in this country so that they may be matched without loss of time.

Schedules B, C, and D give comparisons of rates of wages and costs of buildings, machinery, and supplies, in the United States, as compared with Great Britain and the Continent of Europe. As an approximate average, the wages are from 100 per cent to 200 per cent higher in the United States than in England and Scotland, and 100 per cent to 400 per cent higher than on the continent.

Supplementing the foregoing, we beg to submit the following additional information:

MANUFACTURE OF COTTON THREADS.

The four principal factors entering into the cost of manufacture are:

(1) *Labor*.—Schedule B, attached hereto, shows a comparison of the wages paid in this country with those of the principal thread producing countries of Europe, as per reports from the Department of Commerce and Labor, Daily Consular and Trade Reports, etc. This proves that American wages are from 100 per cent to 200 per cent higher than the wages of England and Scotland and from 100 per cent to 400 per cent higher than those of Germany, France, Belgium, etc.

(2) *Cotton*.—The American manufacturer has no practical advantage in the cost of American grown cottons, as the ocean freight to Europe is very low, having at times been lower than the cost of freight to New England points, while the freight on Egyptian cotton is higher to this country than to Europe.

(3) *Mill supplies other than cotton*.—The cost of these is from 23 per cent to 64 per cent in excess of the European costs; the only notable exceptions being lubricating oils, which are cheaper in this country than in Europe, and papers which cost about the same. Practically all other articles cost from 23 per cent to 64 per cent more than in Europe. (See Schedule C.)

(4) *Fixed charges*.—The cost of buildings and machinery being materially higher in America than in Europe, the American manufacturer is burdened with much greater charges for interest, depreciation, etc. (See Schedule D for particulars.) Buildings average 30 per cent to 50 per cent more in this country than in England and spinning machinery 60 per cent to 70 per cent more.

CONDITION OF COTTON-THREAD TRADE.

Competition among American manufacturers is very keen and the margins of profit on many lines are reduced accordingly; in fact, in some cases goods are sold at net cost. The number of thread manufacturers in the United States is constantly increasing and any duty which does not fairly equalize foreign costs and the costs of the thread of these new makers, whose business is not yet protected by reputation or trade-marks to the same extent as that of the older manufacturers, would be a particular hardship. (We attach Schedule F covering the cotton-thread manufacturers of the United States). American cotton-thread mills are in a high state of efficiency generally, and well able to cope with foreign competition, but they can not, of course, pay from two to four times the wages of their foreign competitors and compete with them, unless the tariff gives protection to offset this difference, as well as the difference in the cost of mill supplies, fixed charges, etc., above referred to. Radically reducing the tariff would necessitate corresponding reductions in the wages of the mill operatives and eventually the closing of the mills. In addition to the list of manufacturers as per Schedule F, there are approximately 100 other concerns interested in the sale of thread. (See Schedules F, Nos. 2, 3, 4, and 5.)

PARAGRAPH 314—THREAD.

EXPORT TRADE.

For the reasons explained in the paragraph headed "Manufacture of cotton threads," it is impossible for American manufacturers to compete in foreign markets. The export business done from the United States is insignificant, and whatever is exported is sold at the full United States market prices f. o. b. American ports.

The facts and conditions as set forth in the foregoing memorial we trust will fully explain the status of the cotton-thread industry in this country and its great need for tariff protection, and we earnestly pray that your honored committee will not reduce the tariff below the schedule offered.

We are, with the greatest respect,

FLOYD CRANSKA.
WM. H. HALL.
F. E. KALEY.

SCHEDULE A.

314. Spool thread of cotton, crochet, darning, and embroidery cottons, on spools, reels, or balls, containing on each spool, reel, or ball not exceeding 100 yards of thread, $4\frac{1}{2}$ cents per dozen; exceeding 100 yards on each spool, reel, or ball, for every additional 100 yards or fractional part thereof in excess of 100, $4\frac{1}{2}$ cents per dozen spools, reels, or balls; if in skeins, cones, or tubes, containing less than 600 yards each, three-eighths of 1 cent for each 100 yards or fractional part thereof: *Provided*, That in no case shall the duty be assessed upon a less number of yards than is marked on the spools, reels, cones, tubes, skeins, or balls: *And provided further*, That none of the foregoing shall pay a less rate of duty than 20 per cent ad valorem.

SCHEDULE B.

Wages per week.

[Comparing the United States and European countries.]

	Hours per week.	Highest.	Lowest.	Average.
Male:				
United States.....	54-58	\$21.00	\$5.50	\$9.50
Scotland.....	49	12.97	3.89	5.36
England.....	55	14.55	3.88	7.76
Italy.....	58	11.58	.98	2.80
Spain.....	63 $\frac{1}{2}$	8.67	1.38	3.86
Russia.....	60	5.58	1.78	3.65
Maritime Provinces.....	66 $\frac{1}{2}$	7.72	1.95	3.43
Poland.....	64 $\frac{1}{2}$	7.86	1.78	3.55
Belgium.....	66	6.78	.79	2.83
Switzerland.....	58	8.52	4.22	4.78
Germany.....	58 $\frac{1}{2}$	14.00	1.82	3.87
Austria.....	57	9.88	3.40	4.39
Hungary.....	60	10.42	1.30	3.91
Female:				
United States.....	54-58	12.50	5.00	8.50
Scotland.....	49	5.83	1.52	3.05
England.....	55	7.66	1.70	3.46
Italy.....	58	3.47	1.15	1.59
Spain.....	63 $\frac{1}{2}$	4.51	1.04	2.43
Russia.....	60	3.93	1.58	2.54
Maritime Provinces.....	66 $\frac{1}{2}$	2.96	1.40	2.29
Poland.....	64 $\frac{1}{2}$	3.43	1.53	2.29
Belgium.....	66	3.25	.74	2.07
Switzerland.....	58	3.90	1.93	2.74
Germany.....	58 $\frac{1}{2}$	4.98	1.18	2.43
Austria.....	57	5.28	1.53	3.25
Hungary.....	60	2.83	.65	1.81

Wages—Rates per week.

[Compiled from various documents published by Congress and by the Department of Commerce and Labor.]

		Hours per week.									
United States.	England and Scotland.	Germany.	France.	Belgium.	Spain.	Switzerland.	Italy.	Austria.	Japan.	Russia.	
54-58	53½	61-66	60	64½	66	65	65	178½	66		
Carding:											
Overseer.....	\$9.39-\$12.10					\$4.44-\$8.52		\$4.02-\$7.32	\$2.40	\$5.10	
Opening and mixing.....	3.20					3.18-4.44		2.46-3.66		\$2.70-3.84	
Picker tenders.....	3.69-7.50	\$3.00-\$4.20	\$3.83-\$4.21	\$3.49-\$3.75	\$3.22-\$3.58	3.48	\$2.60-\$4.05	2.46-2.94	1.80	2.40-3.12	
Card tenders.....	2.90-7.74	3.99-5.08	3.83-4.47	3.33-3.75	3.22-3.58	3.72-4.62	2.89-4.05	2.94-4.26	1.80	2.10-3.84	
Card grinders.....	4.84-7.50					3.30-3.66	2.82-2.89			1.80-3.06	
Combers.....	2.84-3.87					3.72	1.92-4.38			1.20-1.56	
Collect waste.....	7.00-8.00					3.30-3.66	1.43-2.60			2.10-2.76	
Drawing tenders.....	3.02-4.94		3.56		2.50-2.80	3.72	1.43-2.60			2.10-2.76	
Shubbers tenders.....	6.50-7.50					3.00-3.90	1.43-2.60			2.10-3.00	
Spinner tenders.....	3.15-4.84		3.76		2.50-2.86		2.32-3.47			2.10-3.00	
Speeder tenders.....	7.00-10.00	2.15-3.15			1.07-1.43					1.50-1.86	
Speeder helpers.....	3.45-5.44	1.71-2.15	2.31								
Ring spinning:											
Overseer.....	25.00-30.00	5.36-7.38				5.22-6.90	6.96	3.00-9.12	2.70		
Frame tenders.....	7.00-9.00	2.15-4.98	5.81-7.54		2.86-3.58	1.86-3.36	1.43-2.95	1.86-2.94	1.12	1.98-2.76	
Doffers.....	6.00-8.00	2.18-2.86			1.43-1.61	1.86-1.98	1.55	1.50-2.10		1.86	
Mule spinning:											
Overseer.....	20.00-31.66	9.00-14.00				5.46-7.62	11.58	4.86-9.72		6.18-7.80	
Frame tenders.....	18.00-20.00	8.71-12.10			4.30	3.00-5.46	4.05-7.24	3.66-6.54		4.62	
Mule spinners.....	8.00	3.57-5.00	3.40-5.23	3.87-4.25		2.64-3.96	3.76	2.52-4.44		2.40-3.06	
Piecers.....	7.00	2.10	2.90-3.49				3.45	1.44-2.82		2.10-2.46	
Creepers.....	7.50-11.00	2.78-3.99	3.08		3.22-3.58		1.73-2.89	2.40-2.94		1.80-2.46	
Cop winders (women).....											
Twisters' tenders:											
Men.....	9.10-11.00					3.06	3.24	2.46-3.66		3.06	
Women.....	7.00-8.50	2.78-3.60			2.16-2.40		1.27				
Creeplers and doffers.....	6.00-7.50	2.10-2.78						2.34-3.18			
Reelers (women).....	8.00-12.50	3.33-3.87	3.04			2.46-3.36	1.73-2.89	2.10-3.72	1.12		
Warpers (women).....	7.50-9.00		4.61		2.16-2.75		2.32-2.89	2.40-2.94		2.70-3.36	
Gassing frame tenders.....	9.00-10.00					3.84					
Dresser tenders.....	14.00-15.00	3.27-7.66	6.88								
Dyers and bleachers.....	11.00-14.33	5.40-6.78									
Swift spoolers.....	8.00-13.50	3.02-4.29									
Winders.....	8.00-11.50	3.63-5.08					2.82-5.79			2.76	

1 Two shifts equal 157½.

Wages—rates per week—Continued.

	Hours per week.										
	United States.	England and Scotland.	Germany.	France.	Belgium.	Spain.	Switzerland.	Italy.	Austria.	Japan.	Russia.
	54-58	55½	61-66	60	64½	65		65		7½	66
Piece rates—spooling sizes equal to singles:											
16 to 18 per 100 pounds...	\$0.88	\$0.50	\$0.54								
32 to 34 per 100 pounds...	1.22	.66	.60								
60 to 62 per 100 pounds...	1.77	.97	.77								
Engineers.....	20.00-35.00					\$6.92	\$4.44-\$5.10	\$7.24	\$4.18-\$4.56		
Firemen.....	12.00-15.00	\$7.79	8.76	6.14		5.20	4.26-5.10	5.79	3.06-4.56		
Machinists.....	15.41-18.13	8.80	9.57	7.02	\$4.81-\$5.56	4.32	4.38-6.72	5.79	3.06-4.56		
Carpenters.....	16.73-21.90	8.80	9.57	7.02	4.91-6.14	4.32	4.38-6.72	5.79	3.06-4.56		
Laborers.....	9.12-10.65	4.38	5.35	4.66	3.14-3.95	3.22-3.58	2.70-4.62	\$4.63-6.95	3.42-5.10		
Masons.....	23.42-26.77	9.05	9.57	7.02	5.05-5.84		4.20-5.82	2.32-3.47	2.46-3.30		
Bricklayers.....	26.77-30.42	9.12	9.85	7.02	5.05-5.84						
Plasterers.....	24.33-29.00	8.88	10.14	7.02	5.01-5.96						
Plumbers.....	21.29-27.37	8.60	9.67	7.02	4.91-5.70						
Painters.....	15.82-20.68	7.66	9.12	6.43	4.56-5.25						

PARAGRAPH 314—THREAD.

SCHEDULE C.

United States exceeds England.

	Per cent.
Coal.....	64
Oils, lubricating.....	—34
Chemicals.....	25
Bleach.....	37
Dyestuffs.....	25
Soap.....	23
Papers.....	0

The lubricating oils are less (—) in the United States than in England.

SCHEDULE D.

Cost of machinery.

[Compiled from various Government documents.]

	United States.	England.	Germany.	Spain.	Switzerland.	Italy.	Austria.	Russia.
Openers.....	\$1,750.00	\$1,447.00		\$1,528.00		\$1,475.00		\$2,264.00
Lappers.....	750.00	510.00		818.00		710.00	\$670.00	1,080.00
Cards.....	660.00	315.00		496.00		546.00	630.00	643.00
Silver laps.....	454.00	339.00				380.00		772.00
Ribbon laps.....	952.00	581.00				718.00		824.00
Combers, Nasmith, with aspirator.....	1,368.00	1,031.00				1,220.00		1,957.00
Draw frames, per delivery.....	75.00	28.59				48.90	49.00	77.00
Slubbers, per spindle.....	12.64	6.33		10.30		9.70	10.50	12.86
Intermediates, per spindle.....	9.92	5.00		8.44		7.77	8.12	9.90
Fine frames, per spindle.....	6.80	3.21		6.23		5.54	6.50	7.16
Ring spindle frames, per spindle.....	2.43	1.63		2.65		2.33	2.52	3.11
Mules, per spindle.....	2.25	1.124				1.56	1.67	2.11
Winding frames, per spindle.....	10.00			3.28		1.70		
Twisting frames, per spindle.....	4.66			3.05		2.01		3.73
Spinning mill, per spindle, equipment, building, power, machinery, and furnishings.....	10.83	7.92	\$13.09		\$15.44	11.50		12.88
Spinning mill, machinery only.....	(1)					14.50		

¹70 per cent higher than England.

[Extracts from tariff board report.]

	United States.	England.
Bale breaker.....	\$300.00	\$340.00
2 beater opener lappers.....	1,275.00	
1 beater opener lapper.....		730.00
1 beater finisher lapper.....	750.00	511.00
Card.....	575.00	316.00
Drawing, per delivery.....	75.00	29.00
Slubber, per spindle 11-inch lift.....	12.64	6.33
Intermediates, per spindle 9-inch lift.....	9.26	4.62
Roving, per spindle 7-inch lift.....	6.14	3.35
Spinning frames:		
1½-inch ring.....	2.50	
1¼-inch ring.....		1.58
Sprinklers, per head.....	2.50	2.92
Boilers:		
Water-tube, 200 horsepower.....	2,714.00	
Lancashire, 30 feet by 8 feet.....		2,920.00
Economizer, per tube.....	10.86	5.68

PARAGRAPH 314—THREAD.

[Extracts from Tariff Board report.]

Equipment of spinning mill; approximately 50,000 spindles, spinning 32's warp, 50's filling.

	United States.	England.
Buildings.....	\$163,985	\$123,122
Sprinklers and fire protection.....	7,184	4,553
Heating and humidifying.....	10,183	6,570
Lighting.....	3,810	2,053
Power plant.....	46,628	47,132
Transmission.....	7,944	5,694
Machinery.....	242,595	140,054
Furnishings and miscellaneous.....	61,072	67,190
	543,401	396,368

Cost in England is 73 per cent of cost in United States, or cost in United States is 37 per cent higher than in England.

"Total cost of machinery for a spinning mill is about 58 per cent of United States." (See p. 463, Report of Tariff Board.)

SCHEDULE E—No. 1.

Thread importations.

	Quantity (100 yards each).	Value.	Duty paid.	Value (per dozen 100 yards).	Duty.
Year to June—	<i>Dozens.</i>				<i>Per cent.</i>
1906.....	1,465,611	\$248,861.00	\$87,936.71	\$0.170	35.34
1907.....	1,880,379	289,577.66	112,822.74	.154	38.96
1908.....	2,417,401	400,218.42	145,044.05	.166	36.24
1909.....	1,887,685	519,330.60	113,261.14	.275	21.81
1910.....	1,948,193	511,070.50	136,106.80	.262	26.63
1911.....	2,460,550	717,439.79	175,005.48	.292	24.39
1912.....	4,501,627	1,552,734.58	356,330.04	.345	22.95
On spools or reels (at 6 cents per dozen of 100 yards):					
Year to June—					
1906.....	557,669	67,962.00	33,460.18	.122	49.23
1907.....	558,220	72,117.16	33,493.13	.129	46.45
1908.....	291,859	39,494.05	17,511.51	.135	44.33
1909.....	533,950	114,807.10	32,037.03	.215	27.90
Not on spools or reels (at 6 cents per dozen of 100 yards):					
Year to June—					
1906.....	907,942	180,899.00	54,476.53	.199	30.12
1907.....	1,322,159	217,460.50	79,329.61	.164	36.48
1908.....	2,125,542	360,724.37	127,532.54	.169	35.35
1909.....	1,353,735	404,523.50	81,224.11	.299	20.08
By the new law passed Aug. 5, 1909, the classification was changed to the following divisions:					
On spools, reels, or balls, containing not exceeding 100 yards each:					
Year to June—					
1910.....	777,531	108,914.50	46,651.89	.140	42.83
1911.....	892,132	157,039.50	53,527.93	.176	34.09
1912.....	1,624,731	315,845.57	97,483.77	.194	30.86
In skeins, cones, or tubes, containing less than 600 yards each:	<i>Units of 100 yards.</i>				
Year to June—					
1910.....	7,653,180	146,211.00	38,265.91	.019	26.17
1911.....	8,122,417	156,073.00	40,612.10	.019	26.02
1912.....	9,929,254	190,889.00	49,646.27	.019	26.01
Others on which the specific duty does not amount to 20 per cent:					
Year to June—					
1910.....	6,394,769	255,945.00	51,189.00	.040	20.00
1911.....	10,698,604	404,327.29	80,875.45	.038	20.00
1912.....	24,593,494	1,046,000.01	209,200.00	.043	20.00

PARAGRAPH 314—THREAD.

SCHEDULE F.

COTTON THREAD MANUFACTURERS OF THE UNITED STATES.

A. A. A. Spooling & Winding Co., Auburn, R. I.
 Amherst Manufacturing Co., Amherst, Mass.
 American Thread Co., 260 West Broadway, New York, N. Y.
 Ballou Yarn Co., Providence, R. I.
 Bay State Thread Works, Springfield, Mass.
 Bibb Manufacturing Co., Macon, Ga.
 Blodgett & Orswell Co., Pawtucket, R. I.
 Boas Thread Co., Stamford, Conn.
 Bullard Thread Co., Holyoke, Mass.
 Boston Thread Co., 15-17 West Eighteenth Street, New York, N. Y.
 Cairo Thread Works, 105-113 Wooster Street, New York, N. Y.
 Cranska Thread Co., Worcester, Mass.
 Clark, R. E., Thread Manufacturer, Chester, Pa.
 Dexter Yarn Co., Pawtucket, R. I.
 Dean-Chase Co. (proprietors West End Thread Co.), 28 Lincoln Street, Boston, Mass.
 Ederer Thread Co., R. J. (Frankford), Elizabeth and Unity Streets, Philadelphia, Pa.
 Florence Thread Co., Florence, N. J.
 Futurity Thread Manufacturing Co. (headquarters, Boston, Mass.; successors to Bullock Thread & Twine Co.), Plympton, Mass.
 Hall, Jr., & Co., Gardner, South Willington, Conn.
 Howard Manufacturing Co., 97 Monument Street, Boston, Mass.
 Meyer Thread Manufacturing Co., Henry, 231 Jackson Boulevard, Chicago, Ill.
 Meyer & Co., J. C., Lowell, Mass.
 Pollack & Co., Max (headquarters, 28 Waverly Place, New York City), Willimant-
 tic, Conn.
 Roxbury Shoe Thread Co. (Roxbury), 56 Kemble Street, Boston, Mass.
 Rochester Thread Co., Rochester, N. Y.
 Smith & Dove Manufacturing Co., Andover, Mass.
 Spool Cotton Co., 315 Fourth Avenue, New York, N. Y.
 Standard Thread Co., 532 West Twenty-second Street, New York, N. Y.
 Summit Thread Co., East Hampton, Conn.
 Shaker Thread Co., Pawtucket, R. I.
 Seamans & Cobb Co., 174 Lincoln Street, Boston, Mass.
 Union Thread Co., Cincinnati, Ohio.
 Wachusett Thread Co., Worcester, Mass.
 Warren Thread Works, W., Westfield, Mass.
 Western Thread Co., Elgin, Ill.

SCHEDULE F.-2.

THREAD DEALERS, AGENTS, AND JOBBERS.

Allen & Co., Geo. F., 105 Summer Street, Boston, Mass.
 Brown, Samuel, 145 Greene Street, New York, N. Y.
 Brodsky, Max, 16 West Third Street, New York, N. Y.
 Bellis & Klein (agents N. E. C. Y. Co.), Gloversville, N. Y.
 Bentley Co., Chas. E., 583 Broadway, New York, N. Y.
 Boswell & Davidson, Cohoes, N. Y.
 Cailin & Co. (agents Lawton Spinning Co.), 345 Broadway, New York, N. Y.
 Commercial Thread Co., 169 Mercer Street, New York, N. Y.
 Charlestein & Son, M., 22 North Third Street, Philadelphia, Pa.
 Continental Thread Co., 219 Wooster Street, New York, N. Y.
 Columbia Thread Co., 474 Broadway, New York, N. Y.
 Crowley, C. H., 274 Church Street, New York, N. Y.
 Diamond Thread Co., 22 West Fifteenth Street, New York, N. Y.
 De Graff & Palmer (Inc.) (agents Dexter Yarn Co.), 48 Leonard Street, New York,
 N. Y.
 De Long, J. J., 260 West Broadway, New York, N. Y.
 Dean & Sherck, 141 Jefferson Avenue, Detroit, Mich.
 Einhorn, Isaac, 96 Greene Street, New York, N. Y.

PARAGRAPH 314—THREAD.

- Eastern Thread Co., 95 Worth Street, New York, N. Y.
 Empire Thread Co., 529 Broadway, New York, N. Y.
 Fordham Thread Co., 621 Broadway, New York, N. Y.
 Fischer, I., 11 South Third Street, Philadelphia, Pa.
 Friedman & Goldfarb, 217 Forsythe Street, New York, N. Y.
 Fuller & Co., E. C., 28 Reade Street, New York, N. Y.
 Freedman, Jacob, 220 Devonshire Street, Boston, Mass.
 Fremont Thread Co., 63 Fifth Avenue, New York, N. Y.
 Globe Thread Co., 10 Lispenard Street, New York, N. Y.
 Gordon, T., 165 Greene Street, New York, N. Y.
 Greenbaum, Harris, 8 North Third Street, Philadelphia, Pa.
 Green & Hopson, 318 Main Street, Springfield, Mass.
 Gardiner, E. Watson, Railroad Street, Amsterdam, N. Y.
 Howard's Son & Co., S. E. (agents Howard Manufacturing Co., Boston), 15 West
 Twenty-fourth Street, New York, N. Y.
 Hyman Co., S., 197 Greene Street, New York, N. Y.
 Hayne-Surridge D. G. Co. (agents Ballou Yarn Co.), 706 Lucas Avenue, St. Louis,
 Mo.
 Howard Thread Co., 300 Fifth Street, Chicago, Ill.
 Imperial Thread Co., 25 West Fifteenth Street, New York, N. Y.
 International Thread Co., 415 Broadway, New York, N. Y.
 Krimmer, Louis (L. K. Thread Co.), 18 Howard Street, New York, N. Y.
 Kavanaugh, Geo. W., Cohoes, N. Y.
 Locke & Co., H. E. (agents Wachusett Thread Co.), 179 Lincoln Street, Boston,
 Mass.
 Lazarowitz, I., 234 Fifth Avenue, New York, N. Y.
 Lidz, I., 35 East Tenth Street, New York, N. Y.
 Laing Son & Harrar, 30-32 North Third Street, Philadelphia, Pa.
 London & Kohler, 600 Blue Island Avenue, Chicago, Ill.
 London & Sons, B., 187 Lafayette street, New York, N. Y.
 Metropolitan Thread Co., 589 Broadway, New York, N. Y.
 Meyer, Martin & Danda, 142-144 Grand Street, New York, N. Y.
 Massachusetts Thread Mills, 467 Broadway, New York, N. Y.
 Marshall & Co., W. M. (agents Ballou Yarn Co.), 81 Grand Street, New York, N. Y.
 Makarrow, M., 21 North Third Street, Philadelphia, Pa.
 May Thread Co. (successors to Northern Thread Co.), 529 Broadway, New York, N. Y.
 Newark Thread Co., 147 Hamilton Street, Newark, N. J.
 New York Tube & Spool Cotton Co., 40 Bleecker Street, New York, N. Y.
 Niagara Thread Co., 120 South American Street, Philadelphia, Pa.
 National Thread Co., 3 East Seventeenth Street, New York, N. Y.
 Nawrath & Co., J. P., 107 Wooster Street, New York, N. Y.
 Ontario Thread Co., 35 East Eighth Street, New York, N. Y.
 Peerless Spool Silk Co., 114-116 Fifth Avenue, New York, N. Y.
 Perfect Thread Co., 508 Broadway, New York, N. Y.
 Quillhot & Son, S., Amsterdam, N. Y.
 Royal Thread Co., 467 Broadway, New York, N. Y.
 Rowe, Cromwell Co., 98 East Main Street, Amsterdam, N. Y.
 Rhode Island Thread Mills, 336 Canal Street, New York, N. Y.
 Rosen, Hyman, 194 Wooster Street, New York, N. Y.
 Robinson-Hughes Co., Fourth and Main Street, Louisville, Ky.
 Strat & Myerson, 614 Market Street, Philadelphia, Pa.
 Smith & Angell, 393 Broadway, New York, N. Y.
 Sterling Thread Co., 105 Summer Street, Boston, Mass.
 Thread Mills Co. (controlled by M. Field & Co., formerly Chicago Thread Manufac-
 turing Co.), Monticello, Ind.
 United States Thread Co., Eighth and Chestnut Streets, Philadelphia, Pa.
 United States Thread Co., 214 Thirty-ninth Street, Brooklyn, N. Y.
 Victorson, A., 10 High Street, Boston, Mass.
 West & Co., John W., 200 Summer Street, Boston, Mass.
 Winkler, Morris, 313 Broome Street, New York, N. Y.
 Werner Bros., 36 Kneeland Street, Boston, Mass.
 Winne & Co., D. P., 121 Worth Street, New York, N. Y.
 Watson, Porter, Giles & Co. (agents Howard Manufacturing Co.), 61 Leonard Street,
 New York, N. Y.
 Young & Sons, J. D., 39 Lincoln Street, Boston, Mass.

PARAGRAPH 314—THREAD.

SCHEDULE F-3.

YARN AND THREAD MAKERS.

Boger & Crawford, 4129 Frankford Avenue (Frankford), Philadelphia, Pa.
 Greene & Daniels Manufacturing Co., Pawtucket, R. I.
 Hampton Co., East Hampton, Mass.
 Jenckes Spinning Co., Pawtucket, R. I.
 Jewett, H. B., 320 Broadway, New York, N. Y.
 Lawton Spinning Co., Woonsocket, R. I.
 Laughlin, E. B., Cohoes, N. Y.
 Mitchell Co., Jas. E., 122 Chestnut Street, Philadelphia, Pa.
 Manomet Mills, New Bedford, Mass.
 New England Cotton Yarn Co., 141 Milk Street, Boston, Mass.
 Robison & Co., G., 123 Prince Street, New York, N. Y.
 Robison & Son, G., 163 Mercer Street, New York, N. Y.

SCHEDULE F-4.

MERCERIZERS.

Gudebrod Bros. Co. (headquarters, 753 Broadway, New York City), Pottstown, Pa.
 Lorimer Sons Co., W. H., Ontario and Lawrence Streets, Philadelphia, Pa.
 Mindlin & Rosenman, 121 Mercer Street, New York, N. Y.
 Pels & Co., F. F. (headquarters, 520 Broadway, New York City), New Durham, N. J.
 Rosenman Bros., 137 Wooster Street, New York, N. Y.
 Sea Island Thread Co., 28 East Fourth Street, New York, N. Y.

SCHEDULE F-5.

THREAD IMPORTERS.

Borgfeldt & Co., Geo. (Inc.), (also sell domestic goods), 7 Irving Place, New York, N. Y.
 Buettner & Co., T. (Inc.), 465 Broadway, New York, N. Y.
 Caesar & Pratt (also sell domestic goods), 1221 Arch Street, Philadelphia, Pa.
 Campbell, Metzger & Jacobson (agents Wardel & Davenport, Leek, England), 446 Broadway, New York, N. Y.
 Dieckerhoff, Raffloer & Co. (also agents A. A. A. Spooling & Winding Co., Auburn, R. I.), 560 Broadway, New York, N. Y.
 Lings & Co., Geo. S. (also manufacturers of yarns), 480 Broome Street, New York, N. Y.
 Mills & Gibb (agents Cartier-Bresson, Paris, France), Fourth Avenue and Twenty-second Street, New York, N. Y.
 Sternfeld, Julius (agents Dollfus, Mieg & Cie, Mulhouse, Germany), 114 East Twenty-third Street, New York, N. Y.
 Schloss & Co., Jos. W., Fifth Avenue and Twenty-first Street, New York, N. Y.
 Ulmann & Co., Bernhard, 107 Grand Street, New York, N. Y.

THE AMERICAN THREAD CO.,
New York, February 17, 1913.

OSCAR W. UNDERWOOD, Esq.,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Inclosed please find an amendment to the brief previously submitted by the committee appointed by 22 American cotton thread manufacturers. The present recommendation is on an ad valorem basis in order to meet your views in the matter.

As stated to you at the interview which you were good enough to grant me on Saturday last, the thread business is done in small units with an immense amount of detail connected with it, which makes labor a very much more important factor than it is in the yarn or cloth business. Under the circumstances it seems essential for the preservation of the industry that there should be an additional rate of at least 10 per cent over the schedule for twisted yarn which forms the raw material for thread.

We believe that the yarn schedule suggested by Mr. Stuart W. Cramer, on behalf of the American Cotton Manufacturers Association, of North Carolina, will give the yarn mills an opportunity to retain a reasonable part of their business as against foreign spindles, and our suggestion would be to grant the thread makers an additional 10

PARAGRAPH 314—THREAD.

per cent over the rates recommended by Mr. Cramer for twisted yarns. This, we believe, would put the thread makers in approximately the same relative position as the yarn manufacturers will be in under Mr. Cramer's proposed schedule.

The importations of thread are rapidly increasing even under the present tariff schedule. Last year they amounted to about \$1,500,000, this being a 100 per cent increase over the preceding year. Under the circumstances there can be no doubt that the importations will increase even more freely under the proposed ad valorem rate which is on a considerably lower basis than the present tariff.

I shall be at the Hotel Raleigh in Washington until noon on Wednesday, February 13, and will be very glad to wait on you at your convenience should you desire to question me further in connection with the matter.

Thanking you for the courtesy shown me at the interview on Saturday last, I beg to remain, very respectfully, yours,

E. MARTIN PHILIPPI.

NEW YORK, *February 17, 1913.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

HONORED SIR: Referring to our brief of January 17, 1913, addressed to your honorable committee, we beg leave to amend same, having been advised in the interim that the proposed revision of the cotton schedule is to be on an ad valorem basis.

Twisted cotton yarn being the raw material for the thread maker, we would suggest, as the basis for thread, the adoption of the yarn schedule recommended by Stuart W. Cramer on behalf of the American Cotton Manufacturers' Association, North Carolina, as follows:

	Yarns Nos.—					
	1-9	10-19	20-39	40-59	60-99	100 and over.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Singles, in the gray.....	10	12½	17½	25	30	35
Combed, twisted, dyed, or colored or advanced in manufacture beyond singled in the gray.....	15	17½	22½	30	35	40

With an additional 10 per cent duty thereon for thread.

The thread business differs radically from the yarn business, in that it is done in very small units, involving an enormous amount of detail, thereby making labor a much more important factor than it is with the spinner. The additional 10 per cent above recommended would offset this to an extent and place the thread manufacturers approximately in the same relative position vis-à-vis foreign competition as the cotton spinners would be in if the schedule recommended by Mr. Cramer were adopted.

We are, very respectfully, yours,

COMMITTEE OF COTTON THREAD MANUFACTURERS,
By F. E. KALEY.

BRIEF FILED BY JOHN L. M. ALLEN, OF NEW YORK CITY.

JOHN L. M. ALLEN, CERTIFIED PUBLIC ACCOUNTANT,
400 West One hundred and fiftieth Street, New York, January 20, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: Your letter of the 16th instant, permitting me to submit a brief, with data, upon the cotton schedule, to be printed as a part of the testimony taken and for consideration by the committee, is received.

In accordance therewith, the following brief, with supporting exhibits, in connection with Schedule I, as to the duties on cotton thread, are respectfully submitted:

The accompanying exhibits furnish evidence that there are two important points wherein the tariff laws require revision, namely:

First. That Congress has not made provision for the collection of the tariff duties on all foreign goods, but only on such articles or materials as are imported.

PARAGRAPH 314—THREAD.

Second. That Congress has not provided for the registration of foreign interests engaged in manufacturing or producing in America articles or materials upon which duties are imposed when imported. (See copies of letters from the Secretary of the Treasury, dated Oct. 3 and Dec. 11, 1911.)

In the exhibits there is convincing evidence that English capital has taken advantage of these conditions and has obtained such control of the cotton-thread industry that practically all the cotton thread that is used in America is made in America in British factories, and to a large extent by British operatives.

The English control is known to but few persons, and although the fact was established before a congressional committee in 1901, neither Congress nor the public press appear to have realized that such foreign control works injury to American interests in the following manner, namely:

First. Under such foreign control the output of their American factories is restricted to the requirements of the American market, so that the American output will not be exported and thereby enter into competition in the larger markets of the world with the products of the factories which, under the same control, are located in foreign countries.

This is an important gain to the foreigner and a distinct loss to American capital and labor.

Second. Such foreign control also restricts the importation of cotton thread, thereby rendering the tariff rates unproductive of revenue to the American Government, while at the same time the English owners of the American Thread Co. and of other corporations and firms which form such foreign control are collecting the tariff duty from the American people, and are paying a portion of such duties to the British Government under the British income-tax act.

It is important to compare the conditions of to-day with the conditions of the period of about from 1754 to 1776, when the American people opposed with all their might the right of the British Government to tax them while they were not represented in the taxing body, whereas to-day, as my exhibits prove, the American users of cotton thread, an article which is used in every home, are required under American laws to pay taxes to the British Government without knowing it.

It is doubtful if American Congressmen realize the truth of this situation. One is loth to believe that a majority of the members of that law-making body understand the full extent of the influence of foreign capital when engaged in developing American industries.

The unpreparedness of the Congressmen and of the public to realize the presence of foreign influence in the making of their laws is clearly due to the lack of information. It is safe to assume that if the American Thread Co., as a beneficiary under the tariff laws, had been prohibited by the laws of Congress from misrepresenting its business as American and had been compelled to advertise its enterprise under its true name, viz, "The English Sewing Cotton Co., American Branch," that provision would have been made to place customs officers in all of its factories and that the tariff duty would have been collected upon its output by the American Government and not by its English owners.

The foreign nationality of the American Thread Co. has been concealed under its American designation.

It is to the danger which threatens American interests from such secrecy that the attention of your committee is called in this manner, trusting that the evidence submitted will convince the committee that the secret of the nationality of each foreign interest must be disclosed to the American people by congressional action.

Appeal is now made to the American people through their Congress to reenact in this year of 1913 the patriotic deeds of the fathers of the Republic, and to oppose with all their strength the assumption of those foreign interests which are operating in America as American business organizations and are appealing to Congress to maintain the protective tariff laws for their benefit.

It is undeniable that to the extent that those laws express the demands of the secret foreign interests the American people, as consumers, have not been represented. The widest publicity should be given to these facts in order that the people may be prepared to exercise their sovereign right of self-government.

Foreign secrecy and misrepresentation must be combated by American publicity and truth.

With my brief and exhibits I also submit a comparative table of imports and manufactures for the year 1905, which I have compiled from the thirty-third number of the Statistical Abstract of the United States. From this table it appears that the manufactures of dutiable articles amount to 25 times as much as the imports.

PARAGRAPH 314—THREAD.

While every item of importation is made a matter of record, and the amount of duty paid to the Government is entered, and the totals are periodically published, Congress has not yet provided that the manufacturers who collect tariff taxes directly from the people shall periodically report the amounts which the tariff has enabled them to add to the selling price of their output.

The amount of duty collected annually by the Government is about \$350,000,000. If protection has enabled the manufacturer to add to his cost the rate of duty as the importer adds it to his, it is evident that the manufacturers have been enabled by the tariff to add 25 times \$350,000,000, or about \$9,000,000,000, a year to the cost of living, and the people who pay that benefit are entitled to know how it is distributed.

In submitting the above for the consideration of the Committee on Ways and Means it is my desire to have action taken by which the duty will be collected on all dutiable goods made in foreign-owned factories, wherever located, by a slight modification in the wording of the enacting clause of the tariff law. An additional section may be inserted in the tariff law by which the beneficiaries shall be required to report periodically to Congress the amount of the benefits received.

Another additional section may be inserted requiring that in all cases where foreign interests are benefiting by the tariff that the nationality of such interests shall be registered by an officer of the Treasury Department.

While these suggested changes in the tariff law appear to be urgently called for in the case of the American Thread Co., it is highly probable that further investigation by Congress will reveal the fact that nine-tenths of the foreign goods sold in America do not pay duty to the American Government.

Respectfully,

JOHN L. M. ALLEN,
Certified Public Accountant.

EXHIBITS ACCOMPANYING BRIEF OF JOHN L. M. ALLEN, CERTIFIED PUBLIC ACCOUNTANT, 400 WEST ONE HUNDRED AND FIFTIETH STREET, NEW YORK CITY, IN CONNECTION WITH SCHEDULE I—COTTON THREAD.

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Petition to President Taft as to English ownership of the American Thread Co., supported by three exhibits, viz:

Exhibit A: Testimony of the president of the American Thread Co.

Exhibit B: Publication in the daily press of the decision of the High Court of Justice in London, England, as to the owners of the American Thread Co.

Exhibit C: The first American tariff law, July 4, 1789, providing tariff discrimination in favor of American citizens.

Reproduction of two letters from the Secretary of the Treasury in reply to the petition, viz:

Dated October 3, 1911: "Duties are imposed upon materials or articles imported and not upon articles or materials manufactured or produced in the United States."

Dated December 11, 1911: "It does not appear that any statute of the United States has been violated by the adoption of the name 'American Thread Co.' by the said corporation."

A petition to the President of the United States in the interest of American industrial independence.

SIR: In my own interest as an American citizen, I beg to call your attention to certain facts in connection with the tariff, which are working injustice to all Americans—capitalists, laborers, and consumers alike—and respectfully submit this petition that you will use your official power to put a stop to certain discriminations in favor of foreigners, which have existed for many years.

Exhibits A, B, and C accompany and form part of this petition, and to them I refer for details concerning the following:

First. To the testimony of Mr. Lyman R. Hopkins, president of the American Thread Co., given in Washington on April 9, 1901, before the United States Commission on Trusts and Industrial Combinations, and which is printed in the report of that commission, volume 13, pages 343 to 353, excerpts from which are herewith submitted in Exhibit A; and

Second. The publication in the daily press of the decision of the King's Bench Division of the High Court of Justice, in London, England, February 15, 1911, in which it was held that the fact of British ownership brought the American Thread Co. within the provisions of the British income tax act, in support of which a clipping from the New York Herald of February 16, 1911, is submitted, in Exhibit B; and

PARAGRAPH 314—THREAD.

Third. That in the first American tariff law, dated July 4, 1789, the principle was laid down and reiterated that tariff discrimination applied only where the interests to be protected were wholly the property of American citizens—in support of which quotations from that act are submitted in Exhibit C.

From the facts submitted in Exhibits A, B, and C, it is evident that practically all the cotton thread used in America is made in America, in factories owned by British subjects and operated largely by laborers who are British subjects, and that, therefore, the duty of about 40 per cent paid by American consumers does not reach the United States Treasury, but forms a portion of the income of the British owners, which is taxed by the British Government under the decision of February 15, 1911.

Thus the administration of the tariff laws, instead of effecting a protection to Americans, has operated as an attraction to foreign capital to set up its branch factories in America, and to the extent that the foreigners have taken advantage of the opportunity, the purpose of protecting American interests has been defeated and the policy has become that of the "Protection of foreign industries located in America."

The application of tariff discrimination on lines of nationality of the owner of the interest to be protected, having been fixed in the first American tariff act in 1789, and the application by the British high court of the provisions of the British income tax act, also on national lines, ignoring geographical boundaries, would seem to show that the only way by which the American Government can do justice to all American interests is by taking official action against the American Thread Co., which is now officially recognized as a British corporation, incorporated under the laws of the State of New Jersey, and that said American Thread Co. be proceeded against by the American Government, and charged with the following two offenses against American laws:

First. The selling of British goods in the American market without paying to the American Government the duty levied by the American tariff laws upon such goods.

Second. The infringement of a valuable title to which as a British corporation it had no right, and whereby it has misled the American people and has profited greatly thereby.

Should it be needful, your petitioner can furnish many additional names to this petition, but prefers to offer it at first simply upon its merits, trusting that it will be received and considered in the spirit of patriotism in which it is submitted.

Trusting that my petition will meet with a favorable reception, I am, with great respect,

Yours truly,

JOHN L. M. ALLEN,

400 West One hundred and fiftieth Street, New York City.

To the PRESIDENT,

Washington, D. C., February 21, 1911.

EXHIBIT A.

[Excerpts from the report of the United States Industrial Commission on trusts and industrial combinations.]

Appendix to Allen's "European Influence" circular No. 1.

[Excerpts from volume 13 of report of United States Industrial Commission on trusts and industrial combinations.]

WASHINGTON, D. C., April 9, 1901.

Testimony of Mr. Lyman R. Hopkins, president American Thread Co., New York: Operations of the company began April 1, 1899. Authorized stock is \$6,000,000 preferred and \$6,000,000 common.

[Page 343.]

The American Thread Co. was organized under the laws of the State of New Jersey on March 10, 1898, to unite the businesses of the following manufacturers of spools, crochet, knitting, mending, and other cottons, including in some cases the allied businesses of cotton spinning, doubling, twisting, dyeing, bleaching, polishing—spool making, etc.:

1866. Barstow Thread Co., Providence, R. I., including good will and trade-mark, of Alex. King & Co., in cotton thread business, incorporated in Rhode Island.

1881. The Glasco Yarn Mills Co., near Norwich, Conn., incorporated in Connecticut,

1883. The Glasco Thread Co., Worcester, Mass., incorporated in Massachusetts.

1863. Hadley Co., Holyoke, Mass., incorporated in Massachusetts.

1881. The Kerr Thread Co., Fall River, Mass., incorporated in New Jersey.

PARAGRAPH 314—THREAD.

1866. J. O. King & Co., New York City, private firm.
 1865. Merrick Thread Co., Holyoke, Mass., incorporated in Massachusetts.
 1873. National Thread Co., Mansfield, Conn., incorporated in Connecticut.
 1882. Morse & Kaley Manufacturing Co., Milford, N. H., incorporated in New Hampshire.
 1834. E. J. W. Morse & Co., Boston, Mass., including rights and good will of Morse Machine, incorporated in Maine.
 1891. Ruddy Thread Co., Worcester, Mass., incorporated in Massachusetts.
 1865. Warren Thread Co., Ashland, Mass., incorporated in Massachusetts.
 1891. William Clark Co., Westerly, R. I., incorporated in New Jersey.
 1854. Willimantic Linen Co., Willimantic, Conn., incorporated in Connecticut.

[Page 348.]

Q. Who are your chief competitors?—A. Well, there is the immense Coats concern, a foreign company; there is what we call Gardener Hall, and the Wachusetts company, and a man by the name of Isaac Einhorn.

Q. And yet you say you think you have a little less than one-third of the output. Do you mean a little less than one-third of the amount manufactured in this country?—A. Yes; the foreign corporation manufactures its thread in this country.

Q. The Coats's establishment, then, has a concern here and manufactures here?—A. Yes; it is all made here, and the Clarke's, which is now the Coats's.

Q. Do the Coats people manufacture any of the thread here that is sold abroad?—A. Not that I know of.

Q. You think they manufacture simply for the American market?—A. Yes.

[Page 349.]

Q. Do you know how the wages in your establishments or in the American establishments compare with the wages in England and Scotland?—A. Yes; they are just about one-half less there than they are here.

Q. You pay just about twice as much as is paid there?—A. Yes.

Q. How does it happen that the Coats people manufacture their thread here instead of manufacturing it in England and sending it here?—A. Because there is a duty on it. That is what brought them here in the first place.

[Page 350.]

Q. About what percentage of your laborers are French Canadians?—A. I suppose one-third, probably one-quarter to one-third now.

Q. Did the Coats Co. formerly send their thread over here before they built their American factory?—A. Yes.

Q. Do you remember about what time they built their American factories?—A. They commenced about 1868, I think.

Q. Are those establishments of the Coats in this country controlled entirely by the English firm, or have they also taken in American capital with them and made a separate company here?—A. They are controlled by foreign capital.

[Page 351.]

Q. In your judgment, what would be the effect of removing the tariff on thread?—A. Well, I think the thread would be made in England and sent here.

Q. Did you mean to say that if the tariff on thread were removed, in your judgment, it would practically drive the thread-manufacturing business out of this country?—A. Yes.

[Page 353.]

Q. Do you know what proportion of the capital that was necessary to buy in these American plants was furnished by the English company?—A. The money necessary was furnished by the English Sewing Cotton Co. Some of the sellers took bonds instead of cash.

Q. Do I understand that the present American Thread Co.'s stock is held largely by this English Sewing Cotton Co.?—A. The common stock is.

Q. Then, according to that, the English own the majority of this company's stock?—A. Yes.

Q. The majority of the dividends would go to England and not to this country?—A. They would to-day; yes. The stock is on the market for sale all the time.

PARAGRAPH 314—THREAD.

Q. But at the present time the majority of both stocks, common and preferred, is owned and held by the English Sewing Cotton Co.?—A. The English Sewing Cotton Co. does not own all the preferred stock.

Q. They own all the common stock?—A. Nearly all of it.

Q. Do you know of any large owners of the preferred besides the English Cotton Co., for example, J. & P. Coats?—A. I think J. & P. Coats took \$500,000 of the preferred stock. The preferred stock does not vote in the company. The voting is all done by the common stock.

Q. And that puts the absolute control in England, not in this country?—A. Yes.

EXHIBIT B.

[Clipping from the New York Herald of February 16, 1911.]

AMERICAN COMPANY LOSES LONDON SUIT—THREAD MANUFACTURERS, INCORPORATED IN STATE OF NEW JERSEY, MUST PAY BRITISH INCOME TAX.

LONDON, *Wednesday*.—Justice Hamilton, sitting in the King's Bench division of the High Court of Justice, to-day gave a decision that the American Thread Co., incorporated under the laws of the State of New Jersey, was liable to an income-tax assessment in this country on profits amounting to \$900,000.

The justice held that although the mills and business of the company were in America, the fact that most of the common stock was held here and that the directors in England were highly concerned with the direction of its affairs, brought the concern within the provisions of the British income tax act.

BOSTON IS INTERESTED.

BOSTON, MASS., *Wednesday*.—The decision of the King's Bench against the American Thread Co. in income-tax litigation is of considerable interest in New England. The company has an office in Boston and mills in Fall River and Holyoke, Mass., Westerly, R. I., and Willimantic and Glasgow, Conn.

EXHIBIT C.

[Quotations from the first tariff act, of July 4, 1789.]

SEC. 1. "On all teas imported from China or India, in ships built in the United States and belonging to a citizen or citizens thereof, or in ships or vessels built in foreign countries, and on the 16th day of May last wholly the property of a citizen or citizens of the United States, and so continuing until the time of importation, as follows: On Bohea tea, per pound, 6 cents; on all Souchong, or other black teas, per pound, 10 cents; on all Hyson teas, per pound, 20 cents; on all other green teas, per pound, 12 cents.

"On all teas imported from Europe in ships or vessels built in the United States and belonging wholly to a citizen or citizens thereof, or in ships or vessels built in foreign countries and on the 16th day of May last wholly the property of a citizen or citizens of the United States, and so continuing until the time of importation, as follows: On all Bohea tea, per pound, 8 cents; on all Souchong and other black teas, per pound, 13 cents; on all Hyson teas, per pound, 26 cents; on all other green teas, per pound, 16 cents.

"On all teas imported in any other manner than as above mentioned, as follows: On Bohea tea, per pound, 15 cents; on all Souchong, or other black teas, per pound, 22 cents; on all Hyson teas, per pound, 45 cents; on all other green teas, per pound, 27 cents.

"On all goods, wares, and merchandise, other than teas, imported from China or India, in ships not built in the United States and not wholly the property of a citizen or citizens thereof, nor in vessels built in foreign countries and on the 16th day of May last wholly the property of a citizen or citizens of the United States, and so continuing until the time of importation, 12½ per cent ad valorem."

The effect of these discriminations is better shown in the form of a comparative table:

PARAGRAPH 314—THREAD.

Discrimination in favor of American ships, as provided in rates of duty on tea as fixed in the first tariff act, dated July 4, 1789.

Quality of tea.	Rate of duty per pound.		
	In American ships.		In any other manner.
	From China or India.	From Europe.	
Bohea.....	0.06	0.08	0.15
Souchong.....	.10	.13	.22
Hyson.....	.20	.26	.45
Other green.....	.12	.16	.27

Continuing its discriminations in favor of American citizens, that tariff further provided:

"SEC. 5. A discount of 10 per cent on all the duties imposed by this act shall be allowed on such goods, wares, and merchandises as shall be imported in vessels built in the United States and which shall be wholly the property of a citizen or citizens thereof, or in vessels built in foreign countries, and on the 16th day of May last wholly the property of a citizen or citizens of the United States and so continuing until the time of importation."

This provision was amended in the tariff act of August 10, 1790, by imposing an additional duty of 10 per cent on articles imported in ships or vessels not of the United States, instead of allowing a discount of 10 per cent on articles imported in American ships.

These or similar discriminations in favor of ships owned wholly by American citizens were continued for 26 years and resulted in such an increase in American shipping that in the year 1810, just 100 years ago, more than 90 per cent of our foreign commerce was carried in American-owned ships, and the tonnage of wooden sailing vessels carrying our flag all over the world was much greater than the tonnage of American steamships engaged in foreign commerce is to-day.

TREASURY DEPARTMENT,
Washington, October 3, 1911.

Mr. JOHN L. M. ALLEN,
400 West One hundred and fiftieth Street, New York, N. Y.

SIR: The department is in receipt of your letter of the 14th ultimo relative to your communication of February 21, 1911, in which you directed attention to certain facts existing relative to the tariff by reason of which the American Thread Co., claimed to be largely controlled by foreign capital, is enabled to manufacture and sell their products in this country without the payment of duty.

The American Thread Co. is incorporated under the laws of the State of New Jersey and, presumably, complied with such laws in obtaining its incorporation. It is engaged in the manufacture of thread in the United States and the product thus manufactured is, like all other articles manufactured in this country, not subject to duty. Duties are imposed upon materials or articles imported and not upon articles or materials manufactured or produced in the United States. If the thread in question is manufactured from imported material duty was paid by this company upon such imported material, if it is properly dutiable. The fact that an article is manufactured in the United States by a corporation controlled by foreign capital does not subject such article to duty, as its status is not changed from that of an article manufactured by a corporation controlled entirely by American capital.

There is, therefore, nothing in the papers submitted by you which would show any violation of custom laws, and there is no action that this department can take.

Respectfully,

J. F. CURTIS, *Assistant Secretary.*

PARAGRAPH 314—THREAD.

TREASURY DEPARTMENT,
Washington, December 11, 1911.

JOHN L. M. ALLEN,
400 West One hundred and fiftieth Street, New York, N. Y.

SIR: Your letter dated the 4th instant, addressed to the President, further in relation to your petition of February 21, 1911, in regard to the American Thread Co., has been referred to this department for reply.

You invite attention to the second charge of your petition, which reads as follows:

"The infringement of a valuable title to which, as a British corporation it had no right, and whereby it has misled the American people and has profited thereby."

This department knows of no Federal statute of which the facts stated by you would constitute a violation.

This department, as well as the other executive departments of the Government, is charged by statute with the enforcement of the various laws enacted by Congress, and, as it does not appear that any statute of the United States has been violated by the adoption of the name "American Thread Company" by the said corporation, this department knows of no action that can be taken in such regard by this or any of the other executive departments of the Government.

Respectfully,

J. F. CURTIS,
Assistant Secretary.

ADDITIONAL DATA FURNISHED BY JOHN L. M. ALLEN, NEW YORK, N. Y.

NEW YORK, February 14, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: Referring to my letters of January 20 and 21 and February 5, in connection with the revision of the tariff rates in Schedule I, as to cotton thread, I add another contribution to the case of the American Thread Co. and ask you to note, in the attached clipping, the fact distinctly stated that an English corporation controlling an American corporation is required by English law to pay taxes to the British Government upon the earnings of the American corporation, which, as I have shown in my letter of January 20, derives its profits solely through the operations of our tariff laws.

Thus are the American people compelled to pay taxes to the British Government in time of peace, and I for one protest against it.

Yours, truly,

JOHN L. M. ALLEN.

[Inclosure—Extract from New York Times, Feb. 7, 1913.]

MUST PAY ENGLISH TAX—AMERICAN THREAD CO. LOSES APPEAL FROM INCOME-TAX IMPOSITION.

LONDON, February 6.—The House of Lords to-day upheld the judgment of the court of appeals dismissing the appeal of the American Thread Co. against the decision of the commissioners of inland revenue, assessing the company for an income tax on the \$900,000 profits made by the company in the United Kingdom and elsewhere in the year ending April 5, 1905.

The lord chancellor, in giving judgment, said that they had arrived at the conclusion that the control of the affairs of the company was intended to rest and did rest with the directors resident in England, with an office in Manchester. These directors constituted a majority of the board and were also directors of the English Sewing Cotton Co. (Ltd.), which owned the entire ordinary stock of the company.

There was an executive committee in America, who were agents of the directors and ordinary directors, who took an active part in the weekly meetings, but it was clear that the directors in Manchester were the paramount authority.

[Extract from the New York Sun.]

THREAD TRUST FIRM'S BIG DIVIDEND, 1912—J. & P. COATS (LTD.) DECLARE ONE OF 36 PER CENT.

GLASGOW, December 12.—At the annual meeting of J. & P. Coats (Ltd.), cotton-thread manufacturers, to-day, a dividend of 35 per cent was declared. The net profit for the year was \$13,970,360, which is a decrease of \$1,500,000 from last year.

PARAGRAPHS 315-320—COTTON CLOTH.

One stockholder at the meeting complained that too much money was put in the reserve fund, which now amounts to \$35,000,000 on a capitalization of \$50,000,000.

PARAGRAPH 315.

Cotton cloth, valued at not over seven cents per square yard, not bleached, dyed, colored, stained, painted, or printed, and not exceeding fifty threads to the square inch, counting the warp and filling, one cent per square yard; if bleached, and valued at not over nine cents per square yard, one and one-fourth cents per square yard; if dyed, colored, stained, painted, or printed, and valued at not over twelve cents per square yard, two cents per square yard; cotton cloth, not bleached, dyed, colored, stained, painted, or printed, exceeding fifty and not exceeding one hundred threads to the square inch, counting the warp and filling, and valued at not over seven cents per square yard, not exceeding six square yards to the pound, one and one-fourth cents per square yard; exceeding six and not exceeding nine square yards to the pound, one and one-half cents per square yard; exceeding nine square yards to the pound, one and three-fourths cents per square yard; cotton cloth, not bleached, dyed, colored, stained, painted, or printed, not exceeding one hundred threads to the square inch, counting the warp and filling, and valued at over seven and not over nine cents per square yard, two and one-fourth cents per square yard; valued at over nine and not over ten cents per square yard, two and three-fourths cents per square yard; valued at over ten and not over twelve and one-half cents per square yard, four cents per square yard; valued at over twelve and one-half and not over fourteen cents per square yard, five cents per square yard; valued at over fourteen cents per square yard, six cents per square yard, but not less than twenty-five per centum ad valorem; cotton cloth, exceeding fifty and not exceeding one hundred threads to the square inch, counting the warp and filling, if bleached, and valued at not over nine cents per square yard, not exceeding six square yards to the pound, one and one-half cents per square yard; exceeding six and not exceeding nine square yards to the pound, one and three-fourths cents per square yard; exceeding nine square yards to the pound, two and one-fourth cents per square yard; cotton cloth, not exceeding one hundred threads to the square inch, counting the warp and filling, if bleached, and valued at over nine and not over eleven cents per square yard, two and three-fourths cents per square yard; valued at over eleven and not over twelve cents per square yard, four cents per square yard; valued at over twelve and not over fifteen cents per square yard, five cents per square yard; valued at over fifteen and not over sixteen cents per square yard, six cents per square yard; valued at over sixteen cents per square yard, seven cents per square yard, but not less than twenty-five per centum ad valorem; cotton cloth, exceeding fifty and not exceeding one hundred threads to the square inch, counting the warp and filling, if dyed, colored, stained, painted, or printed, and valued at not over twelve cents per square yard, not exceeding six square yards to the pound, two and three-fourths cents per square yard; exceeding six and not exceeding nine square yards to the pound, three and one-fourth cents per square yard; exceeding nine square yards to the pound, three and one-half cents per square yard; cotton cloth, not exceeding one hundred threads to the square inch, counting the warp and filling, if dyed, colored, stained, painted, or printed, and valued at over twelve and not over twelve and one-half cents per square yard, three and three-fourths cents per square yard; valued at over twelve and one-half and not over fifteen cents per square yard, five cents per square yard; valued at over fifteen and not over seventeen and one-half cents per square yard, six and one-half cents per square yard; valued at over seventeen and one-half and not over twenty cents per square yard, seven and one-half cents per square yard; valued at over twenty cents per square yard, nine cents per square yard, but not less than thirty per centum ad valorem.

PARAGRAPH 316.

Cotton cloth, not bleached, dyed, colored, stained, painted, or printed, exceeding one hundred and not exceeding one hundred and fifty threads to the square inch, counting the warp and filling, and not exceeding four square yards to the pound, one and one-half cents per square yard; exceeding four and not exceeding six square yards to the pound, two cents per square yard; exceeding six and not exceeding eight square yards to the pound, two and

PARAGRAPHS 315-320—COTTON CLOTH.

one-half cents per square yard; exceeding eight square yards to the pound, two and three-fourths cents per square yard; any of the foregoing valued at over nine and not over ten cents per square yard, three cents per square yard; valued at over ten but not over twelve and one-half cents per square yard, four and three-eighths cents per square yard; valued at over twelve and one-half and not over fourteen cents per square yard, five and one-half cents per square yard; valued at over fourteen and not over sixteen cents per square yard, six and one-half cents per square yard; valued at over sixteen cents per square yard, eight cents per square yard, but not less than thirty per centum ad valorem; if bleached, and not exceeding four square yards to the pound, two and one-half cents per square yard; exceeding four and not exceeding six square yards to the pound, three cents per square yard; exceeding six and not exceeding eight square yards to the pound, three and one-half cents per square yard; exceeding eight square yards to the pound, three and three-fourths cents per square yard; any of the foregoing, bleached, and valued at over eleven and not over twelve cents per square yard, four and one-fourth cents per square yard; valued at over twelve and not over fifteen cents per square yard, five and one-fourth cents per square yard; valued at over fifteen and not over sixteen cents per square yard, six and one-half cents per square yard; valued at over sixteen and not over twenty cents per square yard, eight cents per square yard; valued at over twenty cents per square yard, ten cents per square yard, but not less than thirty-five per centum ad valorem; if dyed, colored, stained, painted, or printed, and not exceeding four square yards to the pound, three and one-half cents per square yard; exceeding four and not exceeding six square yards to the pound, three and three-fourths cents per square yard; exceeding six and not exceeding eight square yards to the pound, four and one-fourth cents per square yard; exceeding eight square yards to the pound, four and one-half cents per square yard; any of the foregoing, dyed, colored, stained, painted, or printed, and valued at over twelve and one-half but not over fifteen cents per square yard, five and one-fourth cents per square yard; valued at over fifteen and not over seventeen and one-half cents per square yard, seven cents per square yard; valued at over seventeen and one-half but not over twenty cents per square yard, eight cents per square yard; valued at over twenty cents per square yard, ten cents per square yard, but not less than thirty-five per centum ad valorem.

PARAGRAPH 317.

Cotton cloth, not bleached, dyed, colored, stained, painted, or printed, exceeding one hundred and fifty and not exceeding two hundred threads to the square inch, counting the warp and filling, and not exceeding three and one-half square yards to the pound, two cents per square yard; exceeding three and one-half and not exceeding four and one-half square yards to the pound, two and three-fourths cents per square yard; exceeding four and one-half and not exceeding six square yards to the pound, three cents per square yard; exceeding six square yards to the pound, three and one-half cents per square yard; any of the foregoing valued at over ten and not over twelve and one-half cents per square yard, four and three-eighths cents per square yard; valued at over twelve and one-half and not over fourteen cents per square yard, five and one-half cents per square yard; valued at over fourteen and not over sixteen cents per square yard, six and one-half cents per square yard; valued at over sixteen and not over twenty cents per square yard, eight cents per square yard; valued at over twenty cents per square yard, ten cents per square yard, but not less than thirty-five per centum ad valorem; if bleached, and not exceeding three and one-half square yards to the pound, two and three-fourths cents per square yard; exceeding three and one-half and not exceeding four and one-half square yards to the pound, three and one-half cents per square yard; exceeding four and one-half and not exceeding six square yards to the pound, four cents per square yard; exceeding six square yards to the pound, four and one-fourth cents per square yard; any of the foregoing, bleached, and valued at over twelve and not over fifteen cents per square yard, five and one-fourth cents per square yard; valued at over fifteen and not over sixteen cents per square yard, six and one-half cents per square yard; valued at over sixteen and not over twenty cents per square yard, eight cents per square yard; valued at over twenty cents per square yard, ten cents per square yard, but not less than thirty-five per centum ad valorem; if dyed,

PARAGRAPHS 315-320—COTTON CLOTH.

colored, stained, painted, or printed, and not exceeding three and one-half square yards to the pound, four and one-fourth cents per square yard; exceeding three and one-half and not exceeding four and one-half square yards to the pound, four and one-half cents per square yard; exceeding four and one-half and not exceeding six square yards to the pound, four and three-fourths cents per square yard; exceeding six square yards to the pound, five cents per square yard; any of the foregoing, dyed, colored, stained, painted, or printed, and valued at over twelve and one-half and not over fifteen cents per square yard, six cents per square yard; valued at over fifteen and not over seventeen and one-half cents per square yard, seven cents per square yard; valued at over seventeen and one-half and not over twenty cents per square yard, eight cents per square yard; valued at over twenty cents per square yard, ten cents per square yard, but not less than forty per centum ad valorem.

PARAGRAPH 318.

Cotton cloth, not bleached, dyed, colored, stained, painted, or printed, exceeding two hundred and not exceeding three hundred threads to the square inch, counting the warp and filling, and not exceeding two and one-half square yards to the pound, three and one-half cents per square yard; exceeding two and one-half and not exceeding three and one-half square yards to the pound, four cents per square yard; exceeding three and one-half and not exceeding five square yards to the pound, four and one-half cents per square yard; exceeding five square yards to the pound, five cents per square yard; any of the foregoing valued at over twelve and one-half and not over fourteen cents per square yard, five and one-half cents per square yard; valued at over fourteen and not over sixteen cents per square yard, six and one-half cents per square yard; valued at over sixteen and not over twenty cents per square yard, eight cents per square yard; valued at over twenty cents per square yard, ten cents per square yard, but not less than forty per centum ad valorem; if bleached, and not exceeding two and one-half square yards to the pound, four and one-half cents per square yard; exceeding two and one-half and not exceeding three and one-half square yards to the pound, five cents per square yard; exceeding three and one-half and not exceeding five square yards to the pound, five and one-half cents per square yard; exceeding five square yards to the pound, six cents per square yard; any of the foregoing, bleached, and valued at over fifteen and not over sixteen cents per square yard, six and one-half cents per square yard; valued at over sixteen and not over twenty cents per square yard, eight cents per square yard; valued at over twenty and not over twenty-five cents per square yard, eleven and one-fourth cents per square yard; valued at over twenty-five cents per square yard, twelve and one-half cents per square yard, but not less than forty per centum ad valorem; if dyed, colored, stained, painted, or printed, and not exceeding three and one-half square yards to the pound, six and one-fourth cents per square yard; exceeding three and one-half square yards to the pound, seven cents per square yard; any of the foregoing, dyed, colored, stained, painted, or printed, and valued at over seventeen and one-half and not over twenty cents per square yard, eight cents per square yard; valued at over twenty and not over twenty-five cents per square yard, eleven and one-fourth cents per square yard; valued at over twenty-five cents per square yard, twelve and one-half cents per square yard, but not less than forty per centum ad valorem.

PARAGRAPH 319.

Cotton cloth not bleached, dyed, colored, stained, painted, or printed, exceeding three hundred threads to the square inch, counting the warp and filling, and not exceeding two square yards to the pound, four cents per square yard; exceeding two and not exceeding three square yards to the pound, four and one-half cents per square yard; exceeding three and not exceeding four square yards to the pound, five cents per square yard; exceeding four square yards to the pound, five and one-half cents per square yard; any of the foregoing valued at over fourteen and not over sixteen cents per square yard, six and one-half cents per square yard; valued at over sixteen and not over twenty cents per square yard, eight cents per square yard; valued at over twenty and not over twenty-five cents per square yard, eleven and one-fourth cents per

PARAGRAPHS 315-320—COTTON CLOTH.

square yard; valued at over twenty-five cents per square yard, twelve and one-half cents per square yard, but not less than forty per centum ad valorem; if bleached and not exceeding two square yards to the pound, five cents per square yard; exceeding two and not exceeding three square yards to the pound, five and one-half cents per square yard; exceeding three and not exceeding four square yards to the pound, six cents per square yard; exceeding four square yards to the pound, six and one-half cents per square yard; any of the foregoing, bleached, and valued at over sixteen and not over twenty cents per square yard, eight cents per square yard; valued at over twenty and not over twenty-five cents per square yard, eleven and one-fourth cents per square yard; valued at over twenty-five cents per square yard, twelve and one-half cents per square yard, but not less than forty per centum ad valorem; if dyed, colored, stained, painted, or printed, and not exceeding three square yards to the pound, six and one-half cents per square yard; exceeding three square yards to the pound, eight cents per square yard; any of the foregoing, dyed, colored, stained, painted, or printed, and valued at over twenty and not over twenty-five cents per square yard, eleven and one-fourth cents per square yard; valued at over twenty-five cents per square yard, twelve and one-half cents per square yard, but not less than forty per centum ad valorem.

PARAGRAPH 320.

The term cotton cloth, or cloth, wherever used in the paragraphs of this schedule, unless otherwise specially provided for, shall be held to include all woven fabrics of cotton in the piece or cut in lengths, whether figured, fancy, or plain, the warp and filling threads of which can be counted by unraveling or other practicable means, and shall not include any article, finished or unfinished, made from cotton cloth. In determining the count of threads to the square inch in cotton cloth, all the warp and filling threads, whether ordinary or other than ordinary, and whether clipped or unclipped, shall be counted. In the ascertainment of the weight and value, upon which the duties, cumulative or other, imposed upon cotton cloth are made to depend, the entire fabric and all parts thereof, and all the threads of which it is composed, shall be included. The terms bleached, dyed, colored, stained, mercerized, painted, or printed, wherever applied to cotton cloth in this schedule, shall be taken to mean, respectively, all cotton cloth which either wholly or in part has been subjected to any of these processes, or which has any bleached, dyed, colored, stained, mercerized, painted, or printed threads in or upon any part of the fabric.

COTTON CLOTH.

TESTIMONY OF R. M. MILLER, JR.

The witness was duly sworn by the chairman.

The CHAIRMAN. The next witness on the list is R. M. Miller, jr. Is Mr. Miller present?

Mr. MILLER. Yes, sir.

The CHAIRMAN. You may proceed, Mr. Miller.

Mr. MILLER. Mr. Chairman and gentlemen, the American Cotton Manufacturers' Association begs to submit, through me, the chairman of its tariff and legislative committee, a brief statement upon the proposed revision of Schedule I, cotton manufactures.

At the annual convention of the American Cotton Manufacturers' Association in this city on April 4, 1912, the following resolutions were unanimously adopted:

Resolved, First, this association, at its May, 1909, meeting recorded itself as favoring the establishment of a tariff commission and now reaffirms that action.

Second, it now appearing from the preliminary synopsis of the report of the Tariff Board and from other investigations that in some instances duties on cotton goods are now excessive, owing to changed conditions of manufacturing.

PARAGRAPHS 315-320—COTTON CLOTH.

Resolved, That this association records itself as favoring such reasonable revision of the cotton schedule, based upon differences in cost of production and other conditions at home and abroad, as shall be consistent with the raising of revenue and the conservation of our home markets.

Acting in conformity with these resolutions, our committee prepared "tariff bulletin No. 5," a copy of which I present to the committee at this time and request that it be printed and made a part of my remarks. I do not at this time desire to consume your time by reading that presentation of certain matters we consider vitally important in the consideration of tariff rates on cotton manufactures, but I do earnestly invite your careful examination of the contents of this bulletin in connection with the various data which you are now collecting for your use in preparing the new cotton schedule.

We wish especially, however, to emphasize the final statement of our committee's position on the subject of revision, and I therefore quote from that bulletin as follows:

We favor a reasonable revision of the cotton schedule, based upon the figures at which importations are actually being made and can be made as shown by comparative manufacturers' selling prices at home and abroad, as shall be consistent with the raising of revenue and the conservation of our home market.

Up to the present time our committee has studiously avoided suggesting rates for revision for lack of satisfactory data upon which to base recommendations. The information before us is not yet as complete as is desirable in assuming that responsibility. But we realize at this time that something definite and positive is expected from us if we are to meet your committee in the same spirit in which we believe we have been invited to this hearing.

We thoroughly appreciate that you are committed to a tariff revision upon a revenue basis. We realize that you expect from us suggestions as to the lowest possible rates which we believe the cotton industry can stand without certain and definite injury.

In the preparation of our suggested rates we have borne these things in mind, feeling that it would be useless for us to appear before you upon any other basis. Therefore, in submitting our recommendations as to proposed rates, we most earnestly urge that these facts be taken into account and that we have erred, if anything, in going too far.

The very radical reduction in the duties that we suggest on practically all fabrics in common use appear rather startling to some of us, but we are willing to try it cheerfully and in good faith. On the finer fabrics, luxuries, we can not figure a corresponding reduction in all cases, although our proposed rates do seem to be very near the danger line.

We may also have erred in the extent to which we are advocating simplification of the schedule, but that likewise is on account of our disposition to meet what we understand to be the policy of your committee.

We frankly favor specific rates, but have no argument to make on that score whatsoever, as we understand the decided preference of your committee is for ad valorem rates; hence our suggested duties are ad valorem rates.

As is well known to your committee, the cotton manufacturing industry in the United States has been passing through a period of

PARAGRAPHS 315-320—COTTON CLOTH.

unprecedented depression during the past two or three years, while the English cotton manufacturing industry appears to be very prosperous. Therefore, comparisons at this time are decidedly unfavorable to the American industry.

Believing that your committee is fully acquainted with this condition of affairs, I beg to submit a schedule which we have prepared, designated as "Exhibits A and B," and ask that they be made a part of my remarks.

For such explanation as you may desire concerning our suggested rates, I wish to ask Mr. Stuart W. Cramer, of Charlotte, N. C., to discuss for us the rates on yarns, and Mr. Lewis W. Parker, of Greenville, S. C., to discuss the rates on cloth. If, by consent, if my time will allow it, I would like to have Mr. Cramer follow me and if possible Mr. Parker's time moved up so he may follow Mr. Cramer.

The CHAIRMAN. We would like to do that, but the difficulty is we have gentlemen coming here from all over the United States, and in order to play fair with them we had to put their names on the list as they applied for time. We hesitate to take one gentleman's time away from him to give it to another.

Mr. MILLER. I thought, as acting chairman for a whole organization, it might, by unanimous consent, be that these discussions could follow each other in succession.

Mr. KITCHIN. Who is the gentleman you wish to follow you?

Mr. MILLER. Mr. Parker is one or two, possibly, below me. Mr. Cramer is to discuss the yarn value.

The CHAIRMAN. Is Mr. Cramer's name on the list?

Mr. MILLER. I assumed he would possibly come within my time, and he will only consume a very few minutes.

The CHAIRMAN. I want to try to be fair about this. I will first ask the committee if there is any objection to the request? [No response.]

Does any gentleman who appears upon the list object to this arrangement? [No response.]

The Chair hears no objection; we will adopt your suggestion and hear from Mr. Cramer at this time.

The schedules, Exhibits A and B, presented by Mr. Miller are as follows:

EXHIBIT A.

YARNS.

	Yarn numbers.					
	1 to 9.	10 to 19.	20 to 39.	40 to 59.	60 to 99.	100 and over.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Singles, in the gray.....	10	12½	17½	25	30	35
Combed, twisted, dyed or colored, or advanced in manufacture beyond singles, in the gray.....	15	17½	22½	30	35	40

PARAGRAPHS 315-320—COTTON CLOTH.

COTTON CLOTH.

Containing yarns.	1 to 9	10 to 19	20 to 39	40 to 59	60 to 99	100 and over.
<i>Class 1.</i>						
Cotton cloth, including calico, sheeting, and plain weaves, not including cords, stripes, checks, plaids, or figures, made entirely of single yarns, except selvages—						
In the gray.....	<i>Per cent.</i> 10	<i>Per cent.</i> 12½	<i>Per cent.</i> 15	<i>Per cent.</i> 20	<i>Per cent.</i> 30	<i>Per cent.</i> 30
If advanced in any way beyond the gray condition, by any one or more processes, similar to and including bleaching, napping, dyeing, printing, mercerizing, coloring, or other processes not specially otherwise provided for.....	15	17½	20	25	35	40
<i>Class 2.</i>						
Cotton cloth of fancy or figured weaves of any description, cords, stripes, checks, plaids, figures, drills, twills and kindred weaves, crêpes, terry pile weaves, gauze and leno weaves, and cloth composed wholly or in part of any of the foregoing—						
In the gray; cotton cloth composed of two-ply or more yarns, either wholly or in part, except if in selvages only in the gray.....	15	17½	25	30	35	40
If advanced in any way beyond the gray condition by any one or more processes similar to and including bleaching, napping, dyeing, printing, mercerizing, coloring, or other processes not specially otherwise provided for.....	20	22½	30	35	40	45
<i>Class 3.</i>						
Cotton cloth of jacquard weave—						
In the gray.....	25	27½	30	35	40	45
If advanced in any way beyond the gray condition by any one or more processes similar to and including bleaching, napping, dyeing, printing, mercerizing, coloring, or other processes not specially otherwise provided for.....	30	32½	35	37½	45	50
<i>Class 4.</i>						
Cotton cloth composed wholly or in part of bleached, colored, dyed, or mercerized yarns, selvages excepted, shall pay the same rates of duty according to construction as provided for cotton cloth of classes 1, 2, and 3 when advanced beyond gray condition, namely:						
Class 1.....	15	17½	20	25	35	40
Class 2.....	20	22½	30	35	40	45
Class 3.....	30	32½	35	37½	45	50

Further necessary provision: Cotton cloth of classes 1, 2, 3, and 4 containing two or more numbers of yarn, excepting selvages, shall be dutiable at the rate provided for cotton cloth composed of the higher or highest number of yarns in such cloth; where any yarn content in cloth, except selvages, is composed of two-ply or more twisted yarn, the higher or highest number of yarn in such resulting thread shall designate the class as above herein provided.

PARAGRAPHS 315-320—COTTON CLOTH.

TARIFF BULLETIN No. 5.

[April 30, 1912, Charlotte, N. C.]

LETTER OF SUBMITTAL.

CHARLOTTE, N. C., *April 30, 1912.*

SIR: This Bulletin No. 5 records the action taken by the American Cotton Manufacturers Association at its Washington meeting, April 2-4, 1912, on tariff legislation, and the resolution passed relating thereto.

For the information of members it seems desirable to submit in connection therewith some observations upon the report of the Tariff Board which has just been issued.

The attention of the administration, Senators, and Representatives in Congress is earnestly requested to certain features of omission in the data upon which the Tariff Board bases comparisons of foreign and domestic costs.

Respectfully submitted.

STUART W. CRAMER.

To R. M. MILLER, Jr., *Chairman,*
Charlotte, N. C.

REPORT OF CHAIRMAN MILLER TO THE AMERICAN COTTON MANUFACTURERS' ASSOCIATION, IN CONVENTION IN WASHINGTON, D. C., APRIL 4, 1912.

(Mr. Miller moved the adoption of the report, Mr. Lewis W. Parker seconded it, and the motion was unanimously carried.)

APRIL 4, 1912.

MR. PRESIDENT AND MEMBERS OF THE ASSOCIATION:

On behalf of your committee on tariff and legislation I beg to submit as our report Bulletins Nos. 1, 2, 3, and 4, copies of which we present and ask that they be accepted, approved, and made a part of the records of this meeting.

The committee assumes that the members are familiar with these bulletins, as a copy of each was mailed to every member of the association, and also to every textile manufacturing establishment in the United States. Copies were also sent to the President and officials of the Government, to all Senators and Representatives in Congress, to the press, and to many individuals applying for copies as records.

The committee recommends the adoption of the following resolutions:

"*Resolved*, First, this association at its May, 1909, meeting recorded itself as favoring the establishment of a tariff commission and now reaffirms that action.

"Second, it now appearing from the preliminary synopsis of the report of the Tariff Board and from other investigations that in some instances duties on cotton goods are now excessive, owing to changed conditions in manufacturing.

"*Resolved*, That this association records itself as favoring such reasonable revision of the cotton schedule, based upon differences in cost of production and other conditions at home and abroad, as shall be consistent with the raising of revenue and the conservation of our home market."

Personally, and on behalf of the committee, I desire to acknowledge our obligations to Mr. Cramer, a member of the committee, for his special interest in the work of the committee. His services were invaluable to me, as chairman, and his time was always at the disposal of the committee. This acknowledgment the committee feels is due him and requests that the same be embraced as a part of this report.

Respectfully submitted.

R. M. MILLER, Jr., *Chairman,*
North Carolina.
A. H. BAHNSON, Virginia.
D. Y. COOPER, North Carolina.
STUART W. CRAMER, North Carolina.
JAS. D. HAMMETT, South Carolina.
J. H. MORGAN, South Carolina.
ROBERT CHAPMAN, South Carolina.

T. I. HICKMAN, Georgia.
SCOTT MAXWELL, Alabama.
T. L. WAINWRIGHT, Mississippi.
A. W. McLELLAN, Louisiana.
J. C. SAUNDERS, Texas.
L. D. TYSON, Tennessee.
PAUL J. MARRS, Kentucky.

PARAGRAPHS 315-320—COTTON CLOTH.

THE ASSOCIATION ON REVISION OF THE COTTON TARIFF.

As finally summed up, therefore, the official position of the American Cotton Manufacturers' Association on the tariff may be stated as follows:

(1) "A reasonable revision of the cotton schedule * * * as shall be consistent with the raising of revenue and the conservation of our home market."

As interpreting the above we herewith quote from our Tariff Bulletin No. 3, pages 11 and 12:

"(1) We are opposed to any revision that will increase the percentage of importations to total United States cotton manufactures that now exist.

"We believe that any way it may be considered the present importations are sufficient to protect the consumer by regulating prices, for there is no monopoly or restraint of trade, but, on the contrary, the keenest competition among cotton manufacturers of the United States.

"We do not believe that anything more regulative of prices can be secured, however much importations may be increased, for American manufacturers are already down to cost, and without radical cutting of wages, which is not believed could or should be affected, the chief result of legislating more foreign goods into this country would be only to transfer that work to foreigners, for the importers do not usually undersell a local market except enough to bring in their goods.

"We believe that the cotton schedule bears its share of the customs revenue for the support of the Government and that there is no call for increasing the amount collected under it."

So far as Mr. Underwood's explanation of his bill for revising the cotton schedule is concerned, it is interesting to note that in this respect there is practically no difference of opinion between us. Mr. Underwood stated that—

"The cotton imports under the Payne tariff bill in the year 1912 were, in round figures, \$28,417,000. The estimated imports under the proposed bill that I hold in my hand are \$39,163,000. In other words, the increase of imports brought by this bill, as figured by the statistician, amounts to something in excess of \$10,745,000." (See Congressional Record, p. 3565, Aug. 2, 1911.)

"I know there is a great reduction in the cotton goods to-day, due to panic conditions, but when we return to nominal times you can not use the enormous tariff tax that you have to-day to exact unjust enormous profits from American people as you have been doing for years. * * * The place it will affect goods will not be where the prices are very low, due to panic conditions of to-day." (See Congressional Record, p. 3575, Aug. 2, 1911.)

The amount of increased importations that Mr. Underwood proposes compared to the total cotton manufactures of the United States is not enough to constitute difference of opinion; nor is there apparently any difference in that neither reductions in the tariff nor importations should reduce the prices of goods below the low level of the past three years.

As to the "enormous profit in good times" referred to we think we can show that the average earnings of cotton mills during a period of years is not excessive and that there should be no real difference of opinion there.

(II) "A reasonable revision of the cotton schedule based upon differences in cost of production and other conditions at home and abroad * * *."

"(4) We are in favor of such revision as will protect all classifications under the schedule primarily in proportion to their labor costs, and are especially in favor of simplification of the schedule.

"(5) We are opposed to any revision that does not take into account differences in other conditions as well as labor costs, particularly on account of southern mill conditions." (See Tariff Bulletin No. 3, p. 12.)

Coupled with the other and foregoing clause (I) this condition is one upon which there should be no apparent difference of political opinion; but it is just the point where such difficulties are encountered in the way of securing adequate data, that the results arrived at by different investigations are likely to so differ in themselves as to constitute actual and very great differences of opinion as to what reductions in duties may be made in accordance therewith.

THE TARIFF BOARD'S REPORT AS AFFECTING REVISION.

During the past year we have endeavored to secure through foreign representatives comparative data relating to costs upon which to recommend a basis for tariff revision; the results were disappointing, although the efforts made were conscientious and were conducted at considerable expense and covered quite a period of time.

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The report of the Tariff Board on Schedule I—Cotton manufactures, that has just been issued by Congress (H. Doc. No. 643), complete in two very exhaustive volumes, emphasizes in a most striking manner that same difficulty. The report contains a vast amount of statistical data, both interesting and instructive; the opportunities for collecting information in the United States were excellent, and the data relating to domestic costs and conditions seem to be accurate and trustworthy in most respects, as far as it goes. That part of it devoted to foreign data and a comparison of them to domestic conditions is frankly also disappointing. Without our own experience we might have been hypercritical of the Tariff Board's work in that respect; as it is, we simply accept it as a natural condition that in our opinion can not be overcome. There is no reason why English or other foreign manufacturers should disclose in great detail the private costs and secrets of their business in a manner that would lessen their chances at the United States markets. We flatter ourselves that we are very clever people and it might be assumed that our representatives abroad could get complete and reliable information surreptitiously or by misrepresentations; but we are far from being that clever, for the foreigner has shown that he is rather clever himself by the way in which he has built up and organized cotton manufacturing during the past hundred years in his own country and in going after the world's trade.

Generalities, then, are all that can reasonably be expected from the work of the Tariff Board so far as reliable foreign data and useful comparisons are concerned.

Those generalities, it appears, are embraced under the following headings:

- (a) Foreign trade quotations on different kinds of yarns and cloths.
- (b) Extent of manufacture and importations of such yarns and cloths.
- (c) Foreign wage scales and regulations relating thereto.
- (d) The equipment of foreign mills; their costs, capitalization, interest rates, etc.
- (e) Relative but very general data as to costs of spinning, weaving, and finishing.
- (f) Methods of marketing, selling, and distribution.
- (g) Prices paid by consumers.

And a variety of other and lesser important general information.

From all of which we are forced to the conclusion that tariff rates can not be based upon theoretically comparative conditions, but must be based upon something more practical, more definite, and more easily ascertained. Reduced to its lowest terms and strictly in accordance with the policies expressed at our Washington convention a more rational plan may be crystallized into the following statement:

We favor a reasonable revision of the cotton schedule, based upon the figures at which importations are actually being made and can be made as shown by comparative manufacturers' selling prices at home and abroad, as shall be consistent with the raising of revenue and the conservation of our home market.

In connection with the above, we wish to comment upon and supplement the comparisons made in the Tariff Board's report as follows:

(1) As previously mentioned in our tariff bulletins, a majority of mills in the United States, and practically all in the South, have had to establish villages, complete with all the requirements of the American standard of civilization that their financial resources would permit; which item, although a tremendous handicap, has not been taken into account by the Tariff Board in its endeavor to get at strictly comparative manufacturing costs. Yet, it should hardly require proof to show that the proper basis of comparison should be the total producing cost under American conditions rather than a theoretical manufacturing cost.

Mill villages cost probably \$2 per spindle, as much as the entire paid-in capital of millions of spindles in English mills.

(2) The Tariff Board also states that it has not taken into consideration the interest item; this we also regard as of the greatest importance. The average American mill has not only cost a great deal more than a like English mill, but the methods of financing are so different in the two countries that even this advantage is very greatly magnified. There are millions of spindles in England to-day capitalized at an approximate cost of \$5 per spindle, and only one or two dollars a spindle has ever been paid in, the remainder having been borrowed at low rates of interest of from 3 to 5 per cent. It is true that nearly as low rates of interest can at times be obtained by the strongest American mills, but they must be entirely free from debt on their plants, and their quick assets must exceed their borrowed money. An American mill owing from 40 to 80 per cent of its entire capitalization representing its approximate cost not only could not borrow money at a reasonable rate of interest but could not live at all. Any mill in the South that owes anything at all upon its plant is unable to borrow money at less than 6 per cent and is then required to maintain a 20 per cent balance on deposit so that its money nets it at least 7½ per cent, and in many cases more; even then personal indorsements are generally required.

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(3) The comparison of costs of English mule-spun yarns and American ring-spun yarns has been made by the Tariff Board without sufficiently emphasizing the fact that, as a general rule, yarns spun on mules from the same grade of cotton receive the buyer's preference over ring-spun yarns; and, conversely, if both mule and ring spun yarns are to be of like quality and selling value the mule yarns can be spun from a lower and cheaper grade of cotton. In other words, on that basis of comparison there is a distinct advantage to the English mule spinner either in a decided preference from the buyer over his American competitor's ring-spun yarn, or in a corresponding saving in the cost of his cotton.

It might be argued that American mills should adopt mule spinning, but the argument does not hold good, for the comparison of costs between mule-spun yarns and ring-spun yarns has been arbitrarily chosen by the Tariff Board. With its manufacturing skill of generations of workers and low building and equipment costs a mule-spinning mill is the natural unit for English conditions; they require and possess an abundant supply of mule spinners who are generally men and undoubtedly the most skilled operatives in the cotton-spinning industry; whereas, for exactly opposite reasons, in America the ring-spinning mill is best adapted, also a matter of natural selection.

(4) The selling expense to an English mill is very much less, its sales are quicker realized upon and converted into cash, and its opportunities for marketing its product are immeasurably better than in America; in England the entire industry is thoroughly standardized and concentrated within a small radius of relatively a few miles; whereas in America it is scattered over many hundreds, and even thousands, of miles, with all the differences in conditions that would be naturally expected in widely separated and, in many cases, isolated localities.

The greatest spot-cotton market in the world is at Liverpool, within 20 miles of Manchester, the center of England's cotton manufacturing industry. At the Manchester Royal Exchange practically all of the yarns and cloths are bought and sold that are produced in the whole district. No counterpart exists in America, or ever can exist, in the very nature of the case.

Again, in England mills of 80,000 to 120,000 spindles are the rule, with all the economies that can be effected in the standardization of a great industry in such large units; and where wages themselves, because of the industry being confined to one small area, are so standardized that all mills are on practically an equal footing. In America there are many mills of 5,000 to 10,000 spindles, and the average in the whole South will probably not exceed 12,000 to 15,000 spindles; they are scattered all over the territory and there is no agreement among the mills, nor could there reasonably be any, for a uniform wage scale; each is compelled to pay what the opportunities for other employment dictate in its own locality. Freight rates are widely different; taxes, interest, and many other items differ in the same proportion.

The Tariff Board's comparisons are naturally enough, in one sense, based upon like conditions in like mills in England and America, yet we doubt exceedingly that any political party would care to go before the country upon a platform inexorably demanding that the large majority of smaller mills working under disadvantageous circumstances should be compelled to produce under the same conditions as their larger and more favorably situated competitors, or be ruthlessly stamped out of existence. The fact that the larger and more favored mills would and do profit more than the smaller and less favorably situated ones is but obeying the general law of nature in which the stronger, intellectually and otherwise, have an advantage over the weaker; yet we have hardly reached the point where our weaker element shall be given no opportunity to grow and become strong.

In this respect we are frankly arguing in favor of living conditions for the large majority of the comparative small southern mills. Less than 20 years ago there were only a few, in fact practically no cotton mills in the South; money was scarce and hard to obtain; the country was poor. We have built it up and developed our industries largely upon borrowed money, and we have not outgrown that state yet by any means. Some of our older competitors in the North actually prospered by war conditions, the very conditions that put the South so far backward in industrial development. Our foreign competitors have had no setback for a hundred years and have likewise profited by those same conditions that have been such a great handicap to us in the South. When our smaller mills have grown to the size and strength of their competitors and have paid off their debts, is time enough to reduce competition in this country, at least from abroad, to the dead level of a survival of the fittest—a competition of only the largest and most efficient units.

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(5) The advantage of the English merchant marine, splendid banking facilities in foreign commercial centers, and many other items could be elaborated upon, but no doubt the foregoing are sufficient for the purpose in hand.

The above suggestion as a basis for rates and the difference in conditions touched upon are respectfully and earnestly submitted for examination and consideration by all concerned.

The only reasonable objection that can be advanced against this proposed method of establishing rates is that the American market price may at some time become artificial rather than competitive, because of some form of restraint of trade by monopoly, trusts, or otherwise. The Tariff Board, the Ways and Means Committee, or any other responsible governmental body could, however, easily investigate from time to time and ascertain whether such conditions existed; and, if found, could make due allowance therefor. At the present time, it is admitted by everybody that the cotton industry is singularly free from restraint of trade, monopoly, trusts, or otherwise, and the prices for its product are governed by the keenest kind of competition.

Furthermore, the comparative manufacturer's selling prices should obviously not be chosen from times of depression, but should represent the average conditions of a term of years.

The comparisons of the Tariff Board have, unfortunately, been made during a year of extreme depression in the cotton industry of the United States.

As to the prices consumers pay in the two countries, that is something over which cotton manufacturers have no control; that the cost of distribution is greater in this country than abroad is not a matter chargeable to the manufacturing industry.

Special attention is called to a fact that is by no means as paradoxical as it seems:

If, as alleged in the Tariff Board's report, weaving the plainer goods is as cheaply done in this country as abroad, and if the cost of spinning yarns abroad is considerably less than what it is in this country, we are confronted with the very startling possibility that tariff rates which may be competitive with, or entirely prohibitory to foreign importations on cloth, might actually permit the importation of the yarns of which the cloths themselves are manufactured.

To illustrate: The Underwood bill adds 5 per cent to the yarn duties for its cloth duties. For the plainer weaves constituting the vast majority of manufactures, the plan adopted in the Underwood bill of basing the duty on cloth only upon the counts of yarn that enter into the cloth seems both sound in principle and simple in application. On fancy weaves additional allowance must of necessity be made, in proportion that foreign weaving costs on such goods are lower than in America. It is only on plain weaving that we are able to keep our costs down to an equality, because our weavers tend more looms than foreign labor union regulations permit foreign weavers to tend. Over there are more operatives than positions; hence, any system that would speed up or lessen the opportunity for employment will not be tolerated. In this country there are more positions than weavers, and consequently our weavers gladly welcome the opportunity to tend more looms and be paid proportionately more than if they tended the regulation number of two to four, as is customary abroad.

So, if weaving the plainer constructions in America is practically as cheap as in England, should not the yarns of which the cloth is manufactured carry with it the same ad valorem duty as upon the cloth itself, for the difference in the cost of conversion is in the cost of spinning and not in the cost of weaving?

Again, while the proposed rates in the Underwood bill on coarse yarns are adequate where the finer counts are actually being imported into the United States in noticeable amounts, is it not *prima facie* evidence that the present rates on such counts are not excessive? And, for a like reason, will not a comparison of the foreign and domestic manufacturer's prices of medium yarns show the basis upon which they may be imported? The demand for lower rates can still be fully met by the very substantial reduction that can be effected in the many staple fabrics that come under the head of necessities of life.

The practice of "dumping" is one of the features of modern industrialism that must be reckoned with. If, in any country, particularly one in which large and well-organized industrial plants are the rule, conditions become abnormal or unsatisfactory in the market (whether a foreign or a home market, or both), curtailing production and shutting down plants is only resorted to at the last moment; relief is sought by "dumping" the surplus product into some other market, often at or below cost. Any well organized manufacturing company will submit to an actual loss for an indefinite period rather than lose its organization; it is cheaper to pocket a loss and hold it together than it is to build up a new one. Naturally, the best dumping ground for

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English and continental textile manufactures is that which is the best quick cash buyer—obviously the United States if its tariff rates are on a competitive basis.

From a protectionist standpoint regular tariff rates should be adequate to protect against dumping.

From the standpoint of tariff for revenue only, the rates should be competitive to the extent of admitting importations to a predetermined extent. For example, Mr. Underwood, introducing his bill for revising the cotton schedule, explained it by saying that the estimated imports under the proposed bill are \$39,163,000; he also stated that his bill was a revenue measure only. It therefore follows that should the rates established in that bill be insufficient at any time to hold importations down to the figure he named on which the amount of revenue contemplated was based, that some means of checking importations is distinctly in order because it is apparently neither his purpose to transfer an undue part of the cotton manufacturing industry of this country to foreign manufacturers nor to collect an excessive and undue amount of revenue from this one particular industry.

Germany has in its tariff system a lever by which imports are regulated in the shape of tariff rates that are raised and lowered according to requirements from time to time.

So, if it is proposed to establish in the United States tariff rates that are competitive on a predetermined revenue basis in normal times, we earnestly urge the incorporation in the tariff act of a provision whereby an additional and regulative duty would automatically be applied when the importations were exceeding the amount contemplated by the framers of the bill. For example, at any time, suppose that the importations during the preceding three months were at a greater rate than contemplated in the tariff bill, the customs officers would be instructed by proper authority (made mandatory in the act) to add to the regular tariff rates of, say, an extra 5 per cent duty, and when the importations for a preceding three months fell back to or below the amount contemplated, the increase of 5 per cent in rates would be automatically withdrawn. Such a method would maintain a continuous trade and revenue balance strictly according to the intent of the framers of the bill, and would remove the fear and apprehension that many manufacturers feel toward a tariff for revenue measure, lest the rates adopted and honestly intended by its makers be not adequate and sufficient to regulate importations and revenue derived therefrom as pretended.

As to whether such a regulative duty, to be used as required and additional to the regular rates, would fit all lines of industry is something for Congress and others interested to decide. It certainly would apply to manufactures of cotton, and this particular schedule would be a simple one to try it out on.

It is true that importers might claim that it would keep them "up in the air" and they would never know where they stood; it is respectfully submitted, however, that it would not entail as much hardship to the country at large as would the seriously interfering with the cotton manufacturing industry of our own country and the many concerned in it—stockholders, employees, local merchants, farmers, and other producers dependent upon the prosperity of the mills, etc.

The appended exhibits are intended not only for the information of our own members, but are for the avowed purpose of emphasizing to our Representatives in Congress the condition named.

Many members of this association have opened their books to the inspection of the Tariff Board, and are ready to offer them to the inspection of any duly authorized persons representing either the administration or the Ways and Means Committee of the House of Representatives, in consideration of all of which it is felt that our well-meant criticisms will be accepted in a spirit of helpfulness and due consideration given thereto by those who undertake the revision of the cotton schedule.

COMMITTEE.

EXHIBIT A.—CAPITALIZATION OF RECENT ENGLISH SPINNING MILLS.

COTTON-MILL BUILDING IN LANCASHIRE (FEB. 13, 1907).

[One pound or sovereign (£1)=approximately \$5; one shilling (1s.)=approximately 25 cents; one penny (1d.)=approximately 2 cents.]

The accompanying table shows the number, date, and size of the new cotton-spinning mills in the district of which Manchester is the commercial center. No mill registered or built before 1901 is shown in the table.

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A number of extensions and additions to existing mills are not included in the foregoing list. These extensions are estimated at about 400,000 spindles. The number of spindles on our new list of mills is about 9,700,000, so that the total addition to the cotton spindles of the Lancashire district since 1900 will exceed 10,000,000. This increase in seven years exceeds the total number of existing cotton spindles in Germany, France, Russia, India, or any other country in the world except the United States of America. It is greater than the total number of spindles in the Southern States and equal to about 60 per cent of the spindles in the Northern States.—Manchester Guardian.

	Capital.	Spindles.
1901.		
Gem Spin. Co., Hollinw'd.....	£80,000	90,000
Dawn Mill Co., Ld., Shaw.....	80,000	91,000
Delta Mill Co., Ld., Royton.....	100,000	100,000
Century R. Sp. Co., Ld., Farnw'h.....	80,000	70,000
Castleton Mr. Sp. Co., Ld., Cas'n.....	100,000	94,100
Tudor Mill Co., Ld., Ashton.....	70,000	81,080
Monarch Mill, Ld., Oldham.....	80,000	79,000
Swan Lane Sp. Co., Ld., Bolton.....	70,000	80,000
1902.		
Magnet Mill Co., Ld., Hollinw'd.....	80,000	94,000
Glen Mill, Ld., Lees.....	80,000	92,000
1903.		
Swan Mills, Ld., Middleton J'n.....	100,000	71,700
Cromer Mill, Ld., Middleton.....	80,000	61,000
Cairo Mill Co., Ld., Old'm (W'd).....	80,000	73,000
Victor Mill, Ld., Stalybridge.....	90,000	60,000
Majestic Mill, Ld., Old'm (W'd).....	80,000	92,000
Maple Mill, Ld., Old'm (H'shaw).....	90,000	90,000
Soudan Mill Co., Ld., Middle'n.....	90,000	88,640
Cedar Mill, Ld., Ashton.....	70,000	77,184
Ocean C. S. Co., Ld., B'ton (G. L.).....	80,000	100,000
Baytree Mill, Ld., Middleton J'n.....	80,000	95,000
1904.		
Malta Mill Co., Ld., Middle'n J'n.....	80,000	82,000
Rex Mill, Ld., Middleton.....	80,000	93,000
Bell Mill Co., Ld., Old'm (H'shaw).....	100,000	125,000
Facit Mill Co., Ld., Rochdale.....	100,000	53,000
Asia Mill, Ld., Oldham.....	80,000	80,000
Dove Sp. Co., Ld., Bolton.....	80,000	108,000
Cliff Sp. Co., Ld., Preston.....	80,000	97,000
Marland Sp. Co., Ld., Castleton.....	100,000	120,000
Atlantic Sp. Co., Ld., Bolton.....	100,000	100,000
Broadstone Sp. Co., Ld., Reddish.....	100,000	120,000
Laburnam Sp. Co., Ld., Atherton.....	100,000	120,000
Lily Mill Co., Ld., Shaw.....	80,000	80,000
Aeme Sp. Co., Ld., Pendlebury.....	100,000	90,000
Clover Mill, Ld., Rochdale.....	100,000	100,000
Mona Mill, Ld., Oldham.....	80,000	100,000
Messrs. Harwood & Sons, Bolton.....		70,000
1905.		
Durban Mill Co., Ld., Hollinw'd.....	100,000	120,000
Laurel Mills, Ld., Middleton J'n.....	80,000	90,000
Tulketh Sp. Co., Ld., Preston.....	120,000	98,000
Coppull Rings S. Co., Ld., Chorley.....	80,000	50,000
Dale Ring Sp. Co., Ld., Rochdale.....	100,000	80,000
Monton Mill, Ld., Eccles (M'ton).....	80,000	80,000
Cowling Sp. Co., Ld., Chorley.....	100,000	120,000
Togo Sp. Co., Ld., Patricroft.....	100,000	114,120
Croft Mill, Ld., Rochdale.....	80,000	90,000
Valley Ring Mill, Ld., Castleton.....	60,000	50,000
Maco Sp. Co., Ld., Bolton.....	100,000	103,000
Grape Mill Co., Ld., Royton.....	70,000	110,000
1905.		
Heron Mill, Ld., Oldham.....	80,000	100,000
Hyde Sp. Co., Ld., Hyde.....	100,000	100,000
Fir Sp. Co., Ld., Royton.....	100,000	110,000
Roy Mill, Ld., Royton.....	80,000	100,000
Mars Mill, Ld., Castleton.....	80,000	100,000
Plum Mill, Ld., Heywood.....	80,000	80,000
Marlborough Mill, Ld., Failsw'th.....	80,000	100,000

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	Capital.	Spindles.
1905.		
Walkden S. & M. Co., Ltd., W'den.....	£80,000	80,000
Drake Sp. Co., Ltd., Farnworth.....	80,000	110,000
Athens Mill Co., Ltd., Lees.....	80,000	85,000
Pilot Sp. Co., Ltd., Bury.....	100,000	100,000
Talbot S. & W. Co., Ltd., Chorley.....	150,000	129,000
Texas Mill, Ltd., Ashton.....	70,000	95,000
Eccles S. & M. Co., Ltd., Pat'croft.....	100,000	36,000
Stockport No. 2 R. S. Co., Ltd., S'pt.....	80,000	60,000
Regent Mill, Ltd., Oldham.....	60,000	50,000
Goyt Mill, Marple.....	100,000	112,000
Kearsley S. Co., Ltd., Stoneclough.....	100,000	130,000
Alder Sp. Co., Ltd., Leigh.....	100,000	120,000
Fernhurst Sp. Co., Ltd., Oldham.....	80,000	100,000
Albert No. 2 Mill, Oldham.....		
Bolton Tex. C's No. 3 Mill, B'ton.....		90,000
Times Mill, Heywood.....		52,000
Stone Bridge Mill, Oswaldtwistle.....		44,000
Primrose Ring Mill, Ltd., Clitheroe.....	30,000	25,000
Beehive Spinning Co., Bolton.....		130,000
Swan Lane Mill, No. 2, Bolton.....	100,000	120,000
Irwell Bank Mill, No. 2, St'clough.....		80,000
1906.		
Raven Mill, Ltd., Oldham.....	80,000	95,000
Briar Mill, Ltd., Shaw.....	80,000	90,000
Dee Mill, Ltd., Shaw.....	80,000	100,000
Saxon Mill Co., Ltd., Droylsden.....	70,000	95,000
Ramsey Mill Co., Ltd., Hol'wood.....	80,000	90,000
Crest Ring Mill, Ltd., Castleton.....	80,000	80,000
Premier Mills, Ltd., Stalybridge.....	70,000	85,000
Linnet Mill Co., Ltd. (No. 2), Hyde.....	70,000	45,000
Dart Mill, Ltd., Bolton.....	80,000	95,000
Ark. R. S. Co., Ltd., Lr. Bredbury.....	80,000	60,000
Arrow Mill, Ltd., Rochdale.....	90,000	106,000
Bamber Bridge S. and W. Co., Ltd., Bamber Bridge, Preston.....	100,000	120,000
Gorse Mill, Ltd., Chadderton.....	80,000	100,000
Wilton Sp. Co., Ltd., Radcliffe.....	120,000	100,000
Royd Mill, Ltd., Hollinwood.....	55,000	60,000
Wm. Woods & Son, Ltd., Wigan.....	120,000	84,000
Ashton Synd. No. 7 Mill, Hurst.....		80,000
Vine Mill Co., Oswaldtwistle.....		50,000
Heaton's Mill, B'ton (Doffcocker).....		100,000
Irwell Bk. Mill, No. 3, St'clough.....		80,000
1907.		
Falcon S. Co., Ltd., Bolton (H'well).....	80,000	100,000
Rutland Mill, Ltd., Shaw.....	80,000	91,000
Sourlan Mill, No. 2, Middleton.....		90,000
Marlboro Mill, No. 2, Galsw'rh.....		100,000
Broadstone Mill No. 2, Reddish.....		120,000
Times Mill No. 2, Middleton.....		60,000
Grange Mill No. 2, Oldham.....	50,000	66,000
Murgatroyd's Mill, Oldham.....		90,000
Cooperative Mill, Oswaldtwistle.....		
Ram Mill, Chadderton.....		80,000
Hartford Mill, Oldham.....		100,000
New Mill, Slaithwaite.....		90,000
Ilare Spinning Co., Todmorden.....	80,000	
Ross Spinning Co., Ltd., Bacup.....	60,000	30,000
Stanhill Sp. Co.'s Mill, Church.....	100,000	90,000
Orb Cotton Sp. Co., Oldham.....		
Mammoth Mill, Oldham.....		250,000

Note the small part of the above capital paid in on each of the above mills as are listed in the quotations on next page.

EXTRACT FROM "ENGLAND'S COTTON INDUSTRY, 1907."

"The cost of constructing and equipping both spinning and weaving plants in England has largely increased during the present mill-building boom. Where a few years ago \$87 to \$97 per loom would complete a weaving shed, it now costs \$121 to \$145, including the preparatory processes of spooling, warping, slashing, etc. Similarly a mule spinning mill, on, say 50s carded, which formerly cost \$5.20 per spindle, now costs \$7.30. There is a good deal of complaint heard about the way in which many of the new mills are being promoted. Take a typical instance: The capital stock of a 100,000 spindle mill was fixed at \$500,000, in shares of a par value of \$5 each, payable

PARAGRAPHS 315-320—COTTON CLOTH.

at the rate of 50 cents a share at intervals. The mill is nearly in full operation at the present time and only \$1.50 a share has been called in. It is proposed to call on the stockholders for not more than \$2.50 a share, the remainder of the money needed being secured partly from banks, but mostly from small depositors, who loan their savings to the mills at 4½ per cent per annum. Virtually the manufacturing company conducts a banking business. Later the second \$2.50 a share will be called in, when another mill will be built. The strongest complaint arises, however, from the habit of requiring everybody who desires to secure contracts for either machinery, equipment, construction, or building materials to take a number of shares in the enterprise as a condition precedent to awarding the work. That the industry is at least temporarily very prosperous is shown by the average earning of 35 per cent on the share capital during the first quarter of the current year (1907) by such companies as publish balance sheets. Most mills are preparing against a future rainy day by increasing their reserve funds and writing off more than the usual percentage for depreciation."—Department of Commerce and Labor.

Such a system of promotion seems incredible to an American manufacturer, but it is true, nevertheless. By looking over the accompanying tables, it will be noticed that since 1900 the average new English spinning mill is capitalized at only £1. or \$5, per spindle, and further than that, that only one-fifth to one-half of that small capitalization has ever been paid in.

A quick calculation will show that with both mills working on a gross profit of 10 per cent on sales and charging off 4 per cent of the cost of the plant for depreciation, if the interest item be not included and tariff rates take into account everything but the interest item, that such an English mill could make 20 to 40 per cent on its paid-in capital while an American mill was making only 6 per cent, and, conversely, that it could reduce prices enough to put the American mill out of business.

AN ENGLISH BANKER ON THE SUBJECT.

A leading English banking firm answers (May, 1912) an inquiry relating to the methods of promoting many English spinning mills since 1900, as follows:

"There is no doubt the practice of calling up a small part of the capital, and borrowing large sums of loan money is freely adopted by the newer companies, and they find no difficulty in obtaining considerable amounts on open loan at 4 to 4½ per cent without any security."

EXHIBIT B.—TYPICAL ENGLISH COTTON MILL STOCKS.

[Oldham Share Market, Oldham, Thursday, August —, 1911.]

Company.	Formed.	Share.	Paid.			Quotations.			Dividend.	
			£	£	s. d.	s. d.	s. d.	P. ct.		
Albany.....	1884	5	3	0	0	61	0 to	62	0	5
Albert.....	1873	4½	2	5	0	55	0 to	56	0	8½
Arkwright.....	1886	5	2	10	0	51	0 to	52	0	4
Asia.....	1904	5	1	0	0	31	0 to	32	0	10
Astley.....	1884	5	2	10	0	49	0 to	50	0	8
Belgian.....	1873	3	3	0	0	62	0 to	63	6	5
Bell.....	1904	5	0	15	0	61	6 to	62	6	40
Borough.....	1874	5	2	0	0	67	0 to	68	0	10
Boundary.....	1874	4½	1	10	0	34	0 to	35	0	10
Briar.....	1906	5	1	5	0	18	0 to	19	0	.....
Broadway.....	1874	5	5	0	0	33	0 to	34	0	.....
Broadway, new.....	.....	5	1	0	0	20	0 to	21	0	.....
Butler Green.....	1870	15	15	0	0	100	0 to	175	0	.....
Cairo.....	1904	5	1	0	0	13	0 to	14	0	.....
Cape.....	1903	5	1	0	0	28	0 to	29	0	10
Castle.....	1891	5	2	10	0	49	0 to	50	0	6
Cavendish.....	1884	5	2	10	0	32	0 to	33	0	.....
Central.....	1871	5	2	0	0	46	6 to	47	6	10
Chadderton.....	1884	50	25	0	0	640	0 to	680	0	10
Coldhurst.....	1875	3	1	10	0	23	0 to	24	0	.....
Commercial.....	1873	4½	4	0	0	22	0 to	23	0	.....
Crawford.....	1883	5	2	0	0	46	6 to	47	6	5
Cromer.....	1903	5	2	0	0	37	6 to	38	6	7½
Crompton.....	1874	5	3	0	0	34	0 to	35	0	.....

PARAGRAPHS 315-320—COTTON CLOTH.

EXHIBIT B.—TYPICAL ENGLISH COTTON MILL STOCKS—Continued.

Company.	Formed.	Share.	Paid.	Quotations.			Dividend.
				£	s.	d.	
Dawn.....	1904	5	2 0 0	51 0	to	52 0	10
Delta.....	1902	5	0 10 0	24 0	to	25 0	10
Don.....	1902	5	2 0 0	49 0	to	50 0	10
Dowry.....	1883	4	1 10 0	43 0	to	45 0	10
Duchess.....	1884	5	2 10 0	56 0	to	57 0	10
Duke.....	1883	5	1 19 0	42 0	to	43 0	10
Durban.....	1905	5	1 5 0	21 0	to	22 0	.....
Eagle.....	1890	5	2 0 0	58 0	to	60 0	10
Earl.....	1890	100	40 0 0	860 0	to	880 0	10
Eclipse.....	1898	5	2 0 0	25 0	to	26 0	.....
Ellenroad.....	1890	5	2 0 0	40 0	to	41 0	5
Elm.....	1890	10	3 0 0	9 0	to	11 0	.....
Empire.....	1889	5	2 10 0	64 0	to	65 0	10
Equitable.....	1874	5	5 0 0	44 0	to	45 0	.....
Era.....	1897	5	2 0 0	58 0	to	59 0	10
Fern.....	1884	50	30 0 0	1,040 0	to	1,280 0	10
Fernhurst.....	1905	5	2 2 6	14 6	to	15 6	.....
Garfield.....	1882	5	2 0 0	36 0	to	37 0	.....
Gem.....	1902	5	2 0 0	19 6	to	20 6	.....
Gladstone.....	1875	3	3 0 0	42 0	to	43 0	3½
Glodwick.....	1874	5	2 0 0	52 0	to	53 0	10
Granville.....	1884	10	10 0 0	210 0	to	230 0	5
Greenacres.....	1871	5	2 0 0	48 0	to	49 0	10
Grimshaw.....	1874	100	60 0 0	.....	.....	.....	10
Guide Bridge.....	1875	4½	2 0 0	23 6	to	24 6	.....
Haugh.....	1882	5	3 0 0	85 0	to	87 0	10
Heron.....	1905	5	4 7 6	25 0	to	26 0	.....
Hollinwood.....	1874	3	1 10 0	18 0	to	19 0	.....
Holly.....	1850	5	4 0 0	99 0	to	101 6	10
Honeywell.....	1874	5	3 0 0	17 0	to	18 0	.....
Hope.....	1874	3½	2 5 0	26 0	to	27 0	.....
Ivy.....	1885	5	2 0 0	45 6	to	46 6	5
Junction.....	1875	100	40 0 0	620 0	to	670 0	.....
Lark.....	1902	5	2 0 0	19 6	to	20 6	.....
Lees Brook.....	1885	2	1 0 0	70 0	to	72 0	20
Lees Union.....	1871	4½	3 0 0	21 0	to	22 0	.....
Lily.....	1904	5	1 0 0	26 0	to	27 6	10
Lime.....	1874	20	10 0 0	155 0	to	165 0	.....
Livingstone.....	1874	2¼	1 15 0	36 6	to	37 6	8½
Lower Moor.....	1874	5	2 10 0	52 0	to	54 0	8
Malta.....	1904	5	1 15 0	38 6	to	39 6	8½
Maple.....	1904	5	1 0 0	33 6	to	34 6	15
Mona.....	1905	5	1 0 0	19 0	to	20 0	5
Moorfield.....	1875	5	3 0 0	64 6	to	65 6	10
Moss.....	1890	5	1 10 0	28 6	to	29 6	.....
Moss Lane.....	1873	5	5 0 0	160 0	to	163 0	10
Mutual.....	1884	5	2 0 0	56 0	to	57 0	10
Neeville.....	1890	5	2 0 0	41 6	to	42 6	.....
Newhey.....	1888	5	2 10 0	85 0	to	87 0	10
New York.....	1886	5	2 10 0	28 6	to	29 6	.....
North Moor.....	1875	3	1 10 0	20 6	to	21 6	.....
Oak.....	1874	3	1 10 0	30 6	to	31 6	6½
Oldham Twist.....	1867	5	4 0 0	102 0	to	103 6	10
Olive.....	1883	50	20 0 0	880 0	to	920 0	10
Owl.....	.....	5	1 10 0	50 0	to	51 6	10
Palm.....	1884	5	2 10 0	24 0	to	25 6	.....
Park and Sandy.....	1875	5	2 10 0	51 0	to	53 0	8
Parkside.....	1875	5	2 0 0	60 0	to	61 0	10
Pearl.....	1890	10	4 10 0	84 0	to	85 0	.....
Peel.....	1887	5	3 10 0	100 0	to	102 0	10
Peel, preferred.....	.....	5	3 0 0	106 0	to	108 0	10
Pine.....	1890	50	20 0 0	660 0	to	690 0	10
Prince of Wales.....	1875	5	3 0 0	52 6	to	53 6	5
Regent.....	1905	5	2 7 6	16 0	to	17 0	.....
Rex.....	1905	5	1 10 0	31 6	to	32 6	6½
Ridgefield.....	1875	3½	2 15 0	51 0	to	52 0	3½
Rochdale.....	1884	5	2 0 0	54 0	to	55 0	5
Rock.....	1893	5	3 0 0	33 0	to	34 0	.....
Roy.....	1905	5	0 10 0	14 6	to	15 6	10
Royal.....	1890	10	3 10 0	64 0	to	66 0	7
Royton.....	1871	5	2 0 0	52 0	to	53 0	10
Ruby.....	1889	10	3 10 0	61 0	to	63 0	5
Shaw.....	1874	3½	2 15 0	34 0	to	35 0	3½
Shiloh.....	1874	5	2 10 0	69 0	to	71 6	10
Smallbrook.....	1875	5	3 0 0	33 0	to	34 0	.....
Sparth.....	1903	5	2 0 0	41 0	to	42 0	5
Stalybridge.....	1881	5	2 10 0	32 0	to	33 0	.....
Stamford.....	1880	5	1 10 0	45 0	to	47 0	5
Standard.....	1880	5	2 0 0	41 6	to	42 6	.....
Stanley.....	1874	5	4 10	26 0	to	27 0	.....

PARAGRAPHS 315-320—COTTON CLOTH.
EXHIBIT B.—TYPICAL ENGLISH COTTON MILL STOCKS—Continued.

Company.	Formed.	Share.	Paid.			Quotations.			Dividend.	
			£	s.	d.	s.	d.	s.		d.
Star.....	1874	5	5	0	162	6	to	167	6	10
State.....	1903	5	2	0	51	0	to	52	0	10
Summervale.....	1890	5	2	10	65	0	to	66	0	10
Sun Mills.....	1861	5	5	0	138	0	to	140	0	10
Swan.....	1875	5	5	0	60	0	to	62	0	10
Thornham.....	1874	5	4	0	105	0	to	125	0	10
United.....	1874	5	3	0	40	6	to	41	6	10
Werneth.....	1871	4	2	0	63	0	to	64	0	10
West End.....	1873	5	3	0	66	0	to	67	0	6½
Westwood.....	1874	1	1	0	24	6	to	25	6	10
Windsor.....	1873	4	1	10	26	0	to	27	0	6½
Woodstock.....	1872	5	4	10	50	0	to	51	0	10
Wren.....	1903	5	1	10	38	0	to	39	0	10
Yew.....	1890	4	4	0	26	0	to	27	0	10

EXHIBIT C.—THE WORLD'S SPINDLES AND LOOMS.

The following table, taken from the Comtelburo Handbook (published in September, 1911), gives in thousands the spindles, looms, consumption of cotton, and the operatives employed in each country according to the latest available returns or estimates:

[Add three ciphers (000) to each of the figures: For example, in the total, the figures 140,656 should be read 140,656,000, etc.]

Country.	Spindles.	Looms.	Consumption (bales).	Hands employed.
Great Britain, 1911.....	58,002	741	3,896	625
United States, north, 1910.....	18,420	413	2,531	1,197
United States, south, 1911.....	10,615	220	2,370	1,121
Canada, 1908.....	855	19	125	10
Germany, 1909.....	10,163	230	1,980	375
Russia, 1910.....	8,443	140	1,523	437
Poland, 1911.....	112	31	200	51
Finland, etc., 1909.....	425	5	46	.....
France, 1911.....	7,033	110	890	95
Austria, 1910.....	4,557	150	775	100
Hungary, 1906.....	212	5	66	10
Switzerland, 1911.....	1,492	20	90	20
Italy, 1911.....	4,200	120	850	100
Spain, 1911.....	1,800	55	350	70
Portugal, 1911.....	453	12	60	26
Belgium, 1909.....	1,234	24	160	15
Holland, 1910.....	456	30	85	24
Sweden, 1911.....	462	12	100	11
Norway, 1911.....	92	2	12	2
Denmark, 1910.....	77	4	25	1
Roumania, 1899.....	40	.....	.....	.....
Turkey, 1910.....	100	.....	33	.....
Greece, 1911.....	99	1	15	5
Egypt, 1903.....	36	.....	3	.....
Asia Minor, 1911.....	130	.....	43	.....
India, 1910.....	6,196	83	1,935	234
China, 1911.....	913	4	680	.....
Japan, 1911.....	2,100	17	1,057	93
Indo-China, 1905.....	64	.....	.....	.....
Philippines, 1905.....	7	.....	2	.....
Brazil, 1911.....	1,000	35	320	52
Argentina, 1910.....	9	1	.....	.....
Chile, 1911.....	5	.....	.....	.....
Peru, 1910.....	52	2	13	.....
Colombia, 1910.....	20	.....	.....	.....
Ecuador, 1911.....	5	.....	.....	.....
Venezuela, 1911.....	11	.....	.....	.....
Guatemala, 1911.....	8	.....	2	.....
Mexico, 1911.....	726	25	156	64
Total (estimated).....	140,656	2,517	20,484	2,802

¹ Previous returns.

NOTE.—England has twice as many spindles as America, yet only about the same number of looms; her surplus spinning capacity for export trade is as great as the whole American spinning industry.

PARAGRAPHS 315-320—COTTON CLOTH.

EXHIBIT D.—EXTRACTS FROM WILLIAM TATTERSALL'S COTTON TRADE CIRCULAR
(ENGLAND), FEB. 14, 1912.

NEW SPINNING MILLS.

The following new mills using Egyptian cotton have partly commenced:

Name.	Spindles.	When expected to be fully working.	Spindles at work.
Ram, Oldham.....	112,000	Uncertain.....	100,000
Butts, Leigh.....	100,000	.....do.....	
	272,000		

The following new American mills are partly working:

Name.	Spindles.	When expected to be fully working.	Spindles at work.
Togo, Patricroft:			
Mule ¹	103,000		
Ring.....	27,000		
	130,000	Uncertain.....	² 102,000
Talbot, Chorley:			
Mule ³	111,000		45,624
Ring.....	25,000		
	136,000	Uncertain.....	72,164
Goyt, Marple:			
Mule.....	77,040		
Ring.....	45,396		
	122,436	Uncertain.....	85,944
Linnet No. 2, Hyde.....	120,000	.....do.....	100,000
Hartford, Oldham.....	98,592	.....do.....	
Ark, Stockport (ring).....	60,000	.....do.....	
Marlborough, Failsworth No. 2.....	90,000		
Royton (ring).....	65,000		
Mavis, Coppull:			
Mule.....	66,528		
Ring.....	21,952		
	88,480	Uncertain.....	8,288
Kent, Oldham.....	100,000	.....do.....	
Ena, Atherton.....	100,000		
Belgrave, Oldham (ring).....	47,200		
Trent, Oldham.....	100,000	Uncertain.....	
Orme, Oldham (ring).....	40,000	.....do.....	25,000
Devon, Hollinwood.....	100,000		
Fox, Oldham:			
Mule.....	37,536		
Ring.....	20,880		
	58,416		
Moston.....	54,208		
Rugby, Chadderton.....	108,000		
	1,618,332		

¹ All mule spindles fully at work.⁴ Ring.² Mule.⁵ All ring spindles fully at work.³ Both American and Egyptian cotton.

The following new mills to spin Egyptian cotton are being erected:

Name.	Spindles.	When expected to start working.
Hall Lane, Leigh.....	100,000	Uncertain.
Butterworth Hall, Milnrow.....	91,000	Do.
	191,000	

PARAGRAPHS 315-320—COTTON CLOTH.

The following mills to spin American cotton are in course of erection:

Name.	Spindles.	When expected to start working.
Fear, Bredbury.....	120,000	Uncertain. Do.
Tyne, Littleborough (ring).....	50,000	
Ross, Bacup:		
Mule.....	40,000	
Ring.....	30,000	
	70,000	Do.
Hare, Todmorden.....	84,000	Do.
	324,000	

	Number of mills.	Spindles.
Partly commenced.....	20	1,890,332
In course of erection.....	6	515,000
	26	2,405,332

NEW MILLS NOT PROCEEDED WITH.

The following mills have been registered but are not being proceeded with at present:

	Spindles.
Pansy, Wigan (ring).....	60,000
Minto, Castleton (ring).....	60,000
Clyde, Castleton.....	100,000
Mill, Reddish (ring).....	60,000
	280,000

WEAVING EXTENSIONS.

Owing to the increased activity in the weaving trade, several new sheds and extensions are reported to the extent of about 4,000 looms. Since the last boom years about 20,000 more looms have been added or are projected.

COTTON-SPINNING RESULTS.

The following table gives particulars of certain recent cotton-spinning company results:

THREE MONTHS.

Company.	Share capital.	Loans.	Profit.	Mule twist.	Spindles ring twist.	Weft.
Standard.....	£32,000	£16,468	£3,382	45,804		55,704

SIX MONTHS.

Boundary.....	£18,000	£24,720	£1,855	37,872		32,928
Broadway.....	42,675	8,855	992	35,682		43,112
Cavendish.....	33,520	6,918	1,792	32,568		39,792
Coldhurst.....	22,500	23,343	342	49,380		12,000
Glodwick.....	29,358	17,000	3,889	20,472	5,760	60,120
Henshaw Street.....	24,945	3,968				61,332
Heron.....	38,000	87,733	2,284			104,328
Smallbrook.....	42,000	9,153	1,493	14,532		69,828
United.....	60,510	31,319	4,762	4,032	12,496	91,056
Woodstock.....	45,007	16,035		22,824		54,612
	356,515	229,044	17,409	217,362	18,256	569,108

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The above figures show a profit of 11.98 per cent per annum on share capital, and a profit of 7.34 per cent per annum on loan and share capital combined after allowing interest on loans.

COTTON-SPINNING MILLS' DEPRECIATION.

The following is a list of certain cotton-spinning concerns, with the amount allowed for depreciation:

Name.	When constituted.	Value of plant according to last balance sheet.	Allowance for depreciation.	Number of spindles.
Astley, Dukinfield.....	1884	£40,662	£2,400	91,728
Albany, Middleton.....	1884	36,386	4,000	88,984
Boundary, Oldham.....	1874	34,963	2,800	70,800
Broadway, Oldham.....	1874	37,827	3,200	78,794
Central, Oldham.....	1871	19,843	2,400	61,392
Castle, Stalybridge.....	1891	44,186	4,000	93,204
Commercial, Oldham.....	1873	28,756	2,400	62,798
Dowry, Oldham.....	1883	17,492	2,400	66,760
Ellenroad, Newhey.....	1890	37,214	5,600	121,580
Equitable, Oldham.....	1874	46,485	3,000	87,660
Gladstone, Failsworth.....	1875	71,284	3,600	97,608
Glodwick, Oldham.....	1874	44,904	3,600	85,352
Guidebridge, Ashton-under-Lyne.....	1875	91,830	6,000	156,864
Honeywell, Oldham.....	1874	41,794	3,200	86,532
Hope, Failsworth.....	1874	49,435	2,800	73,104
Ivy, Failsworth.....	1885	30,938	3,200	76,020
Junction, Middleton Junction.....	1875	37,463	2,340	73,476
Livingstone, Lees.....	1874	16,390	1,680	41,610
Lees Union, Lees.....	1871	35,065	2,600	64,442
Moss, Rochdale.....	1890	34,545	3,000	104,112
Moorfield, Shaw.....	1875	41,077	3,200	77,800
Oldham Twist, Hollinwood.....	1867	57,209	6,000	166,538
Oak, Hollinwood.....	1874	46,046	5,000	116,678
Parkside, Royton.....	1873	26,840	8,000	142,266
Peel, Bury.....	1885	53,069	3,500	167,052
Ridgefield, Failsworth.....	1875	35,910	3,200	63,872
Rochdale, Rochdale.....	1884	27,106	3,200	76,212
Swan, Oldham.....	1875	37,200	3,000	73,524
Sun, Oldham.....	1867	82,300	5,000	155,812
Stanley, Lees.....	1874	28,384	2,400	50,178
United, Oldham.....	1874	66,314	4,000	107,584
West End, Oldham.....	1873	80,505	5,000	131,996
Werneth, Oldham.....	1874	88,786	6,800	135,412
Whitelands Twist, Ashton-under-Lyne.....	1874	76,784	(1)	141,354

¹ Machinery, 7½ per cent; boilers, engines, 5 per cent; buildings, 2½ per cent.

EXHIBIT E.—ENGLISH COTTON AND YARN QUOTATIONS.

The prices of middling American, fully good fair Egyptian, and East Indian cotton (good No. 1 Oomra), of 32's cop twist, 60's Egyptian twist, and 20's water twist since the commencement of season before last are given in pence per pound on following pages, with the bank rate of interest:

	Middling American.	Fully good fair Egypt.	Good No. 1 Oomra.	32's cop twist.	60's twist Egypt.	20's water twist.	Bank rate (per cent).	Price of silver.
1910.								
Sept. 2.....	7.97	12½	6½	10½	17½	10½	3	24½
Sept. 9.....	8.02	12½	6½	10½	17½	10½	3	24½
Sept. 16.....	7.98	12½	6½	10½	17½	10½	3	24½
Sept. 23.....	7.82	12½	6½	10½	17½	10½	3	24½
Sept. 30.....	7.61	11½	6½	10½	17½	10½	4	24½
Oct. 7.....	7.88	11½	6½	10½	17½	10½	4	25½
Oct. 14.....	8.25	12½	6½	11½	17½	10½	4	25½
Oct. 21.....	7.98	12½	6½	11	17½	10½	5	26½
Oct. 28.....	7.76	12½	6½	10½	17½	10½	5	25½
Nov. 4.....	7.81	11½	6½	10½	17½	10½	5	25½
Nov. 11.....	8.00	11½	6½	11½	17½	10½	5	25½

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	Middling American.	Fully good fair Egypt.	Good No. 1 Oomra.	32's cop twist.	60's twist Egypt.	20's water twist.	Bank rate (per cent).	Price of silver.
1910								
Nov. 18.....	7.85	11½	6¾	11½	17¾	10¾	5	25¼
Nov. 25.....	8.10	11½	6¾	11½	17¾	10¾	5	25¼
Dec. 2.....	8.06	11½	6¾	11½	17¾	10¾	4½	25¼
Dec. 9.....	7.95	11½	6¾	11½	17¾	10¾	4½	25¼
Dec. 16.....	8.11	11½	6¾	11½	17¾	10¾	4½	25¼
Dec. 23.....	8.16	11½	6¾	11½	17¾	10¾	4½	25¼
Dec. 30.....	8.07	11½	6¾	11½	17¾	10¾	4½	25¼
1911.								
Jan. 6.....	8.08	11½	6¾	11½	17¾	10¾	4½	25¼
Jan. 13.....	8.07	11½	7¾	11½	17¾	10¾	4½	25¼
Jan. 20.....	8.05	11	7¾	11½	17¾	10¾	4½	24¾
Jan. 27.....	8.02	10¾	7¾	11	17¾	10¾	4	24¾
Feb. 3.....	7.88	10½	7½	10¾	17	10¾	4	24¾
Feb. 10.....	7.77	10½	7¾	10¾	16¾	10¾	4	25¼
Feb. 17.....	7.56	10¾	6¾	10¾	16¾	10¾	3½	24¾
Feb. 24.....	7.51	9¾	6¾	10¾	16¾	10¾	3½	24¾
Mar. 3.....	7.64	9¾	6¾	10¾	16¾	10¾	3½	24¾
Mar. 10.....	7.66	9¾	6¾	10¾	16¾	10¾	3	24¾
Mar. 17.....	7.75	9¾	6¾	10¾	16¾	10¾	3	24¾
Mar. 24.....	7.73	9¾	6¾	10¾	16¾	10¾	3	24¾
Mar. 31.....	7.70	9¾	6¾	10¾	16	10¾	3	24¾
Apr. 7.....	7.83	10¾	6¾	10¾	15¾	10¾	3	24¾
Apr. 14.....	7.96	10¾	7	10¾	16¾	10¾	3	24¾
Apr. 21.....	8.10	10¾	7½	10¾	16¾	10¾	3	24¾
Apr. 28.....	8.27	10¾	7¾	10¾	16¾	10¾	3	24¾
May 5.....	8.23	10¾	7¾	10¾	16¾	10¾	3	24¾
May 12.....	8.42	10¾	7½	11	16¾	10¾	3	24¾
May 19.....	8.40	10¾	7½	11	16¾	10¾	3	24¾
May 26.....	8.28	10¾	7½	10¾	16¾	10¾	3	24¾
June 2.....	8.33	10¾	7½	10¾	16¾	10¾	3	24¾
June 9.....	8.31	10¾	7½	10¾	16¾	10¾	3	24¾
June 16.....	8.27	10¾	7½	10¾	16¾	10¾	3	24¾
June 23.....	8.21	10¾	7¾	10¾	16¾	10¾	3	24¾
June 30.....	8.04	10¾	7¾	10¾	16¾	10¾	3	24¾
July 7.....	7.97	10¾	7¾	10¾	16¾	10¾	3	24¾
July 14.....	7.76	10¾	6¾	10¾	15¾	10¾	3	24¾
July 21.....	7.39	9¾	6¾	10¾	15¾	10¾	3	24¾
July 28.....	6.90	9¾	6¾	9¾	15¾	10	3	24
Aug. 4.....	6.95	9¾	5¾	9¾	15¾	10	3	24¾
Aug. 11.....	6.77	9¾	5¾	9¾	15¾	10	3	24¾
Aug. 18.....	6.69	9¾	5¾	9¾	15¾	9¾	3	24¾
Aug. 25.....	6.88	9¾	5¾	9¾	15¾	9¾	3	24¾
Sept. 1.....	6.95	9¾	5¾	9¾	15¾	9¾	3	24¾
Sept. 8.....	7.32	10	5¾	9¾	15¾	9¾	3	24¾
Sept. 15.....	7.18	10¾	6	9¾	15¾	9¾	3	24¾
Sept. 22.....	6.80	10¾	5¾	9¾	15¾	9¾	4	24¾
Sept. 29.....	6.11	10	5¾	9¾	15¾	9¾	4	24¾
Oct. 6.....	5.59	9¾	5¾	9¾	15¾	9	4	24¾
Oct. 13.....	5.31	9¾	5¾	8¾	15¾	8¾	4	24¾
Oct. 20.....	5.29	9¾	4¾	8¾	15¾	8¾	4	24¾
Oct. 27.....	5.17	9¾	4¾	8¾	15¾	8¾	4	24
Nov. 3.....	5.17	9¾	4¾	8¾	15¾	8¾	4	25¼
Nov. 10.....	5.25	9¾	4¾	8¾	15¾	8¾	4	25¼
Nov. 17.....	5.19	9¾	4¾	8¾	15¾	8¾	4	25¼
Nov. 24.....	5.22	9¾	4¾	8¾	15¾	8¾	4	25¼
Dec. 1.....	5.08	9¾	4¾	8¾	15¾	8¾	4	25¼
Dec. 8.....	5.04	9¾	4¾	8¾	15½	8	4	25
Dec. 15.....	5.02	9	4¾	8¾	15½	8	4	25¼
Dec. 22.....	5.05	9	4¾	8¾	15½	8	4	25¼
Dec. 29.....	5.01	8¾	4¾	8¾	15	7½	4	25¼
1912.								
Jan. 5.....	5.22	9	4¾	8¾	15	7½	4	25¼
Jan. 12.....	5.37	9	5	8¾	14¾	8	4	25¼
Jan. 19.....	5.40	9¾	5¾	8¾	14¾	8¾	4	26¼
Jan. 26.....	6.50	9¾	5¾	8¾	15	8¾	4	26¼
Feb. 2.....	5.77	9¾	5¾	8¾	15¾	8¾	4	26¼
Feb. 9.....	5.90	9¾	5¾	9	15¾	8¾	3½	27¼
Feb. 16.....	5.85	9¾	5¾	9	15¾	8¾	3½	26¾
Feb. 23.....	5.93	9¾	5¾	9	15¾	8¾	3½	27
Mar. 1.....	5.91	9¾	5¾	9	15¾	8¾	3½	27¼
Mar. 8.....	6.03	9	5¾	9¾	15¾	9	3½	26¼
Mar. 15.....	6.18	9	5¾	9¾	15¾	9	3½	26¼
Mar. 22.....	6.11	9	5¾	9¾	15¾	9	3½	26¼
Mar. 29.....	6.17	9¾	5¾	9	15¾	9¾	3½	26¼

PARAGRAPHS 315-320—COTTON CLOTH.

THE MANCHESTER (ENGLAND) MARKET REPORT.

ROYAL EXCHANGE, *April 26.*

No particular development of business has transpired during the past week, and the tone of the market has continued quiet. The raw-cotton situation at the moment is dominating all other matters, and the fluctuations in price have somewhat disturbed trade. Buyers are not in the mood to place orders, and on the other hand producers are not at all in need of fresh business. A waiting policy has been adopted in numerous directions, and we are undoubtedly passing through a period of distribution of goods bought some time ago. Machinery throughout Lancashire is running at full stretch, and encouraging results of trading continue to be reported.

American yarns for home use have been very firmly held, and the stiff attitude presented by spinners to buyers has been greater than expected. Few opportunities have occurred of orders being placed at anything less than quotations. The activity in ring spinnings is well maintained.

In shipping bundles a fair amount of business has been under consideration, but producers are deeply sold, and their independent attitude appears to be checking fresh business. There has not been much inquiry for the Continent, but some bids which are not very far out have been mentioned for India.

Yarns made from Egyptian and sea-island cotton in Bolton and South Lancashire have been well held, and in an irregular way a fair business has been done. Order lists in this section seem to vary a good deal. Special marks are busier than common spinnings. Most of the buying has been in small lots to meet urgent wants.

The following is a list of nominal yarn quotations:

	Per lb.
16's cop twist.....	8 $\frac{3}{4}$ d. to 9 $\frac{1}{2}$ d.
32's cop twist.....	9 $\frac{1}{2}$ d. to 10 $\frac{1}{2}$ d.
36's cop twist.....	10 d. to 11 d.
40's cop twist.....	10 $\frac{1}{2}$ d. to 11 $\frac{1}{2}$ d.
50's cop twist.....	13 d. to 14 d.
42's cop twist (Egyptian).....	13 $\frac{1}{2}$ d. to 14 $\frac{1}{2}$ d.
60's cop twist (Egyptian).....	15 $\frac{1}{2}$ d. to 17 $\frac{1}{2}$ d.
40's mule twist bundles.....	10 $\frac{1}{2}$ d. to 11 $\frac{1}{2}$ d.
30's water twist bundles.....	9 $\frac{1}{2}$ d. to 10 $\frac{1}{2}$ d.
16's pin cop weft.....	8 $\frac{3}{4}$ d. to 9 $\frac{3}{4}$ d.
30's pin cop weft.....	9 $\frac{1}{2}$ d. to 10 $\frac{1}{2}$ d.
40's pin cop weft.....	9 $\frac{3}{4}$ d. to 10 $\frac{1}{2}$ d.
50's pin cop weft.....	11 $\frac{1}{2}$ d. to 12 $\frac{1}{2}$ d.
60's pin cop weft.....	12 $\frac{1}{2}$ d. to 13 $\frac{1}{2}$ d.
42's pin cop weft (Egyptian).....	11 $\frac{1}{2}$ d. to 14 d.
60's pin cop weft (Egyptian).....	14 $\frac{1}{2}$ d. to 15 $\frac{1}{2}$ d.
80's pin cop weft (Egyptian).....	17 d. to 18 d.
2-40's American.....	11 $\frac{3}{4}$ d.
2-50's American.....	13 $\frac{1}{4}$ d.
2-60's American.....	15 $\frac{1}{4}$ d.
2-40's Egyptian.....	15 d.
2-50's Egyptian.....	16 d.
2-60's Egyptian.....	17 d.

(All carded.)

PARAGRAPHS 315-320—COTTON CLOTH.

AMERICAN COTTON YARN QUOTATIONS.

[From Textile Manufacturers Journal.]

The following quotations have been compiled in Boston (May 4, 1912):

	Carded.	Combed.
Eastern peeler cones:	<i>Cents.</i>	<i>Cents.</i>
6s.....	18 @ 18½	23½ @ 24
8s.....	18½ @ 19	24 @ 24½
10s.....	19 @ 19½	24½ @ 25½
14s.....	20 @ 20½	25½ @ 26
16s.....	20½ @ 21	26 @ 26½
20s.....	21½ @ 22	26½ @ 27
22s.....	22 @ 22½	27 @ 27½
24s.....	23 @ 23½	27½ @ 28
26s.....	24 @ 24½	28 @ 29
30s.....	25 @ 26	30 @ 31
32s.....	26 @ 27	31 @ 32
34s.....	27 @ 28	32 @ 33
36s.....	28 @ 29	33 @ 34
40s.....	30 @ 31	35 @ 36
Eastern 2-ply skeins:		
12s.....	22 @ 22½	27 @ 28
14s.....	22½ @ 23	28 @ 29
16s.....	23 @ 23½	29 @ 30
18s.....	23½ @ 24	30 @ 31
20s.....	24 @ 24½	31 @ 32
22s.....	24½ @ 25	32 @ 33
24s.....	25 @ 26	33 @ 34
26s.....	26 @ 27	34 @ 35
28s.....	27 @ 28	35 @ 36
30s.....	28 @ 29	36 @ 37
36s.....	33 @ 34	42 @ 43
38s.....	34 @ 35	43 @ 44
40s.....	35 @ 36	44 @ 45
50s.....		50 @ 51
60s.....		56 @ 57
70s.....		64 @ 65
80s.....		74 @ 75
Eastern 2-ply warps:		
2-30s.....	29 @ 30	37 @ 38
2-36s.....	34 @ 35	43 @ 44
2-40s.....	36 @ 37	45 @ 46
2-50s.....		51 @ 52
2-60s.....		57 @ 58
2-70s.....		65 @ 66
2-80s.....		75 @ 76

EGYPTIAN (COMBED) WEAVING YARNS.

Single skeins:	<i>Cents.</i>	2 and 3 ply skeins—Continued.	<i>Cents.</i>
30s.....	38 @ 29	60s.....	57 @ 58
35s.....	40½ @ 41½	65s.....	61 @ 62
40s.....	43 @ 44	70s.....	65 @ 66
45s.....	46 @ 47	75s.....	69½ @ 70½
50s.....	49 @ 50	80s.....	74 @ 75
55s.....	52½ @ 53½	90s.....	84 @ 85
60s.....	56 @ 58	2-ply warps:	
70s.....	64 @ 65	2-30s.....	40 @ 41
80s.....	73 @ 75	2-35s.....	42½ @ 43½
90s.....	83 @ 85	2-40s.....	45 @ 46
2 and 3 ply skeins:		2-45s.....	48 @ 49
30s.....	39 @ 41	2-50s.....	52 @ 53
35s.....	41½ @ 42½	2-60s.....	58 @ 59
40s.....	44 @ 45	2-70s.....	66 @ 67
45s.....	47 @ 48	2-80s.....	75 @ 76
50s.....	50 @ 51		

PARAGRAPHS 315-320—COTTON CLOTH.

The following quotations have been compiled in Philadelphia, New York, and Providence:

	<i>Cents.</i>		<i>Cents.</i>
Southern single skeins:		Southern single warps:	
6s and 8s.....	16½@17	10s.....	18½@19
10s and 12s.....	17 @17½	12s and 14s.....	19 @19½
14s and 16s.....	18½@19	16s and 18s.....	@20
20s.....	@20	20s.....	20½@21
Warp twist:		24s.....	@21½
24s.....	20 @20½	26s.....	@22
26s.....	20½@21	30s.....	25 @25
30s.....	@24	Southern 2-ply warps:	
Southern 2-ply skeins:		2-8s, 2-10s.....	17½@18½
2-8s, 2-10s.....	18 @19½	2-12s.....	@20
2-12s.....	19 @19½	2-14s.....	@21
2-14s.....	19½@20	2-16s.....	21½@22
2-16s.....	@19½	2-20s.....	@22½
2-20s.....	21½@22	2-24s.....	@24
2-24s.....	23½@24	2-26s.....	24½@25
2-26s.....	23½@24	2-30s.....	@26½
2-30s.....	@26½	2-40s.....	@34
2-40s.....	33½@34	2-50s.....	@41
2-50s.....	@41	2-60s.....	@45
2-60s.....	@45		

Note and compare the above quotations to those on like English-made yarns on pp. xvi to xvii.

EXHIBIT F.—ENGLAND'S LEAD IN THE COTTON TRADE.

The commercial supremacy of English cotton piecegoods throughout the world is one of the accepted facts of international trade. In the open markets—those unprotected by a tariff—Lancashire goods enjoy something approaching a monopoly, especially in all cases (and they are the vast majority) where cost production is the decisive factor in the competition for sales. In the protected markets they are of course placed at what is calculated to be an overwhelming disadvantage in competition with the products of the local protected industry, but they still retain their advantage over similar goods imported from any other country. Thus Great Britain enjoys the lion's share of the export trade in cottons not only with her own colonies and dependencies (where in some cases they have now a fiscal preference) and with neutral markets in which there is no obstacle to importation, but also (and this is a very important fact not sufficiently appreciated) with the markets which are protected by high tariffs. The British home market is of course open to all free of duty, yet it is a remarkable fact that Great Britain sells more cotton goods in the protected markets of her principal rivals in this industry than those rivals are able to sell in her open market. The United States and Germany both buy more cotton goods from Great Britain than Great Britain buys from them, and there is, in fact, no cotton manufacturing country in the world which sells more cotton goods to England than it buys from England. The reasons for the remarkable and enviable position of Great Britain in this particular industry are worthy of close investigation.

Historically the manufacture of cotton cloth in Great Britain dates from the year 1600 or thereabouts. A petition of London merchants in 1621, preserved amongst the State Papers, sets forth that "about 20 years past divers people in this Kingdom, but chiefly in the county of Lancaster, have found out the trade of making of other fustians made of a kind of bombast or down, being a fruit of the earth, growing upon little shrubs or bushes, brought into this Kingdom by the Turkey merchants from Smyrna, Cyprus, Area (Acre), and Sydon, but commonly called cotton wool." This is the first unmistakable reference in history to the weaving of cotton fabrics in England, and only 20 years later there is a historical reference to an export trade in these cotton goods. A book called "The Treasure of Traffic," Lewes Roberts, published in 1641, speaking of the textile industries of the town of Manchester, says: "They buy cotton wool in London that comes first from Cyprus and Smyrna and at home work the same and perfect it into fustians, vermilions, dimitics, and other such stuffs and then return it to London, where the same is vended and sold, and not seldom sent into foreign parts." Thus were Manchester cottons first introduced—nearly 300 years ago—into foreign markets.

For the next 200 years the cotton industry continued to be carried on in a small but gradually increasing way in Lancashire, side by side with the older textile crafts of woolen, linen, and silk weaving. For most of this time cotton was used only for the

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weft or "filling" of cotton cloths, the warps being of linen or wool, for it was not until the water frame was introduced toward the end of the eighteenth century that cotton, a comparatively short fiber, could be spun into yarns fine enough and strong enough for warps. The inventions of Arkwright, Kay, Crompton, Hargreaves, Cartwright, and others, during the period 1775-1825 and the application first of water power and then of steam power to the driving of the new machines, led to an enormous expansion of the cotton industry in Lancashire and the gradual driving out of the woolen industry to the east (Yorkshire), the linen industry to the west (Ireland), and the silk industry to the south (Cheshire), where they remain to this day. The cotton industry offered better profits and wages, and so attracted capital and labor in Lancashire from these other branches of the textile industry. It also attracted and stimulated the cooperation of the most ingenious mechanics in still further perfecting the machines by means of which the cost of production had been so much diminished.

A very important reason for the permanent establishment of the cotton industry in Lancashire rather than elsewhere in England is to be found in the physical geography of the country. Prof. Chapman, of Manchester University, to whose writings on the history and economics of the cotton industry an acknowledgment is due, says of the peculiarly suitable combination of conditions to be found there:

"There is, firstly, the climate, which for the purpose of cotton spinning is unsurpassed elsewhere and which became of the first order of importance when fine spinning was developed. In the Lancashire atmosphere in certain districts just about the right degree of humidity is contained on a great number of days for spinning to be done with the least difficulty. Some dampness is essential to make the fibers cling, but excessive moisture is a disadvantage. Over the county of Lancashire the prevailing west wind carries comparatively continuous currents of humidified air. These currents vary in temperature according to their elevation. Hot and cold layers mix when they reach the hills, and the mixture of the two is nearer to the saturation point than either of its components. The degree of moisture is regulated by the ratio of the actual amount of moisture to the moisture of the saturation point for that particular temperature. Owing to the sudden elevation the air is rarefied, its temperature being thereby lowered, and in consequence condensation tends to be produced. In several places in England and abroad where there is a scarcity of moisture artificial humidifiers have been tried, but no cheap and satisfactory one has hitherto been discovered. To the advantages of the Lancashire climate for cotton spinning must be added, especially as regards the early days of the cotton industry, its disadvantages for other callings. The unpleasantness of the weather renders an indoor occupation desirable, and the scanty sunshine, combined with the unfruitful nature of much of the soil, prevents the absorption of the population in agricultural pursuits. In later years the port of Liverpool and the presence of coal supplemented the attractions which were holding the cotton industry in Lancashire. All the raw material must come from abroad, and an enormous proportion of English cotton products figure as exports. The proximity of Liverpool has aided materially in making the cotton industry a great exporting industry."

But what has been said so far goes only a very little way to account for the present unique position of the Lancashire cotton industry. It had the advantages of an early start amid propitious natural conditions, but equal advantages have not prevented other industries elsewhere from going down before foreign competition, or at best surviving only as one of a number of equal rivals. It is therefore necessary to look for other causes which have helped Lancashire to keep the start originally gained. Amongst these the comparatively early and complete development in England of the commercial and financial machinery of foreign trade has been one of the most potent. This is a matter of economic history and need not be enlarged upon here; it is enough to point out that whereas the cotton manufacturers of American and Germany have commonly to send out traveling representatives to foreign markets to push the sale of their goods, the buyers in many of these markets have long ago come to Manchester and have established there their own houses for the purpose of buying and exporting Manchester textiles. There are whole streets in Manchester in which the names of the office and warehouse doors are preponderatingly foreign. German, French, Greek, Italian, Portuguese, Spanish, Scandinavian, American, Turkish, Moorish, Persian, South American—firms of all these nationalities and others are buying not only for their own national markets, but for foreign colonies, and in fact for any part of the world in which they can obtain orders. The largest shippers of Manchester goods to India happen, for instance, to be a Greek firm, Messrs. Ralli Bros. In this extraordinarily complete and cosmopolitan equipment of commercial connections, to which must be added the great number of British merchant firms who have their own houses with resident partners in India, China, Africa, the South American Republics, and

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the British colonies, the Lancashire industry has for half a century or more enjoyed a solid advantage over every foreign competitor.

Another point is that whereas for the cotton industry in America, Germany, and all other protected countries the home market is the principal outlet, and the export trade more or less a side line, in Lancashire the conditions are reversed. The English mills are devoted mainly to the export trade, which is especially catered for, and employs at least 80 per cent of the looms; the home trade is a comparatively small thing. Lancashire, therefore, gives the foreign buyer not what it suits Lancashire's convenience to sell at any particular moment, but what from long experience and intimate study of the tastes of individual foreign markets, the Manchester export merchants know to be suited to their needs. The business of catering for the varying preferences of the foreign consumer in every quarter of the globe is nowhere so diligently and intelligently pursued as it is in Manchester. Add to this the fact that the cotton industry in Lancashire, owing partly to its long history, partly to its concentration in a comparatively small area intersected with railways, canals, and roads, has developed technical specialization to a degree as yet unapproached in any other country. Spinning, weaving, bleaching, dyeing, printing, finishing, are all separate and distinct businesses, carried on by specialists who concern themselves with nothing else, and who by continual competition with one another in an absolutely open field are driven to keep efficiency up and cost of production down, or else go out of business. In each of these processes the capitalist has the opportunity of securing the economic advantages of production on the largest possible scale with the narrowest limits of variety, and for all the processes the buyer at successive stages has the widest field of choice amongst competitive specialists. In this again, the organization of the British cotton industry is unique.—The Indian Textile Trade Journal.

EXHIBIT G.—EXTRACTS FROM THE TARIFF BOARD'S REPORT.

INTRODUCTION.

[Previously circulated as a preliminary synopsis.]

THE TARIFF BOARD, TREASURY BUILDING,
Washington, March 22, 1912.

The PRESIDENT:

Pursuant to your instructions, that as soon as possible after completing our report on Schedule K of the tariff law we should report on Schedule I, cotton manufactures, we have the honor to submit the following:

The report consists of two parts:

Part I. Analysis and glossary of Schedule I of the present tariff law, together with a statistical survey of the cotton industry in leading countries.

Part II. Relative costs of production, prices, and wages with special reference to the existing rates of duty.

FINDINGS OF THE INVESTIGATION.

The method of determining costs adopted by the board does not include the item of interest, so that the cost figures as given show nothing regarding the original investment necessary to carry on the process of manufacture except the item of depreciation. This item is slight so far as cost per yard of cloth is concerned. Obviously, however, the relative advantage or disadvantage of the foreign and domestic manufacturer in competition is affected by the amount of original capital on which interest must be earned. Consequently figures are presented showing the relative costs of completing and equipping a spinning plant and a weaving plant in England and this country, designed to carry on the same line of production. From these figures it appears that the cost of erecting a building is about 40 per cent greater in this country than in England, the cost of equipment for a spinning mill about 70 per cent higher, and the cost of equipment for a weaving plant (with plain looms in both countries) about 50 per cent higher. These figures are for the equipment considered adequate for a given production in the two countries. It varies somewhat according to different methods prevailing in the two countries, and the figures do not necessarily establish the relative prices of identical machines here and abroad. Where a mill is equipped with automatic looms the cost of looms is at least two and a half times the cost for a mill equipped with plain looms.

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COST OF YARNS.

In comparing the cost of making yarns in England and the United States it has seemed essential, in view of the fact that 80 per cent of English spindles are on mules and 80 per cent of American spindles on ring frames, to compare the cost of mule spinning in England with the cost of ring spinning in this country. As a rule, mule spinning is a more expensive process, and the production from mule spinning is of somewhat finer quality, even with yarns of the same nominal count. These facts should be kept in mind; but it is evident that the really significant comparison is that between the actual results obtained under the prevailing methods of each country.

In the cost of raw material there is practically no advantage possessed by either country. Any general difference in the price between England and the United States is less than occurs from mill to mill or month to month in either country.

The actual book figures for English mills and American mills show that in comparing the most efficient mill for which we have figures in England with the most efficient mill for which we have figures in this country—and these mills are typical in both cases—the per cent of the total English labor cost to the total American labor cost per pound of yarn varies from 78 to 95 per cent. Comparing all of the yarns selected, the English labor cost is found on the average to be practically seven-eighths of the American in the case of these two mills.

In the matter of general expense the difference between the two countries is decidedly greater, thereby increasing the difference in the total conversion cost of yarn. Again, by comparing the two most efficient mills, as referred to above, it is found that the total conversion cost of yarn in England varied from 65 to 79 per cent of the American conversion cost. The average on all counts taken shows the English conversion cost to be about 73 per cent of the American.

It should be noted that these comparisons are based upon taking that mill in each country which showed in general the low cost on the whole range of yarns. On certain particular counts a lower cost was shown in other mills, so that the figures may be taken as typical for mills of high efficiency. They cover warp and filling yarns not higher than 50s for warp and 70s for filling.

Taking all the mills covered by the investigation in each country, there were wider variations in the American costs secured than in the English costs due partly to the fact that the English mills were all in the Lancashire district, where wages and other conditions are well standardized, while the American costs were taken from mills covering a much wider area with much greater differences in labor and other conditions. Another reason for the wider variations in American costs is that the English mills for which figures were secured are all of a modern and efficient type, while some of the American mills included were old and of low efficiency.

In the case of most yarns for which figures are given for the United States the highest conversion cost is 50 per cent higher than the lowest conversion cost. In a few cases it is nearly double. Consequently the difference in conversion cost would appear much greater in a comparison drawn between mills of lowest cost in England and mills of highest cost in the United States.

In this connection care should be taken not to confuse conversion cost with the value of the finished yarn. In saying that the cost of manufacturing yarn in an English mill is 72 per cent of the cost in an American mill, it is not meant that the total cost of English yarn, including the value of the cotton in it, is 72 per cent of the total cost of the American yarn. As a matter of fact, the difference in conversion cost between the two countries varies from 3.8 per cent to 11.9 per cent of the total cost of production in England, including raw material.

It should also be noted that these relative costs do not include yarns of the highest counts or other yarns used largely for special purposes, since the board was not able to secure sufficiently detailed figures on the higher counts abroad. They do include, however, the great mass commonly manufactured in the United States. It is entirely possible that a comparison of costs on these special counts or qualities would show a different ratio between the two countries than is here presented.

COST OF WEAVING.

In the matter of turning yarn into woven fabrics the board was unable to secure such detailed foreign-cost figures as in the case of spinning, and the relative cost of this process of manufacture here and abroad can not be stated in the same way. For tariff purposes, however, valuable conclusions may be drawn from a comparison of relative prices under competitive conditions in this and other countries and from a comparison of duties with domestic production costs. These are considered below.

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It is necessary, however, to recognize an important difference in the methods employed in the United States and England in this branch of the industry. There seems to be no wide difference between the two countries in the amount of machinery tended or in the output per operative in the spinning of yarn. In the case of weaving the situation is quite different. English looms run somewhat faster than the looms in this country, but the number of looms tended per weaver is usually much less than here. This is in marked contrast to the woolen industry, where the number of looms tended is about the same in the two countries. In the case of plain looms (not automatic) the English weaver seldom tends more than 4 looms, while in this country a weaver rarely tends less than 6, and more frequently 8, or even 12, if equipped with "warp-stop motions." Furthermore, English manufacturers make little use of automatic looms, of which there were less than 6,000 in May, 1911, in the whole of England, while in the United States there are well over 200,000. It is estimated that there are now about 10,000 of these looms in use in England and about 15,000 on the Continent. Where automatic looms can be used a single weaver commonly tends 20 looms, and sometimes as many as 28. The result is that whereas the output per spinner per hour in England is probably as great or greater than in this country, the output per weaver per hour is upon a large class of plain goods, less, and in the case where automatic looms are used in this country and plain looms in England it is very much less.

The foregoing statements apply to a comparison of plain looms in the two countries or of plain looms in England with automatic looms here. In the case of other methods of weaving, such as dobby, jacquard, box dobby, box jacquard, lappet, etc., the difference in output is by no means so great. In the case of dobby looms (without automatic attachment) on some classes of fabric, the American weaver will tend 8 or more looms as against 4 in England; but with the more complicated weaves the ratio seems to be nearer that of 6 to 4, and in the case of certain fancy fabrics, where the number of looms tended is necessarily 4 or less, the output per weaver is about the same in both countries.

As is well known, wages or earnings are not necessarily an index of the labor cost of any particular process of manufacture. The labor cost per yard depends on the relation between wages and output. An extreme illustration can be shown by figures secured by the board in Japan. It is true that the wages of spinners and weavers per day in that country are very low, but the number of operatives employed to secure a given output so much greater than in this country. In the case of spinning, the lower wages paid are not offset by the larger number of persons employed, and consequently the amount paid to spinners per pound of yarn is materially less than in this country. On the other hand, Japanese weavers tend only one or two looms, and the lower output per weaver under existing conditions makes the amount paid the weaver per yard of cloth about 80 per cent of the amount paid in this country where plain looms are used in this country, while compared with the use of automatic looms, the amount paid the weaver per yard of cloth is greater than in this country.

It must further be noted, however, that the cost of weaving is not merely a question of what the weaver receives per yard. The ratio of other labor to weaver's labor varies greatly from mill to mill and no general statement can be made regarding it. The cost of this other labor, such as foremen, slashers, warpers, drawers-in, loom fixers, is not reduced by the fact that the weaver tends a large number of looms. Consequently the total labor cost of weaving is not reduced in proportion to the reduction of the actual weaver's rate per yard by the fact that a larger number of looms is tended by one operative.

Keeping the above facts in mind it may be stated that, in the case of a large variety of plain goods, the labor cost of turning yarn into cloth in the United States is not greater, and in some cases is lower, than in England. For cloths woven on automatic looms this is especially the case, but on certain classes of fabrics the same holds true for plain looms due to the greater number of looms per weaver in this country. This does not necessarily indicate any individual superiority on the part of the American weaver. It is a matter of difference in industrial policy, whether determined by the manufacturer or the laborer, and it explains the difference in the methods of production which prevail at the present time. Where the automatic loom is now used in England a weaver frequently tends 20 looms, as is commonly done in the United States.

In the case of finer goods, however, especially figured goods with complicated weaves, the cost of weaving is higher here than in England. This is due largely to the fact that the difference in the number of looms tended per weaver is less than in the case of plain goods. On a large part of these fancy goods (those requiring more than one kind of filling) the automatic loom can not be used. Even disregarding the question of automatic looms, the difference in the number of looms tended per weaver on

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such fabrics is less than in the case of plain cloths. Consequently the comparatively small difference in output per weaver does not offset the higher wages paid in this country.

Figures are presented in the report showing that although labor costs in the cotton industry are in many cases lower in the United States than in England, yet the actual hourly earnings in this country are, in most of the principal occupations, much greater.

The conclusion that under present methods of production on many plain fabrics the cost of production is not greater in this country is also borne out by a comparison of English and American mill prices. A comparison of such prices on a large variety of these fabrics in England and the United States for the date of July 1, 1911, shows that in the case of plain goods the American price at the mill was in no case much above the English mill price, while in the majority of cases it was lower. It should be noted, however, that American prices of this date, relative to the price of cotton, were somewhat lower than normal. The English prices are the regular quotations for the home market, and are not necessarily the prices for export and for neutral markets. In the case of fancy goods, however, where the looms tended are necessarily less, the American mill prices were in most cases higher than the English.

The subject of prices is referred to below, but the fact that in the case of a number of leading fabrics the American manufacturer is selling at less than is the English manufacturer is corroborative of the statement that plain goods can be manufactured as cheaply in this country as in England. The report also gives information as to the ability of the American manufacturer to compete in neutral markets on goods of this kind.

COST OF FINISHING.

Finishing includes the process of bleaching, printing, dyeing, mercerizing, etc. It is the general rule in England that the finishing of cotton fabrics is carried on in establishments separate and distinct from the weaving mills. This is also true in large measure in the United States. Since the converter or the weaving manufacturer must pay the actual commission charges, a comparison of these finishing charges in England and the United States is adequate to show the relative cost of finishing in the two countries.

A comparison of 60 specific samples for which finishing data were obtained shows that in most cases the differences between the charges in the two countries were slight, but that the American charges were slightly lower on most of the samples.

PRICES.

As already stated, many standard fabrics of simple construction are sold by American manufacturers at a price as low or lower than that of the English manufacturer. On the other hand, the English mill price of finer fabrics is in most cases lower than in this country; but it is only in the case of very few fancy specials that the American mill price is greater than the English mill price by anything like the full amount of the present duty. It does not follow, however, that the American consumer gets his goods at the same price as the English consumer. One of the most interesting results of the investigation is to be found in the facts included in the report regarding the different methods of distribution in the two countries and the greater margin which exists between the price at which the manufacturer sells his goods and the price at which the consumer buys them in this country as compared with similar prices in England. The relation of the tariff to the prices paid by consumers can only be understood by fully comprehending the significance in American trade of the principle of "set prices." This principle is fully explained in the report, and many figures are given to show mill price, converter's price, jobber's price, and retail price.

The most common retail prices for different kinds of cotton cloth are 5, 7½, 8½, 10, 12½, 15, 19, 25, 29, 35, and 50 cents a yard. These prices in turn fix the prices which the jobber can charge the retail merchant in order to bring the price of the fabric inside a given "set price" to the consumer, and these in their turn determine the prices which the jobber can afford to pay the manufacturer. The result is that under the existing system of distribution the effect of any change in cost of production or in mill price can not be determined except in relation to the "set price" of the retail trade. In some cases a reduction of 1 cent a yard in the mill price might be just enough to enable the jobber to sell at a price which would bring the goods within a lower retail class, thereby possibly saving as much as 6 cents a yard to the consumer. In another case a reduction in price of 3 or 4 cents a yard might not be sufficient to bring the cloth into the lower class, and in this case the whole reduction in mill price would go to the jobber or retailer, or both, while the consumer would pay the same price as before.

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It may be said in general that goods which are sold at the mill at from 8 to 9 cents reach the consumer commonly at 15 cents per yard.

When the mill price is 10 cents per yard the fabric is thrown into a different classification and will reach the consumer at 19 cents. An increase of the mill price from 10 to 11½ cents would probably not affect the price to the consumer. When, however, the mill price goes to 12 cents, the consumer will pay 25 cents. A further increase in the mill price of 2 cents in this case would not change the price to the consumer.

With a mill price of 14 cents the consumer would still pay 25 cents retail. Where the mill price is, however, 15 cents, the cloth enters another classification and probably reaches the consumer at 29 or 35 cents. It will be seen, then, that an increase of 2 cents, from 12 cents to 14 cents, does not affect the 25-cent retail price, while an increase of 1 per cent from 14½ to 15½ cents may increase the price to the consumer by 10 cents.

The same facts are brought out clearly by a study of the course of mill prices, jobbers' prices, and retail prices of the same fabric over a period of years. A good many examples of this are shown in the report. To illustrate by a certain sample quilt: This was sold by the mill in 1908 for 62½ cents and reached the consumer at \$1. In 1910 the mill price went up to 75 cents, an increase of 12½ cents, which increased the retail price paid by the consumer to \$1.50.

Another quilt of a little lower grade sold in the earlier period at the mill for 58½ cents; jobber's price, 70 cents; retail price, \$1. In 1910 the same quilt was selling for 67½ cents at the mill; jobber's price, 75 cents; retail price, \$1. In the case of the first quilt an increase in the mill price of 12½ cents increased the price to the consumer by 50 cents; while in the case of the other quilt an increase of 9 cents at the mill in the same year did not increase the retail price at all. The reason, of course, was that the second quilt, being of a little lower value, the increase did not quite bring it out of the \$1 class.

These facts, besides being of interest as showing the relation of the consumer to the producer in this country, are of importance in considering the effect of tariff changes. Assuming that the method of distribution remains the same, it would appear that the same rule would hold, whether the jobber should buy his goods of the domestic or the foreign manufacturer. We have seen that a slight reduction in the price the jobber pays to the producer might mean a large reduction in the price to the consumer. Conversely, a considerable reduction in the mill price might have no effect on what the consumer must pay, for exactly the same reason, on the one hand, a slight reduction in duty might mean a much more than proportional reduction in price to the consumer, whereas, on the other hand, a very material reduction in the duty might have no effect at all in decreasing the retail price.

This method of distribution is much more firmly fixed in the United States than in other countries. This fact, combined with the lower margin abroad between the mill price and the jobber's price and the lower margin between the jobber's price and the retailer's price, as compared with this country, brings about the result that goods which are manufactured at the same cost in England and the United States and sold at the same price in both countries at the mill nevertheless reaches the consumer in the two countries at quite different prices.

A few comparisons may be given here to show the wider margin between manufacturers' prices and retailers' prices in this country as compared with England. Thus one fabric which sells at the mill in the United States at 8½ cents a yard will be jobbed at 11 cents and sold at retail at 15 cents. The identical fabric in England would sell at the mill for the same price—8½ cents—be jobbed at 9.75 cents, and retail at 13½ cents.

A fabric selling at the mill in the United States at 10½ cents would be jobbed at 12½ cents and sold to the consumer at 19 cents, or possibly 25 cents. The same fabric, selling at the mill in England at a price identical with that paid at the American mill, would be jobbed at 11½ cents, and would reach the consumer at 15 cents.

A fabric selling at the mill in the United States at 12 cents would be jobbed at 16½ cents, and reach the consumer at 25 cents. The same fabric with the same mill price in England would be jobbed at 14 cents and reach the consumer at 19 cents. In the case of these particular samples it will be seen that the price received by the manufacturer is the same in both countries, but that the American consumer pays a decidedly higher price than the British consumer.

In conclusion it may be stated that the foreign cost of spinning is less than in the United States, as shown by the figures above. The same holds true for weaving fancy fabrics, on which the number of looms to the weaver in this country is not much greater than the number of looms to the weaver abroad. On account of the different mill methods in this country, the domestic labor cost of weaving on a large variety of

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plain fabrics of wide consumption is below the foreign cost. Except in the case of a few special fabrics, and in the case of various manufactured articles, some of which are produced in this country to a very slight extent, the American industry practically supplies the whole consumption. The imports of yarn in 1910 were less than one-half of 1 per cent of the home production in pounds. The imports of cotton cloth were less than 2 per cent of the home production in value. Mill prices are in many cases as low in this country as in the world's markets.

Where higher, as in the case of the finer classes of products, they are rarely higher by anything like the whole amount of the duty. The effect of the present tariff, then, in most cases is not so much to add the duty to the domestic manufacturer's price as to secure him the American market; and, in the case of most articles of widest consumption, to prevent the competition of the foreign manufacturer, either in normal or abnormal times. On account of more costly methods of distribution in this country from producer to consumer, the latter pays a decidedly higher retail price than the European consumer, even in the case of fabrics on which the cost of production and the mill price are as low here as there.

Respectfully submitted.

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 TARIFF BOARD ON COTTON-YARN COSTS IN THE UNITED STATES AND ENGLAND.

The cost of manufacturing cotton yarn varies somewhat from mill to mill in any country; but in the United States, where a wide geographical distribution of the industry through different wage belts, as North and South, prevails, and where there is little standardization either of wages, methods, or systems, the variation in costs is much greater than in England, where in wages and in the methods generally much more standardization exists. Elsewhere in this report will be found comparisons based upon the costs as found in all the mills for which comparable data were obtained in each country.

In this section is presented a study of comparative costs based on the most efficient mill for which actual records were secured in each country, taking the lowest conversion cost, from cotton to yarn, as the measure of highest efficiency. This means the lowest cost in general on the whole range of yarns. In the case of particular counts a slightly lower cost was found in a few cases. The yarns compared include 13 warp yarns ranging from 28's to 60's count and 24 filling yarns of numbers ranging from 28's to 70's.

In the case of the English mill, mule spinning is the system used, while the American mill is operated on the ring-spinning system. It might seem that not only should the yarns used for comparison be of the same count, but the method of spinning should be identical. But this is not necessarily true. What is wanted is a comparison of identical yarns by the system most generally employed in their production in each country. By comparison of the two mills selected this condition is fully met, since over 80 per cent of the cotton yarn produced in England is made on mules, while over 80 per cent of the cotton yarns made in this country are ring-spun yarns. That English mule-spun yarns are here compared with American-ring-spun yarns means, therefore, that the board has compared conditions and methods in the industry in each country as it found them.

Data covering a complete year were secured from the books of each mill, and from these data conversion costs per pound of specific yarns have been worked out. In presenting these data slight changes have been made in number of spindles in each case in order to prevent identification of establishments furnishing information; corresponding changes have of course been necessary in such items as would affect cost, but the relation of each item to all others and of the mills to each other as found in the original data has not been disturbed, and the actual costs per pound are as worked out from the original basic data. With the indicated modifications a transcript of the basic statements as copied from the books of these two establishments is made below.

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Comparison of operations of an English and an American cotton mill.

	English mill using mules.	American mill using rings.
Number of spindles.....	90,000	60,000
Mill started in.....	1903	1896 and 1904
Cost of buildings per spindle.....	\$2.25	\$2.445
Cost of machinery per spindle.....	\$4.50	\$7.738
Total first cost of mill per spindle.....	\$6.75	\$10.183
Hours worked per week.....	55½	60
Hours worked in year covered.....	2,775	2,935
Range of yarns made in year covered.....	Nos. 32 to 74	Nos. 29 to 77
Average number of yarn in year covered.....	No. 52.06	No. 42.83
Pounds yarn per spindle in year covered.....	24.755	38.309
Pounds yarn per spindle in 10 hours.....	0.08921	0.13052
Pounds cotton used in year covered.....	2,497,430	2,702,385
Pounds yarn sold (or woven) in year covered.....	2,227,974	2,298,540
Pounds waste sold.....	285,458	376,845
Weight of yarn sold per 100 pounds cotton used.....	89.21	85.05
Weight of yarn and waste sold per 100 pounds cotton.....	100.64	99.00
Average value per pound of waste sold.....	\$0.03903	\$0.04875
Average purchase price of cotton used.....	¹ \$0.15568	² \$0.15568
Value cotton in yarn in per cent purchase price cotton.....	108.849	111.235

¹ Taken same as American, from which the actual only differed slightly.

² Actual.

Total book costs for year's operation.

	English mill.		American mill.	
	90,000 spindles.	Per spindle.	60,000 spindles.	Per spindle.
Wages.....	\$61,452.09	\$0.682801	\$58,389.18	\$0.973153
Expenses:				
Salaries.....	6,325.11	.070279	10,878.72	.181312
Insurance and taxes.....	3,432.15	.038135	3,093.30	.051555
Repairs.....	1,815.66	.020174	5,293.26	.088221
Supplies.....	6,628.86	.073654	6,079.26	.101321
Fuel.....	7,384.41	.082049	10,658.82	.177647
Electric power purchased.....			9,102.54	.151709
All other.....	933.75	.010375	4,489.26	.074821
Depreciation (less repairs).....	23,496.88	.261077	18,834.45	.313908
Total conversion cost.....	111,468.91	1.238544	126,818.82	2.113647
Cotton (less waste sold).....	377,656.74		402,340.00	
Total cost for year's operation.....	489,125.65		529,158.82	

These two mills show interesting comparisons. The range of yarns spun is almost identical. The English mill is about the average size spinning mill customary in that country, while the American mill, being smaller, is in accordance with a correct contrast. This also holds true regarding the average number spun, since in general English mills spin to higher counts than do American.

The English mill was built about 1903, while part of the American mill was built about 1896 and part about 1904. The total first cost of the English mill was just about two-thirds of the value given for the American mill.

In both England and America mill owners figure on spinning about 85 pounds of uncombed yarn from 100 pounds of cotton, and the 15 pounds of waste would be made up of some 12 pounds of saleable waste and some 3 pounds of invisible waste and sand. In this case the American mill shows only 1 per cent invisible waste (which is less than usual in this country), and, therefore, the yarn and waste sold are 99 per cent of the cotton used. In the English mill the yarn and waste sold are 100.65 per cent of the cotton used, but this is due to the fact that the English mill conditions its yarn by allowing it to absorb moisture after spinning and before selling. This system is almost universal in England and very rare in the United States. The American mill sells 85.05 pounds of yarn as spun from 100 pounds of cotton used, while the English mill sells 89.21 pounds, the larger amount sold in the latter case being due to conditioning and not to greater efficiency in spinning. The actual average value

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of the cotton used in the American mill was 15.568 cents per pound. The average value in the English mill was so slightly different that we have taken the American cotton price for both mills to get a more uniform basis. In both cases due allowance has been made on the books for the difference of cotton stock in process at the beginning and end of the year. Starting with the same purchase price of raw cotton, the value of the cotton in the yarn is different for the two mills because in the latter case we have to subtract from the amount paid for the cotton the amount received for waste and then divide the figure so obtained by the pounds sold, which in the English instance has been increased by conditioning. We find in this case that the cotton in the yarn has a value that for the American mill is 111.235 per cent of the purchase price, and for the English mill is 108.849 per cent of the purchase price. For different numbers of yarns the figures for the two countries are as follows:

	Purchase price per pound of cotton.	Value of cotton per pound of yarn.	
		English mill.	American mill.
1 $\frac{1}{2}$ -inch cotton for 30s.....	\$0.1739	\$0.1893	\$0.1934
1 $\frac{1}{2}$ -inch cotton for 40s and 50s.....	.2188	.2382	.2434
1 $\frac{1}{2}$ -inch cotton for 60s and 70s.....	.2266	.2467	.2521

It is seen that, starting with the same purchase price of cotton, the cost of the cotton in the yarn is more to the American mill, due to the conditions above stated.

It is reasonable to suppose that the price of English-made yarn is established in view of this fact, since in the weaving of the yarn any temporary gain in weight caused by the conditioning of the yarn would not affect the weight of the finished cloth.

The following table (No. 125) has been prepared showing in somewhat more detail the itemized and total conversion costs as found in these lowest cost mills on specified yarns and then showing by percentages the relation of these costs to each other. In figuring percentages the cost in the American mill is taken as 100, and the table shows the relation the English cost bears to the American cost, expressed in percentages. For instance, take No. 30 warp yarn: The labor cost in the American mill is 1.671 cents per pound; in the English mill it is 1.3628 cents per pound, and this is 81.56 per cent of the American labor cost, while in the total conversion cost the English is 68.11 per cent of the American. That is, the difference in total conversion cost is considerably more than the difference in labor costs alone. In labor, the percentage of English cost ranges from 78.42 per cent of the American labor cost on No. 50 warp yarn, to 95.38 per cent on No. 30 filling yarn. Or, stated in another way, the English labor cost on No. 50 warp yarn as shown in these two mills is 21.58 per cent lower than the American labor cost, while the total conversion cost is 34.51 per cent lower. Comparing all of the yarns selected, the English labor cost is found to be practically seven-eighths of the American, though on the higher counts—that is, on finer yarns—the English labor advantage is somewhat greater than on the coarser yarns.

Salaries formed a larger percentage of costs in the American mill than in the English. In but two cases is the English salary cost per pound of yarn more than one-half of the American salary cost, while in no case is the labor cost per pound of yarn in the English mill less than 78.4 per cent of the American labor cost. The English salary cost ranges from 43.33 per cent of the American salary cost on warp No. 50 to 52.69 per cent on filling yarn No. 30, the general average being less than 50 per cent of the American.

Insurance and taxes are likewise higher in proportion to the total conversion cost in the English mill. The range is from 82.71 per cent on 50s warp to 100.53 per cent on 30s filling, the general average being about 82.5 per cent.

English supplies ranged from 81.24 per cent to 98.85 per cent of the American, the general average on the yarns selected being about 90 per cent.

For both mills the gross depreciation has been figured at 2 $\frac{1}{2}$ per cent on buildings and 5 per cent on machinery. The net depreciation has been taken as the gross depreciation less the cost of repairs, as shown on the books for the year taken.

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The costs per pound given under the head of fuel and power can not be directly compared, for the reason that the English mill is steam driven and the item in this case covers cost of coal alone, while in the case of the American mill one section is steam driven and one section driven by electric power purchased from outside and the figure for fuel and power includes both coal and electric power. The English mill gives its cost of coal per annum per mule spindle as 8.24 cents. For the section of the American mill steam driven the coal cost per annum is 28.8 cents per ring spindle, but this includes power for spooling. The other section of the American mill was driven by electric power bought from outside. This mill figured that its steam power cost only \$13.62, as against \$12.07 paid for electric power, but both of these figures are remarkably low.

"All other" costs include in the case of the English mill miscellaneous office expenses, gas and water, and employers' levies; in the case of the American mill miscellaneous office expenses, hauling and stable, and cotton manufacturers' association dues. In both cases this item is mainly for office expenses, such as office supplies, telegrams, postage, and such sundries, the English cost per pound averaging only about one-sixth of the American, which would seem to show that the American office is more elaborate and costly in its management.

TABLE 125.—Comparison of yarns conversion costs in England and United States.

[Showing itemized and total conversion costs of specified yarns in the two most efficient mills found in England and the United States and the per centage that the English cost is of the American cost, by items of cost. Costs for yarns as spun, excluding spooling or other processes beyond spinning.]

Yarns.	Where made.	Labor.	Salaries.	Insurance and taxes.	Depreciation (less repairs).
Warp No. 30:					
Mule.....	England.....	\$0.013628	\$0.001403	\$0.000761	\$0.005211
Ring.....	United States.....	\$0.016710	\$0.003113	\$0.000885	\$0.005390
English per cent of American.....		81.56	45.07	85.99	96.68
Warp No. 40:					
Mule.....	England.....	\$0.019468	\$0.002004	\$0.001088	\$0.007444
Ring.....	United States.....	\$0.024185	\$0.004506	\$0.001281	\$0.007801
English per cent of American.....		80.50	44.47	84.93	95.42
Warp No. 50:					
Mule.....	England.....	\$0.026207	\$0.002698	\$0.001454	\$0.010021
Ring.....	United States.....	\$0.033420	\$0.006227	\$0.001770	\$0.010780
English per cent of American.....		78.42	43.33	82.71	92.96
Filling No. 30:					
Mule.....	England.....	\$0.013538	\$0.001393	\$0.000756	\$0.005176
Ring.....	United States.....	\$0.014194	\$0.002644	\$0.000752	\$0.004579
English per cent of American.....		95.38	52.69	100.53	113.04
Filling No. 40:					
Mule.....	England.....	\$0.019124	\$0.001968	\$0.001068	\$0.007312
Ring.....	United States.....	\$0.020769	\$0.003869	\$0.001101	\$0.006700
English per cent of American.....		92.08	50.87	97.00	109.13
Filling No. 50:					
Mule.....	England.....	\$0.025616	\$0.002637	\$0.001431	\$0.009795
Ring.....	United States.....	\$0.028720	\$0.005351	\$0.001521	\$0.009264
English per cent of American.....		89.19	49.28	94.08	105.73
Filling No. 60:					
Mule.....	England.....	\$0.033109	\$0.003408	\$0.001849	\$0.012660
Ring.....	United States.....	\$0.036762	\$0.006850	\$0.001948	\$0.011858
English per cent of American.....		90.06	49.75	94.92	106.76
Filling No. 70:					
Mule.....	England.....	\$0.041828	\$0.004305	\$0.002336	\$0.015993
Ring.....	United States.....	\$0.046534	\$0.008670	\$0.002465	\$0.015011
English per cent of American.....		89.89	49.65	94.77	106.54

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TABLE 125.—Comparison of yarns conversion costs in England and United States—Con.

Yarns.	Repairs.	Supplies.	Fuel. ¹	All other.	Total conversion costs.
Warp No. 30:					
Mule.....	\$0.000403	\$0.001470	\$0.001637	\$0.000207	\$0.024720
Ring.....	\$0.001515	\$0.001740	\$0.005656	\$0.001284	\$0.036293
English per cent of American.....	26.60	84.48	28.94	16.12	68.11
Warp No. 40:					
Mule.....	\$0.000575	\$0.002100	\$0.002339	\$0.000296	\$0.035314
Ring.....	\$0.002193	\$0.002517	\$0.008185	\$0.001860	\$0.052528
English per cent of American.....	26.22	83.43	28.58	15.91	67.23
Warp No. 50:					
Mule.....	\$0.000774	\$0.002827	\$0.003149	\$0.000398	\$0.047538
Ring.....	\$0.003029	\$0.003450	\$0.011311	\$0.002570	\$0.072587
English per cent of American.....	25.55	81.24	27.84	15.49	65.49
Filling No. 30:					
Mule.....	\$0.000400	\$0.001460	\$0.001627	\$0.000206	\$0.024556
Ring.....	\$0.001288	\$0.001477	\$0.004804	\$0.001092	\$0.038050
English per cent of American.....	31.06	98.85	33.87	18.86	79.65
Filling No. 40:					
Mule.....	\$0.000565	\$0.002063	\$0.002298	\$0.000291	\$0.034689
Ring.....	\$0.001883	\$0.002162	\$0.007029	\$0.001597	\$0.045110
English per cent of American.....	30.01	95.42	32.69	18.22	76.90
Filling No. 50:					
Mule.....	\$0.000757	\$0.002763	\$0.003078	\$0.000389	\$0.046466
Ring.....	\$0.002604	\$0.002990	\$0.009720	\$0.002208	\$0.062378
English per cent of American.....	28.96	92.41	31.67	17.62	74.41
Filling No. 60:					
Mule.....	\$0.000978	\$0.003571	\$0.003979	\$0.000503	\$0.060057
Ring.....	\$0.003333	\$0.003827	\$0.012441	\$0.002826	\$0.079845
English per cent of American.....	29.34	93.31	31.98	17.80	75.22
Filling No. 70:					
Mule.....	\$0.001236	\$0.004512	\$0.005026	\$0.000636	\$0.075872
Ring.....	\$0.004219	\$0.004845	\$0.015749	\$0.003578	\$0.101071
English per cent of American.....	29.30	93.13	31.91	17.74	75.07

¹ Including electric power bought in case of American mill.

"Total conversion cost" in this table means the manufacturing cost from raw cotton to the yarn as it comes from the spindle and, of course, does not include cotton or waste items.

The English total conversion cost ranges from 65.49 per cent of the American total cost on No. 50 warp yarn to 79.65 per cent on 30's filling yarn. The average for the selected yarns is about 73 per cent of the American cost, the percentage being higher on the finer yarns.

The essential interest in this table centers in the fact that the difference in labor cost is not so great as is the difference in total conversion cost. In other words, taking the two mills which have the lowest production cost, the advantages which the English mill has over the American mill in production costs are not all due to difference in labor. In fact, the difference in labor costs is not so great as is the difference in salary costs, repair costs, and general expense costs.

COMPARISON OF CONVERSION COSTS OF WARP-FILLING YARNS AS FOUND IN VARIOUS MILLS IN ENGLAND AND THE UNITED STATES.

In the preceding pages there has been shown in detail a comparison of the manufacturing or conversion costs of cotton yarns in the most efficient mill of those taken in England and in the United States. In the following pages we contrast the costs as found in a range of mills in each country, taking all mills for which we have data on the specific yarns selected.

For this comparison we have selected warp yarns Nos. 28, 30, 36, 40, and 50 and filling yarns Nos. 26, 36, 38, 40, 50, 60, and 70. The costs on each count of yarn is given as found in 4 or more of 7 English mule-spinning mills and in 2 or more of 28 American mills for which comparable data were secured.

It should be noted in comparing costs of spinning of different counts of yarn in the various mills in England and the United States that these figures were secured in the same way as the figures already discussed for the two lowest mills. That is, it is, first, a comparison of mule spinning in England with ring spinning in the United States; second, the costs are for "yarn as spun," not including spooling, reeling, or packing; third, the English yarns are all conditioned while the American are not.

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As we are here comparing the costs in only 7 English mills with the costs in 28 American mills, the American costs are based on a wider range; but, irrespective of this, it is natural to expect that there will be found more variation in costs in American than in English mills. The English mills taken vary from 80,000 to 120,000 mule spindles each; the American mills vary from 25,000 up to over half a million spindles each. The English mills are more uniform in size, are all in Lancashire, and therefore only a short distance apart; they pay wages that are more or less standardized, and they are subject to the same general conditions as to proximity to fuel, to raw materials, to selling markets, etc. The American mills are scattered over a wide territory, from Maine to Alabama, have no standard of wages, and work under very diverse conditions. They vary widely in character and in age. The seven English are all modern and well equipped, ranging in age from 11 months to 15 years. The list of American mills includes many modern establishments, but also some of low efficiency and considerable antiquity. The newest American mill is 8 years old. The oldest equipment covered by the investigation in the United States included some spinning and weaving machinery 60 years old. English mills worked 55½ hours a week, while the American mills worked from 56 to 66 hours a week.

Table 122¹ shows that the higher the count the greater the labor cost as well as the conversion cost per pound of yarn. At the same time a wide variation in costs is found to exist for each number of yarn. This is shown in Tables 126 and 127, which give the cost of production of various yarns in each mill for which data were obtained for the respective yarns. Thus, taking up the lowest number, 28's (Table 126),¹ the labor cost is seen to range from 1.51 to 3.19 cents per pound, while the total conversion cost ranges from 2.94 to 5.44 cents per pound. The labor cost of the least efficient mill is thus seen to be more than twice that of the most efficient mill, while the conversion cost, as should be expected for the reasons previously explained, shows a somewhat smaller range, being 66 per cent higher in the least efficient mill as compared with the most efficient. The same is true of all the other yarn numbers; that is to say, the range in conversion costs is not quite as great as the range in labor cost, but in every instance the range is quite wide. The range in labor cost varies from 63 per cent for No. 50 yarn to 111 per cent for No. 28 yarn, while the range in conversion cost varies from 26 per cent for No. 40 yarn to 66 per cent for No. 28 yarn.

Table 126 shows the cost of production in the United States of ring-spun warp yarns ranging in size from 28's to 50's. For each size yarn the cost is given for the entire range of mills in which the particular yarn was spun. The cost is given in detail for the following items: Labor, salaries, insurance and taxes, depreciation, repairs, supplies, fuel, "all other," and the total conversion cost.

TARIFF BOARD ON COST OF PRODUCTION OF CLOTHS.

"The following three tables present the main facts regarding the 100 samples of American cloths used by the board as to cost of production, prices, and duties which would be imposed upon such goods if imported from abroad. Since the board was not able to secure such detailed figures for weaving costs as for the spinning and finishing processes, it is not possible to show the relation of duties to differences in the total conversion cost of cotton cloths in the same way as was done above for yarns. In Table 137 full details are given as to the relation of duties to domestic costs and foreign prices. Table 136 is a preliminary table, showing the relation of domestic costs to foreign and domestic mill prices. The samples are the same in each table and the sample numbers correspond, so that the detailed description of the sample given in Table 137 is not included in Table 136.

"The figures given in this table should be used with due caution, since the costs and prices are not of exactly the same date; nor is the 'producer's price' given necessarily identical with the price received by the mill for which the cost is given. Therefore, no conclusions can be drawn as to the margin of profit or loss on actual sales. The domestic prices are the trade prices prevailing during the spring of 1911 for delivery during that year. The English prices are quotations of English manufacturers for July 1, 1911. The costs were taken in the summer and fall of 1911."

¹ Table not shown.

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TABLE 136.—Domestic and foreign prices and domestic costs on 100 sample cloths.

[The prices are of July 1, 1911.]

Sample No.	Name of fabric.	American producer's selling price per linear yard.	English producer's selling price per linear yard.	American producer's cost per linear yard.	
				Lowest.	Highest.
1	Duck.....	\$0. 1475	\$0. 1710	\$0. 1080	
2	do.....	. 1175	. 1384	. 0889	\$0. 1299
3	Osnaburg.....	. 0650	. 0768		
4	Heavy sheeting.....	. 0650	. 0750	. 0541	. 0615
5	Sheeting.....	. 0713	. 0814	. 0652	. 0758
6	Brown domestics.....	. 0575	. 0659	. 0535	. 0613
7	Brown drills.....	. 0675	. 0918	. 0767	. 0902
8	Canton flannel.....	. 0838	. 1137	. 0856	
9	Cheesecloth or bunting.....	. 0263	. 0362	. 0193	
10	Window holland.....		. 1175		
11	Linen-finished suiting.....	. 0875	. 0790	. 0785	. 0840
12	Bleached sheeting.....	. 0513	. 0580	. 0564	. 0586
13	Shirting.....	. 0950	. 1123	. 0994	
14	Wide sheeting.....	. 2037	. 1954	. 1988	. 2005
15	Long cloth.....	. 0625	. 0606	. 0564	. 0594
16	English long cloth.....	. 0825	. 0731	. 0741	
17	Nainsook.....	. 0800	. 0906	. 0573	
18	India linen.....	. 0713	. 0806	. 0588	
19	Persian lawn.....	. 0900	. 0847	. 0725	. 0825
20	do.....	. 0600	. 0991	. 1033	
21	Fancy white goods.....	. 1000	. 0930	. 1000	
22	Check nainsook.....	. 0613	. 0736	. 0599	
23	Dimity check.....	. 0650	. 0606	. 0613	
24	Pique or welt.....	. 1200	. 1358	. 0856	
25	Fancy white goods.....	. 1450	. 1228	. 1283	
26	Checked lawn.....	. 1150	. 0910	. 0725	
27	Mercerized corded check.....	. 1450	. 1241	. 1166	
28	Dotted swiss check.....	. 1300	. 1241	. 1125	
29	Dotted swiss.....	. 1250	. 1097	. 0813	. 0838
30	Curtain swiss or madras.....	. 0750	. 0813	. 0788	
31	Fancy or all over swiss.....	. 1350	. 1440	. 1214	
32	Lappet dotted swiss.....	. 0625	. 0737	. 0660	
33	Mercerized jacquard or fancy white goods.....	. 1050	. 1137	. 1019	
34	Fancy white goods.....	. 1850	. 1544	. 1216	
35	Striped voile.....	. 1400	. 1099	. 1430	
36	Marquissette.....	. 1450	. 1286	. 1022	
37	Striped marquissette.....	. 1250	. 1492	. 0829	
38	Table damask.....	. 2250	. 2001	. 2136	
39	Cotton challie.....	. 0684	. 0600	. 0426	. 0428
40	Printed lawn.....	. 0361	. 0470	. 0376	. 0378
41	Calico print.....	. 0411	. 0509	. 0369	. 0419
42	do.....	. 0452	. 0763	. 0500	. 0513
43	do.....	. 0497	. 0659	. 0544	
44	Printed percale.....	. 0675	. 0757	. 0606	. 0608
45	Printed lawn.....	. 0650	. 0560	. 0488	
46	Printed organdy.....	. 0650	. 0679	. 0581	. 0738
47	Printed batiste.....	. 0850	. 0721	. 0675	. 0700
48	Printed lawn.....	. 1050	. 0836	. 0858	. 0875
49	do.....	. 1050	. 0884	. 0870	. 0888
50	Organdy.....	. 1050		. 0950	
51	Scrim.....	. 1050	. 1044	. 0737	. 1033
52	Crêpe kimono cloth.....	. 1154	. 1191	. 0914	. 1034
53	Drapery twill.....	. 0570		. 0591	
54	Cotton serge.....	. 1350	. 0938	. 1152	
55	Galatea cloth.....	. 1033	. 1254	. 1000	. 1021
56	Printed dimity.....	. 0800	. 0647	. 0735	. 0835
57	Fancy dimity.....	. 1250	. 0887	. 0922	
58	Dimity check.....	. 0900	. 0719	. 0732	. 0759
59	Madras shirting.....	. 1150	. 1189	. 1140	
60	Leno, fancy.....	. 1125	. 0989	. 1029	
61	Book cloth.....	. 1184	. 0833		
61	do.....	. 1447	. 0893		
62	Window holland.....	. 1725	. 1403		
63	Chambray.....	. 1012	. 0896	. 1449	
64	Pongee.....	. 0825	. 0783	. 0717	
65	Soisette.....	. 1500	. 1164	. 1100	. 1163
66	Pongee.....	. 1250	. 1164	. 0975	
67	Poplin.....	. 1450	. 1260	. 0975	. 1192
68	Repp.....	. 4750	¹ 3530	. 4098	
69	Sateen.....	. 0975	. 0950	. 0886	. 0981
70	do.....	. 1400	. 1453	. 1188	
71	Chambray gingham.....	. 0684	. 0653	. 0575	

¹ French selling price.

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TABLE 136.—*Domestic and foreign prices and domestic costs on 100 sample cloths—Con.*

Sample No.	Name of fabric.	American producer's selling price per linear yard.	English producer's selling price per linear yard.	American producer's cost per linear yard.	
				Lowest.	Highest.
72	Chambray gingham.....	\$0.0684	\$0.0626	.0575	.....
73	Cheviot shirting.....	.0700	.0948	.0711	\$0.0728
74	Madras.....	.0675	.0869	.0684	.....
75	Gingham.....	.0834	.0783	.0622	.....
76	Outing flannel.....	.0746	.0685	.0605	.0668
77	Ticking.....	.1250	.1779	.1292	.1436
78	Denim.....	.1025	.1304	.1059	.....
79	Cotton plaids.....	.0600	.0669	.0642	.....
80	Scotch gingham.....	.1377	.1034	.1352	.....
81	Fine gingham.....	.1412	.0982	.1222	.....
82	Gingham.....	.0834	.0923	.0541	.....
83	Fancy gingham.....	.1450	.1215	.1061	.....
84	Tissue.....	.1600	.0757	.....	.....
85	do.....	.1300	.0935	.....	.....
86	Fancy wash fabric.....	.1450	.1189	.1050	.....
87	Tissue or fancy wash fabric.....	.1500	.1136	.1539	.....
88	Fancy wash fabric.....	.2750	.1955	.....	.....
89	Turkey-red danask.....	.3285	.2882	.2283	.2816
90	Corduroy.....	.4750	.3388	.3729	.....
91	Velveteen.....	.2850	.1997	.2527	.....
92	Cotton velvet.....	1.1000	.....	.....	.....
93	Cotton tapestry.....	1.0000	1.6415	1.0351	1.3478
94	Cotton voile.....	.1475	.0999	.1078	.1404
95	Novelty gingham.....	.1550	.1086	.1838	.....
96	Silk gingham.....	.1500	.1157	.1343	.....
97	do.....	.2750	.1792	.2576	.....
98	Silk mull.....	.1400	² .1206	.1263	.1691
99	Dotted-silk mull.....	.1600	² .1247	.1263	.1882
100	Jacquard silk mull.....	.1750	² .1335	.1563	.....

¹ French selling price.² See Table 138 for explanation of these prices.

The Tariff Board cautions against placing much reliance upon these comparative figures, as they do not represent prices prevailing at the same time. (See p. 41.)

Likewise your committee wishes it borne in mind that the American prices represent almost panic conditions and should not be accepted as either reasonable or fair prices for tariff purposes.

The details of construction of the above samples, referred to as in Table 137, are appended in the back of this bulletin with some other data as a special insert page.

The third table referred to, 138, is not published for lack of space and that it is not essential, the other two tables, it is believed, being ample for the purpose in hand.

TABLE 144.—*Tariff Board on comparative costs of American and English mills.*

	United States (50,176 spindles).		England (50,086 spindles).	
	Amount.	Per spindle.	Amount.	Per spindle.
SPINNING MILL.				
Mill building (including warehouse).....	\$163,984.76	\$3.268	\$123,122.45	\$2.459
Fire protection.....	7,184.00	.143	4,553.10	.091
Lighting.....	3,810.00	.076	2,053.66	.041
Heating and humidifiers.....	10,183.00	.203	6,569.78	.131
Shafting and transmission.....	7,944.40	.158	5,693.81	.114
Belting and ropes.....	6,475.67	.129	4,132.73	.083
Supplies and miscellaneous equipment (including machine shops).....	24,595.88	.490	23,637.81	.472
Power plant complete (including chimney).....	46,628.15	.929	47,132.05	.941
Textile machinery.....	242,595.18	4.835	140,053.73	2.797
Freights.....	10,000.00	.199	.....	.....
Engineering and contingencies.....	20,000.00	.399	.....	.....
Engineering.....	.....	.....	2,919.90	.058
Spare parts, etc.....	.....	.....	36,498.75	.729
Total spinning mill.....	543,401.04	10.828	396,367.77	7.916

PARAGRAPHS 315-320—COTTON CLOTH.

TABLE 144.—*Tariff Board on comparative costs of American and English mills—Contd.*

	United States (50,176 spindles).		England (50,086 spindles).	
	Amount.	Per spindle.	Amount.	Per spindle.
WEAVING MILL.				
Mill building (including warehouse).....	\$144,379.18	\$2.878	\$79,064.03	\$1.579
Fire protection.....	10,668.00	.213	1,732.47	.035
Lighting.....	4,395.00	.088	10,170.98	.203
Heating and humidifiers.....	11,044.86	.220	11,436.28	.228
Shafting and transmission.....	9,168.88	.183	12,312.25	.246
Belting and ropes.....	3,881.44	.077	4,482.38	.090
Supplies and miscellaneous equipment (including machine shops).....	18,921.69	.377	17,993.88	.359
Power plant complete (including chimney).....	22,246.95	.443	37,374.72	.747
Textile machinery (including plain looms).....	85,472.00	1.704	58,174.03	1.162
Textile machinery (including automatic looms).....	193,985.00	3.866	.....	.....
Freights.....	8,000.00	.159	.....	.....
Engineering.....	13,000.00	.259	1,459.95	.029
Spare parts, etc.....	.....	.....	6,083.13	.122
Total weaving mill (plain looms).....	331,178.00	6.601	240,284.70	4.800
Total weaving mill (automatic looms).....	439,691.00	8.763	.....	.....
RECAPITULATION.				
Total spinning mill.....	543,401.04	10.828	396,367.77	7.916
Total weaving mill (plain looms).....	331,178.00	6.601	240,284.70	4.800
Total weaving mill (automatic looms).....	439,691.00	8.763	.....	.....
Grand total (plain looms).....	874,579.04	17.429	636,652.47	12.716
Grand total (automatic looms).....	983,092.04	19.951	.....	.....

We know of no American mills costing as little as the figures given above; manufacturers generally will no doubt be surprised at what it is estimated their mills should cost.

Table 144 is a comparison of the total cost of complete spinning and weaving mills¹ in the United States and England. This table gives not only the total amount for each general item of cost, but also the cost per spindle for these several items, since this is a more convenient means for comparison. It will be seen that the cost of the building for the spinning mill is \$3.27 per spindle in the United States, as compared with \$2.46 per spindle in England. The textile machinery for the spinning mills amounts to \$4.84 per spindle in this country and \$2.80 per spindle in England. The total cost of the spinning mill complete in the United States is \$543,401.04, against \$396,367.77 in England, or per spindle the cost is \$10.83 in this country and \$7.92 in England, the latter being about 73 per cent of the total cost in the United States. Comparing the weaving mills, the cost of the building is shown to be \$2.88 per spindle in the United States and \$1.58 per spindle in England. The textile machinery for the weaving mill amounts to \$1.70 per spindle in this country and \$1.16 per spindle in England. The total cost of weaving mill complete in the United States is \$331,178, as compared with \$240,284.70 in England, or, on a spindle basis, this is \$6.60 in the United States and \$4.80 in England, the latter being about 73 per cent of the total cost of the weaving mill in the United States.

Referring to the grand total cost of spinning mills, it will be seen that in the United States the cost is \$17.43 per spindle, as compared with \$12.72 per spindle in England, the cost in England being 73 per cent of the cost in the United States.

¹ Comparative weaving figures are based on plain looms in both England and the United States. Figures for automatic looms in the American mill are given in Table 144.

PARAGRAPHS 315-320—COTTON CLOTH.

EXHIBIT II.—IMPORTS COTTON MANUFACTURES FOR THE YEAR ENDING JUNE 30, 1910.

[Reprinted from Tariff Bulletin No. 1.]

Cotton thread and yarn.

Description and numbers.	Invoice values.	Duties.	
		Amounts.	Rates, per cent.
Cotton thread and carded yarns, warps and warp yarn, whether on beams or in bundles, skeins, or cops, or in any form except spool thread of cotton, crochet, darning, and embroidery cottons—			
Not bleached, colored, dyed, or advanced beyond the condition of singles by grouping or twisting 2 or more single yarns together—all numbers.....	\$38,679.24	\$7,975.04	20.62
Bleached, colored, dyed, combed, or plied—			
Not exceeding No. 24s.....	259,475.00	53,535.24	20.64
24:49s.....	561,815.00	137,634.47	24.52
49:79s.....	2,226,407.00	761,785.73	34.21
80s and over.....	1,164,541.00	406,156.55	34.88
Cable-laid threads or yarns, made by grouping or twisting 2 or more grouped or twisted threads or yarns together—all numbers and kinds.....	38,141.00	131,302.45	34.42
Spool thread of cotton, crochet, darning, and embroidery cottons—all numbers and kinds.....	511,070.50	136,106.80	26.66
Total cotton thread, yarns, etc.....	4,800,128.74	1,576,495.48	32.84

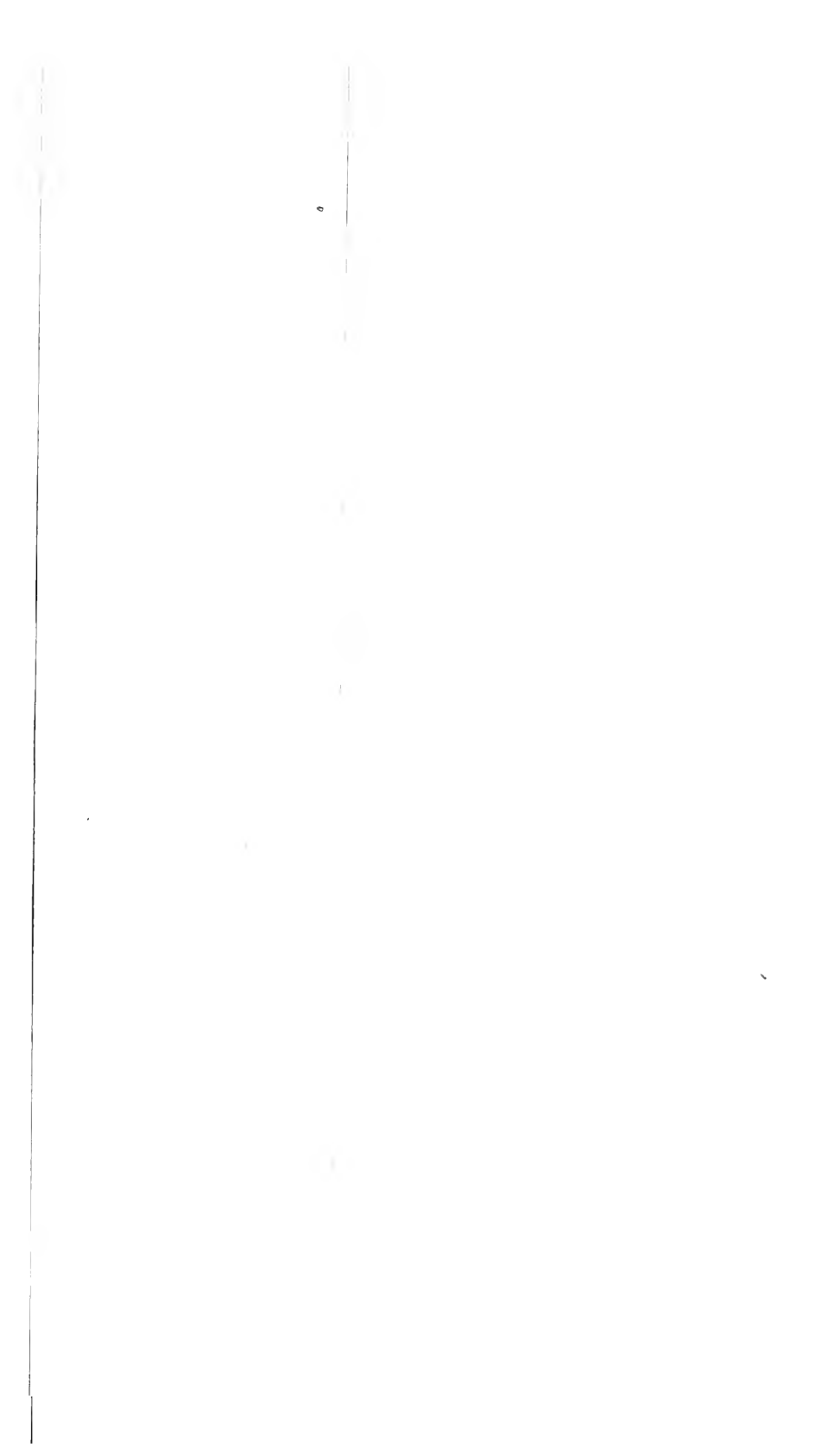
Cotton cloth.

Description and count (count includes both the warp and lining threads to the square inch).	Invoice values.	Duties.	
		Amounts.	Rates.
Cotton duck.....	\$94,843.00	\$33,195.05	<i>Per cent.</i> 47.7
Cloth, gray or unbleached; bleached, dyed, colored, stained, painted, or printed:			
Not exceeding 100 threads.....	546,706.80	172,782.93	31.60
100 to 150.....	2,519,211.85	948,803.92	37.66
150 to 200.....	3,385,959.15	1,450,469.18	42.84
200 to 300.....	2,416,517.74	1,139,706.35	47.16
300 and over.....	186,406.35	81,174.24	43.55
Figured cloth, gray or unbleached; bleached, dyed, colored, stained, painted, or printed:			
Not exceeding 100 threads.....	281,782.00	128,375.26	45.56
100 to 150.....	159,406.00	79,865.27	50.10
150 to 200.....	75,640.00	36,168.36	47.82
200 to 300.....	14,137.00	6,892.93	48.76
300 and over.....	1,236.00	600.47	48.58
Total cotton cloth.....	9,681,845.89	4,078,033.96	42.12

NOTE.—From July 1 to Aug. 5, 1909, was under act of 1897. From Aug. 6, 1909, to June 30, 1910, was under act of 1909. The United States value is the foreign, or invoice, value, plus the duty.

Wearing apparel, clothing, knit goods, etc.

Description.	Invoice values.	Duties.	
		Amounts.	Rates.
Clothing, wearing apparel, etc., all kinds.....	\$3,749,757.07	\$2,066,411.66	<i>Per cent.</i> 55.11
Collars and cuffs of cotton.....	2,430.50	1,493.29	61.44
Corsets, etc.....	54,247.00	27,802.90	51.25
Knit goods, cotton gloves, shirts and drawers, union suits, sweaters, etc., all kinds.....	873,173.33	549,241.58	62.91
Stockings and half hose, all kinds.....	5,825.099.69	4,141,689.37	71.10
Total wearing apparel, etc.....	10,504,650.59	6,786,638.80	64.61



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Miscellaneous cotton manufactures.

Description.	Invoice values.	Duties.	
		Amounts.	Rates.
Handkerchiefs and mufflers, all kinds.....	\$453,182.05	\$267,655.03	<i>Per cent.</i> 59.05
Sleeve linings, silk striped cloth, etc.....	31,011.81	18,004.86	58.05
Cloth, filled or coated, oilcloths, all kinds.....	860,636.30	394,110.97	45.80
Table damask.....	563,946.50	225,591.77	40.00
Chenille curtains, table covers, etc.....	235,138.00	117,569.00	50.00
Plushes, velvets, corduroys and pile fabrics, all kinds.....	523,620.65	284,510.41	54.33
Bandings, belting, bindings, garters, tire fabric, webbing, lacings, labels, loom harness, etc., all kinds.....	859,096.76	317,612.68	36.98
Laces, lace window curtains, nets, veils, ruffings, ruchings, embroideries, etc., all kinds.....	842.00	Free.	.....
Carpets, mats, and rugs.....	37,607,818.69	23,250,200.62	61.82
All other manufactures not otherwise provided for.....	7,713.00	3,856.00	50.00
From Philippine Islands.....	1,813,205.90	815,942.73	45.00
From Cuba (reciprocity treaty).....	73.00	Free.	.....
	13.00	4.39	33.75
	141.80	51.04	36.00
Total miscellaneous manufactures.....	42,956,438.66	25,695,109.50	59.82

TESTIMONY OF STUART W. CRAMER, OF CHARLOTTE, N. C.

The witness was duly sworn by the chairman.

Mr. CRAMER. The figures which I am about to present are designated Exhibit A in Mr. Miller's exhibits which he has just presented to the committee. Our suggested yarn schedule is embraced in the following table:

	Yarn numbers.					
	1 to 9.	10 to 19.	20 to 39.	40 to 59.	60 to 99.	100 and over.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Singles, in the gray.....	10	12½	17½	25	30	35
Combed, twisted, dyed, or colored or advanced in manufacture beyond singles, in the gray.....	15	17½	22½	30	35	40

In explanation of our method of arriving at the basis for these rates, I beg to say that a careful examination of printed House Report No. 65, Sixty-second Congress, submitted by your committee, discloses the fact that, broadly speaking, yarns from No. 40 and upward are fairly competitive at the present rates, as shown by actual importations. Of those yarns, No. 78/2 combed is the most conspicuous example of a competitive rate. The present specific duty of one-fourth cent per number per pound amounts to 19½ cents per pound. In 1910, 637,109 pounds were imported, on which a duty of \$124,236 was collected. The average foreign invoice value was 54.6 cents per pound, and the ad valorem rate of duty figured at 35.71 per cent.

To this must be added an additional importation of the same number of yarn mercerized in amount, 270,279 pounds, upon which a further duty of \$57,974 was collected, the ad valorem rate of duty amounting to 35.60 per cent.

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In short, over 900,000 pounds of that one particular number was imported in 1910, yielding a revenue of over \$180,000.

Commencing with a classification embracing single yarns in the gray, from Nos. 1 to 9, inclusive, our committee arbitrarily assumed a rate of 10 per cent. That rate was chosen as the minimum rate that in our opinion should be levied upon any manufacture of cotton, as we felt it to be as low in proportion, if not lower, than practically any other schedule. Also we felt that rate to be reasonable, because the present rate on those yarns is 50 per cent higher than this rate which we have chosen.

Our committee then drew an average between these two rates of 10 and 35 per cent ad valorem, respectively, placing the duties at intermediate points in proportion thereto.

The classification that we adopted by numbers was not only one that we thought would be convenient of administration, but was primarily based upon the organization or equipment of mills adapted to make them.

It will be observed that to the suggested rates of yarns in the gray we simply added 5 per cent for any process of manufacture that advanced them in value, with no duplication whatsoever.

I will not consume your time by arguments or exhibits in support of our recommendations; for, with this explanation, the data for which was taken from your own report, you will no doubt be in position to place the proper value upon our proposed rates.

Mr. FORDNEY. Are you a manufacturer of yarn?

Mr. CRAMER. I am.

Mr. FORDNEY. Do you recommend lower rates of duty than the rate now in the existing law?

Mr. CRAMER. They are very much lower.

Mr. FORDNEY. And still you are a manufacturer of yarn?

Mr. CRAMER. Yes, sir.

Mr. FORDNEY. Why do you recommend it?

Mr. CRAMER. Simply because we understand we are expected to suggest rates that will be competitive rates, and for that reason we are offering rates that we believe will be competitive.

Mr. FORDNEY. Did you not say in your statement that they are fairly competitive now?

Mr. CRAMER. Exactly; and there is one rate that we took and stood upon as a basis, and we maintain that rate, because that one number was strictly competitive, but from there down we could make a reduction because it was not competitive.

Mr. FORDNEY. Then you think the rates in the existing law are too high?

Mr. CRAMER. That depends on your point of view, whether you are a protectionist or a "tariff for revenue" man.

Mr. FORDNEY. I am asking you.

Mr. CRAMER. I would simply say that, as stated in my remarks to the committee, on a revenue basis they are too high.

Mr. FORDNEY. No; not as stated in your remarks as representing the association, but you personally. Do you believe the present rates in the existing law are too high and therefore you recommend a lower rate?

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. CRAMER. I believe that it will not increase importations unduly to do that, although I believe it will increase importations.

Mr. FORDNEY. If it were to increase importations, would it in any way increase your industry?

Mr. CRAMER. I take it for granted if it increases them unduly, you would stop it at the right time, and that is why we have made this recommendation.

Mr. FORDNEY. You should address that remark to the other side of the house.

Mr. CRAMER. I do not know which side you belong to.

Mr. LONGWORTH. Mr. Fordney believes no duty can be too high.

Mr. HILL. What mill do you represent?

Mr. CRAMER. In yarns, I represent the Mayes Manufacturing Co.

Mr. HILL. Where is it located?

Mr. CRAMER. Mayesworth, N. C., about 15 miles from Charlotte.

Mr. HILL. Was that one of the mills examined by the Tariff Board?

Mr. CRAMER. No, sir.

Mr. HILL. You accepted their examination?

Mr. CRAMER. They did not examine it.

Mr. HILL. You accept their verdict?

Mr. CRAMER. They did not examine us, simply because they examined other mills in preference to ours.

Mr. HILL. Why did they examine other mills in preference to yours?

Mr. CRAMER. That is really a matter I can not tell.

Mr. HILL. Did they offer to examine yours?

Mr. CRAMER. No; but we offered them an opportunity to examine ours.

Mr. HILL. And they did not offer to do it?

Mr. CRAMER. They did not, but our Loray Mills——

Mr. HILL. Do you accept the findings of the Tariff Board?

Mr. CRAMER. As final, no, sir; I do not.

Mr. HILL. Did not your organization here, after this report was made, pass a resolution indorsing the Tariff Board and accepting their findings?

Mr. CRAMER. We did not.

Mr. HILL. Does not the resolution, which has just been read this morning, or the statement just read by Mr. Miller this morning, declare in favor of a tariff commission?

Mr. CRAMER. It does.

Mr. HILL. Do you recognize any particular difference between a tariff board, as it was constituted when it examined these mills, and the tariff commission as it would be constituted?

Mr. CRAMER. We do.

Mr. HILL. What is that difference?

Mr. CRAMER. It is, in the first place, to be a continuous sitting board that will not be forced to make a hurried report.

Mr. HILL. You do not doubt, however, the accuracy of the report as far as they went?

Mr. CRAMER. As far as they went on American costs we have no criticism to offer.

Mr. HILL. You accept these costs, then, as to the cost of the conversion of yarn from cotton, and of cloth from yarn, as made by the

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nonpartisan tariff board, taking a year or more to make the examination?

Mr. CRAMER. For American costs of last year, or rather for the year at the time at which they examined them.

Mr. HILL. Do you recognize the report of the Tariff Board in which they show the comparative differences between the cost of making yarn in the United States and the cost of making it in England, as found on page 423 of their report, where they give a series of comparative costs between the two countries?

Mr. CRAMER. We do not.

Mr. HILL. You do not recognize it?

Mr. CRAMER. We do not recognize their English costs; no, sir, we do not.

Mr. HILL. Have you any reason to believe a tariff commission, such as you recommend for the future, would be any more reliable than the nonpartisan Tariff Board that made this report? And if so, what would be the difference? Why should it be more reliable?

Mr. CRAMER. The difference is best explained by our subsequent position, in which we receded from the "cost of production" and based our final resolution, which Mr. Miller read, on the "manufacturers' selling prices at home and abroad."

Mr. HILL. This tariff bulletin No. 5, which was submitted by Mr. Miller this morning, was sent to Congress after the cotton bill of our friends was introduced in the extra session, was it not?

Mr. CRAMER. I would not like to answer that; I do not know.

Mr. HILL. I think you will find it was.

Mr. CRAMER. I will admit it, if you say so.

Mr. HILL. I think you will find it was sent, and a great protest made against the bill which these gentlemen drew, which you still continue to make against that bill, and yourselves recommended higher rates on yarn?

Mr. CRAMER. We do.

Mr. HILL. And I presume Mr. Parker will do likewise on cloth?

Mr. CRAMER. That is for Mr. Parker to say.

Mr. HILL. Your rates are higher than those reported by the tariff board?

Mr. CRAMER. They are, because we take into account things which they did not.

Mr. HILL. Let us settle that question. They examined 81 mills of yarn and cloth and various fabrics, leaving out gloves.

Mr. CRAMER. In the United States or abroad?

Mr. HILL. In the United States. In every single solitary case, after the costs were made up, they were signed by one or two representatives of the mills which they examined.

Do those gentlemen now come forward and declare that these reports of costs certified to by them are incorrect?

Mr. CRAMER. We have never questioned the accuracy of their work as far as it went in the American mills.

Mr. HILL. Do the cotton mills of this country want more than the difference in cost of production at home and abroad, as determined by a nonpartisan board?

Mr. CRAMER. That is a matter I can not say.

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Mr. HILL. Do you want it with reference to yarn?

Mr. CRAMER. I want it with whatever is not included in their cost of production—not necessarily what they include, but what should be included.

Mr. HILL. But the costs, after they were made up and were reported and tabulated and printed here, were signed by the representatives of the mills before they were made public.

Mr. CRAMER. Were they signed by the English mills?

Mr. HILL. I am talking about American mills.

Mr. CRAMER. I am talking about American mills, too, but you made the comparison and asked me to subscribe to the comparison on the basis that the American men signed these reports. We accept them as far as they go.

Mr. HILL. Do you accept the American costs that were signed by the officers of these companies?

Mr. CRAMER. We do.

Mr. HILL. Both on cloth and on yarn?

Mr. CRAMER. Mr. Parker will speak for cloth. I am speaking for yarn.

Mr. HILL. But you ask for a higher duty?

Mr. CRAMER. We do.

Mr. HILL. You stated one reason for a higher duty, that this board recognizes that you have a difference of rates of 5 per cent for the different processes for finishing. Are you aware of the fact that the Tariff Board reports that the costs of dyeing, bleaching, finishing, mercerizing, etc., average less in the United States than they do in Europe, and publishes the figures at which it can be done in the open markets in Europe?

Mr. CRAMER. That is a matter on which I will simply refer you to the market quotations of this country and abroad. You can see whether we have had undue profits under them. I think they are—

Mr. HILL (interrupting). I will ask you if you accept the figures of the Tariff Board as to the American costs of finishing yarns and cloths?

Mr. CRAMER. In America we do; yes, sir. That is to say, we do not question it. We do not accept it, but we do not question it. We know nothing about it.

Mr. HILL. Do you dispute the published price list, advertised and published publicly in Europe, as to the mercantile price of doing these same things?

Mr. CRAMER. I could not pass on that, for I do not know what they were.

Mr. HILL. You do not think they have deliberately forged the circulars of prices, do you?

Mr. CRAMER. Of course not. But, as I explained, in that fifth tariff bulletin there are a great many considerations that were not taken into account by the Tariff Board.

Mr. HILL. But the board reports that their costs were in all cases signed by the officers of the mill after they were made up.

Mr. CRAMER. Of the English mills?

Mr. HILL. Oh, no; of the American mills.

Mr. CRAMER. Well, we return to the comparison—

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Mr. HILL (interrupting). The reason I ask you in regard to this 5 per cent is because our friends here have done the very same thing which they criticized the Payne tariff bill for doing—increased the duty for mercerizing. But the bill which the Republicans voted for in the last Congress made no distinction in ad valorem rates between the finished and the unfinished goods.

Mr. CRAMER. What bill do you refer to?

Mr. HILL. I refer to the bill that was supported by the Republicans in the House; it was drawn by myself in conjunction with a member of the Tariff Board, and no distinction was made. I notice that you come in and ask for 5 per cent more for dyeing.

The CHAIRMAN. I do not want the record to be misunderstood. There is nothing in the bill that we offered in the House to protect mercerizing.

Mr. HILL. Mercerizing is included in the dyeing, bleaching, finishing, and so forth, for which 5 per cent additional duty is charged in the Underwood bill.

The CHAIRMAN. Here is the distinction—

Mr. HILL (interrupting). Mercerizing is not separate, but it is included in it.

The CHAIRMAN. The Payne bill puts mercerized goods above dyed, bleached, and so on.

Mr. HILL. Yes, sir.

The CHAIRMAN. We put the mercerized goods on the same basis as the dyed and bleached, and did not make the raise that was made unwarrantedly in the Payne bill.

Mr. HILL. That is correct; but the Tariff Board says, or practically says, that no additional duty shall be allowed for those goods, because the United States mills are doing it for about 80 per cent of what the foreign mills are doing it for.

You request 5 per cent additional duty, and you disagree with the Tariff Board in that respect?

Mr. CRAMER. I do.

Mr. HILL. Notwithstanding the fact that these 81 mills and mill officers have agreed to the correctness of those figures in the United States?

Mr. CRAMER. May I state a case?

Mr. HILL. Yes, sir.

Mr. CRAMER. There is one thing we have not put in the recommendation, Mr. Chairman, which gives us concern, and that is with reference to gasing. That will merely show the difference between conditions existing abroad and in this country. When it comes to gasing the yarns, that is a business that we do in this country on a very limited scale. We know relatively very little about it and very few people attempt it. One of our manufacturers—in fact, I will mention his name, Mr. Miller—was telling me recently that in the process of gasing some of his yarns by people who did it outside of his mill, they had to pay him—I think the figure was \$8,000. May I ask Mr. Miller if that is correct? Mr. Miller, was \$8,000 correct?

Mr. MILLER. I did not understand you, Mr. Cramer.

Mr. CRAMER. The amount that the man who spoiled your yarn in gasing had to pay you for the damage done in gasing them?

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Mr. MILLER. That was in the process of gasing.

Mr. CRAMER. \$8,000, was it not?

Mr. MILLER. It was quite a loss. I do not recall the amount of it, but it was quite a loss.

Mr. CRAMER. It was quite a large loss occasioned to this man from simply gassing, which is a process involving the most skilled labor, and in this country labor available for that work is not as plentiful or as good as it is abroad. When it comes to the simpler processes, we are inclined to think in a great many things that we are as good as anybody; but on these things we have not people who have been in it for generations—that is, not necessarily the one thing—but who have been in the textile manufacturing business for generations. That is simply one explanation we want to give of our willingness to add that 5 per cent. Now, the item of interest on plant: The Tariff Board distinctly states that they take no account of that at all. Without unduly taking up this committee's time I beg to call your attention to this point in order to show the effect of ignoring the interest item. Every American knows that the cost of manufacturing has an interest account. For instance, if you refer to a recent Senate document—I may have it with me; if not I can produce it later, if you desire—giving the corporation returns, you will see that the capital stock was something like four hundred odd million dollars, and additional to that \$268,000,000 was borrowed capital, or loaned capital—borrowed money any way you look at it. That represents a very large item of cost. We paid a good deal for that money. Abroad they pay very little. We have to furnish good paper, often indorsed; abroad they furnish unsecured paper and they get the money at low rates. That interest account is a big one.

Mr. HILL. I am familiar with those details and I presume every member of the committee is so far as a business proposition is concerned. The point I want to establish, or have contradicted right now before we start on the cotton or go into the cotton or woolen schedules, is whether the findings of the Tariff Board on these schedules are disputed; whether they are denied as to their correctness; and if so, on what ground? I will read to you from page 502 a comment on table 156, giving a comparison of charges for finishing 100 samples in the United States and England.

Mr. CRAMER. I beg to suggest again that that is cloth.

Mr. HILL. What is that?

Mr. CRAMER. That is cloth—Mr. Parker's subject.

Mr. HILL. I understand. I asked you whether you denied the correctness of it as to yarns. I admit that this table itself relates to cloth.

Mr. CRAMER. I can see no way of arriving at an answer that I could conscientiously give you on that point, because the cloths are not segregated.

Mr. HILL. I am willing to admit that there possibly may be a difference between the cost, the final comparative cost of the finished fabric and the comparative cost of the finished yarn; but so far as this is concerned you are a manufacturer of cloth as well as yarns are you not?

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Mr. CRAMER. Yes, sir; in the Loray mills.

Mr. HILL. It will be seen from the table in the case on which data was obtained in the two countries that American charges were lower in a few instances; that the American rates are only about one-half of the English rate. Do you dispute that?

Mr. CRAMER. I am not prepared to discuss that, sir. I beg to be excused from discussing anything but the yarn schedule.

Mr. LONGWORTH. Are you speaking for the Massachusetts mills as well as the southern mills?

Mr. CRAMER. For the American Cotton Manufacturing Association.

Mr. LONGWORTH. Of what is that composed?

Mr. CRAMER. It is composed of manufacturers all over the country. I think it is fair to state that the largest proportion, perhaps three-fifths, are southern mills.

Mr. LONGWORTH. But there are some in Massachusetts?

Mr. CRAMER. Yes; there are some in Massachusetts.

Mr. LONGWORTH. You are speaking for all of them in your association?

Mr. CRAMER. Yes, sir.

The CHAIRMAN. If you have this in your brief you need not repeat it, but have you given in your brief the amount of the American consumption and production of the yarns made in this country?

Mr. CRAMER. We did not attempt that, because, to be frank with you, we know of no way of arriving at it. There is no system of records. The cloth is not so difficult to check up, but in the yarn proposition I know of no way to state it.

The CHAIRMAN. I would like to say to you, Mr. Cramer, that the committee, in ascertaining what is a reasonable competitive rate, are to some extent governed by the comparison of imports with American consumption.

Mr. CRAMER. May I modify my answer?

The CHAIRMAN. One moment. Although we ascertained that in the aggregate from the census report to a certain extent, we would be very glad if the gentlemen coming before us would furnish us information on that question, because there may be mistakes made sometimes in the census reports. That is a sort of barometer that aids us in reaching a conclusion. We would like to have data on that particular question as accurate as possible, and I will say to you that we would be very glad to have you supplement the statements in your brief as far as possible.

Mr. CRAMER. We will see if we can not get the information. In the meantime, may I modify my remark slightly?

The CHAIRMAN. Yes.

Mr. CRAMER. I recall a table in your report in which they gave the importations of coarse yarns as practically nothing, and the importations of fine yarns—I might say from 40's to 100's as only about 4 plus per cent. In connection with that, however, I would like to state that this particular rate on 78's happens to be by virtue of the specific rate dropping from about, 24 cents to 19½ cents. That is a critical point; it is a contact point, where stuff is coming in very freely. To give you an idea, I will translate it into spindles. It would take at least 50,000 spindles to produce the yarns that are being exported of that number, that one single number. If it had not been for the

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depression of business in this country during the past two or three years—in short, if we had been able to make a profit on these yarns, there would probably have been a larger importation, but, as everybody knows that has looked into the subject of cotton manufacturing, the business has been done on a close margin, in many cases below cost. In one of my own mills, for instance, last year we lost money—it was the year before last.

The CHAIRMAN. Of course, so far as the importations are concerned this table is as correct as it can be made, because it is kept absolutely by the Treasury Department, and the only question is as to whether they segregate properly, because they keep an accurate record. On the question of consumption and production in America, we have to depend on the census reports, unless the manufacturing interests of the country furnish us with the correct data. In order to get a tariff that will maintain a reasonably competitive condition, and which will produce reasonable revenue all along the line, those reports are the most important guide we have. Therefore, we are very anxious to get the correct data.

Mr. CRAMER. With your permission we will endeavor to get that information, although it will take some little time. We will submit it in a brief. May I ask you how much time we can have?

The CHAIRMAN. The committee will not start to write this bill until the end of the month.

Mr. CRAMER. In other words, a couple of weeks?

The CHAIRMAN. By the 1st of February. I do not know that we will reach the schedule at that time, but the sooner we get it the better. But we will not need it before the 1st of the month.

Mr. CRAMER. There is another matter, Mr. Underwood, and that is that it varies so much. I will explain it to you in a very few words. Take our little Mayes mill, with only 20,000 spindles. We are making there all the time yarns from 40 to 100. It varies with the demand. Our average may be 60, it may be 55, it may be 50, or it may be 80, at different periods. I think I could get you the average in each of the schedules that they are prepared to make.

The CHAIRMAN. That would not answer, because the preparation at the mill does not show the real contact point of competition.

Mr. CRAMER. We know what that is.

The CHAIRMAN. I know, but we want the figures. When you get the American consumption and the American production it gives an *ex parte* statement of the contact point of competition.

Mr. CRAMER. I will simply say this, that we will do the best we can. I want it understood that we are simply doing the best we can.

The CHAIRMAN. I understand that.

Are there any further questions? [No response.]

Mr. Cramer at a later date filed the following:

WASHINGTON, D. C., February 15, 1913.

HON. O. W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

SIR: Since my brief of the 8th instant, it occurs to me that we have not emphasized to you a most vital matter that should be taken into account in making yarn rates.

Your committee has evidently considered yarns in the nature of a material for conversion into fabrics, a step in the process of their manufacture, rather than as a finished product for distribution and sale to the yarn trade. The domestic yarns which come

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into competition with imported yarns are those made and sold to the yarn trade and are not those spun by manufacturers to be woven or knitted in their own plants. At first thought it may seem strange that this should cut so much figure in the matter of rates, but that it does so most emphatically can easily be shown.

(1) Abroad, particularly in England, spinning and weaving plants are separate industries; a weaver or manufacturer, as he is termed, has only the investment in his weave shed and is at liberty to buy yarns in the market at will. In America, weavers generally spin their own yarns, as likewise do many large knitters, and by far the larger part of the investment is in the spinning plant; they, therefore, must run their spinning in order to make any reasonable return on their investment.

(2) Yarns for manufacture into 77 per cent of the cotton manufactures of this country thus are spun by the manufacturers themselves, who spin exactly what they want and who naturally are not hypercritical about it. (See p. 43, Tariff Board's Report, Table 19, where the total yarn production of the United States in 1910 is given at 2,037,653,722 pounds, and on p. 173, where yarns for sale is given at 470,370,995 pounds.)

(3) Yarns destined for the yarn trade then are special as compared to the larger part of the domestic production, and should be treated accordingly. They are subject to all the inspection, expense, and risk of products for sale and distribution; freights, selling expenses, whims, and fluctuations of the markets, vagaries and prejudices of buyers, carrying charges until sold, claims for rebates especially if sold on a falling market when many buyers are seeking pretexts for cancellations—none of which are incident to the costs of yarns valued simply as steps in a process of continuous manufacture. Imported yarns thus are to be compared to domestic yarns for sale to the yarn trade, and to those only.

Making yarns for sale and distribution is vastly more exacting and more expensive than for one's own consumption, and marketing such yarn is far more difficult than most of the fabrics into which they enter. A piece of cloth or other fabric stands for itself in its completed state, while the value of a lot of yarn is difficult to establish in case of controversy. There is no such thing as a commercial lot of perfect yarn; the slightest defects in each single thread are magnified by buyers by no means infrequently, even though such defects may be completely covered up in the body and finish of the finished fabric.

Yarns advanced over singles in the gray, especially when plied, can generally be more cheaply converted into most fabrics than into yarns for sale undergoing the delicate and difficult processes of bleaching, dyeing, mercerizing, gassing, etc., and are therefore entitled to rates in proportion.

(4) Considering yarns for the trade then as 470,370,995 pounds domestic production, and those imported as 8,809,174 pounds (Table 19, p. 43, Tariff Board Report), the whole schedule is unquestionably not on a competitive basis, but converting the figures in that same table into percentages, and assuming that those ratios are the same for yarns for the yarn trade as for the whole domestic production, we find:

Counts of yarns.	Per cent.	All domestic yarns.	Yarns for sale.	Importations.	Per cent of imports.
		<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	
Under No. 20 (coarse).....	50	1,014,069,688	235,185,498	1,069	.....
Nos. 21 to 40 (medium).....	42½	866,328,605	199,907,674	2,068,736	1.0
Nos. 41 and over (fine).....	7½	157,255,429	35,277,824	16,711,114	19.0
Total.....	100	2,037,653,722	470,370,995	18,809,174	1.9

¹ See special footnote * at bottom of Table 19, p. 43, Tariff Board Report.

In other words, the percentage of importations of yarns above No. 40 to the domestic production of the same counts for sale to the yarn trade is 19 per cent—a competitive amount.

It is true that there is no available data with which to check the assumption that the same proportions of fine, medium, and coarse yarns are produced in the United States for the yarn trade as are produced for all purposes; but it is believed to be so, and is certainly near enough so for purposes of comparison.

I have previously pointed out that 78/2 and 80/2 are on a strictly competitive basis, as shown by the actual domestic production collected from the mills—in my letter of the 8th instant, the real contact point to be taken as a starting point.

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(5) It seems clearly established then that imported yarns up to No. 20 are not at all competitive; 20-40 not competitive, but approaching it on special grades; 40 and over are competitive, 78½ and 80½ being the most so, and therefore to be chosen as the basis for that group.

(6) In addition to the reasons given in my letter of the 8th instant for our grouping by counts in the schedule, I would further mention that it is a suitable selection on account of the kind of cottons used in their manufacture: Yarns 1-10, lowest grades of cotton and often waste; 10-20, low grade upland cotton; 20-40, upland cotton; 40-60, staple cotton, short; 60-100, staple cotton, medium; 100 and above, staple cotton, long. Foreigners substitute Indian and other short cottons for our shortest Americans, and Egyptian for our short and medium staple cottons, to considerable advantage at times.

(7) Based on the above, how shall competitive specific rates be translated into ad valorem rates?

As previously explained we used the importations for 1910.

An inspection of page 96, your Report No. 65, shows rates for several years past in which the specific rate has not changed; the only change is in the invoice values or prices of the different years; yet note how the computed ad valorem rates run from 60 per cent down to 30 per cent. And so it seems that the ad valorem rate of 1910 of 35 per cent is fair and reasonable.

The same is true of the entire group of 60-100, except in the case of freak importations, which are yarns that are not representative or of normal quality and price, but are high priced and therefore, as previously explained, show a low ad valorem equivalent, for there is only one specific rate for the normal and the high-priced yarn alike. For example, on that same page 96, note that the importations under No. 77 are all freaks, and how the ad valorem rates are so much lower than on Nos. 76 and 78, which are of average quality and price.

As a general statement, I would emphasize that all groups of yarns as kept of importations for 1912 that are not segregated by numbers as in 1910 show too low ad valorem equivalent rates, because of those high-priced freak importations that are not representative.

As for the very low ad valorem rates on the very fine counts: It is entirely immaterial to the industry in the United States, because nothing over 150 are made here, and but little over 120. Those should be revenue rates pure and simple.

Unlike cloth rates, where the addition for mercerizing does actually increase the rate, the present extra duty for mercerizing evidently does not meet the needs of the case, for in all cases the ad valorem rate is lower on the mercerized yarn than on it in the unmercerized state. Note also how much mercerizing adds to the invoice value of yarns, notwithstanding the general impression of the cheapness of that process.

(8) As to rates on yarns that are not competitive: They are entirely matters of opinion; we explained at the hearing and in my letter of the 8th instant how we arrived at our basis of recommendations for them. As already stated, for normal yarns under 20, in normal times and under average conditions of business, they will not be imparted, anyhow, with any reasonable rate. Please note that 50 per cent of all domestic yarns produced are under 20, 42½ per cent are 20-40, and only 7½ per cent are 40 and above, the class which we ask you to recognize as competitive.

(9) It is to be noted that there is little or no difference in the yarn rates of the last three tariff bills; that in all is the same one competitive point, and the other rates are too high on the coarse numbers and unnecessarily low on the very fine counts.

(10) If your committee concludes that for reasons satisfactory to yourselves that you must use 1912 figures for making rates, we still urge that 35 per cent ad valorem be the lowest rate selected to represent the contact point—the 60-100 group. On that basis we estimate that our suggested rates below 60 would be reduced 2½ per cent.

I remain, very truly, yours,

STUART W. CRAMER,

For Tariff Committee, American Cotton Manufacturers' Association.

CHARLOTTE, N. C., February 22, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: I wish to express to you my sincere appreciation of your thoughtfulness in furnishing me with your tabulated sheet showing comparison of revenue derived under the act of 1909 and under the schedule proposed by us, the American Cotton Manufacturers' Association. Realizing that this paper was but your preliminary draft, I beg to call your attention to a couple of corrections that I think should be made in it:

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(1) On singles in the gray, "other yarns on which specific duty does not amount to 15 per cent," is correctly entered at 15 per cent under the act of 1909, but it is entered under the proposed duties to be collected under our proposed schedule at 25 per cent, which should read $17\frac{1}{2}$ per cent. It will readily be noticed by dividing the actual duty collected by the number of pounds of those yarns imported that the equivalent specific rate is 5.1 cents per pound, which corresponds to an average of No. 26 yarns, which is dutiable under our proposed schedule at $17\frac{1}{2}$ per cent.

(2) The same is true of the catch-all clause on yarns advanced beyond singles in the gray and dutiable under the act of 1909 at 20 per cent; in your table this group is included with yarns over 100, dutiable under our proposed schedule at 40 per cent, which should be changed to 30 per cent. The duty collected on these yarns divided by the number of pounds imported gives an equivalent specific rate of $11\frac{1}{2}$ cents per pound, which corresponds to No. 46 yarns, dutiable under our proposed schedule at 30 per cent.

(3) It was evidently not understood by your committee that we did not suggest rates on thread, which is a separate industry as distinct from yarn manufacture as cloth or knit goods; the members of our association do not make thread, and, therefore, are not sufficiently informed on the subject to warrant our suggesting rates. I refer to the general classification of "cable laid yarns or threads made by grouping or twisting two or more grouped or twisted yarns or threads together." This industry is confined to less than half a dozen corporations and we understood that they would present their own case; apparently we did not make that clear, but with the above explanation we would ask that in making comparisons of our rates that you leave out the consideration of cable laid yarns and threads, for all of the data that we have furnished you is based upon that assumption.

After making the above changes, the average duty collected under the act of 1909 on single yarns in the gray figures 19.33 per cent ad valorem equivalent; the duties that would be collected under our proposed schedule figures on the same class of yarns 19.45 per cent ad valorem.

For yarns combed, twisted, bleached, dyed, or advanced in manufacture beyond singles in the gray, the average duty collected under the act of 1909 figures 31.56 per cent ad valorem equivalent; the duties that would be collected under our proposed schedule figures on the same class of yarns 34.53 per cent ad valorem.

But we wish to urge most emphatically that while such a basis of figuring is an interesting comparison of duties actually collected, and that may be collected; that it in no wise shows a proper comparison between the rates in the two schedules so far as it affects the whole industry. As pointed out in my letter to you of the 15th instant, $92\frac{1}{2}$ per cent of the yarns produced in this country are No. 40's and under; the importation on these counts is insignificant in comparison to what it is on the finer counts, those above No. 40, but which constitute only $7\frac{1}{2}$ per cent of the production of yarns in this country. It will readily be seen, therefore, that for purposes of illustration, we can imagine all yarns under No. 40 as on the free list, and yet both the present schedule and our own if compared as in your table would still show duties of 32.41 and 34.53 per cent, respectively. Such a comparison, therefore, does not do justice to the whole industry, but shows only the conditions in the groups that importations are actually being made, and which constitute only $7\frac{1}{2}$ per cent of the whole. That fine yarn group, over No. 40, is on a competitive basis, as shown in my letter of the 15th instant, because the importations amount to 19 per cent of the domestic production; therefore, those rates should certainly not be lowered.

All of which again brings up the question as to what are fairly equivalent ad valorem rates, as pointed out in my letter of the 8th instant, high-priced importations with fixed specific duties give relatively low ad valorem equivalents. The larger part of the importations are of the more expensive kinds of yarns, and, therefore, the ad valorem equivalents on them are not representative of the kinds of yarns that we most largely make. This difference would amount to $2\frac{1}{2}$ per cent to 5 per cent, and in some cases 10 to 20 per cent; $2\frac{1}{2}$ per cent would be a fair average for the whole list. This is clearly demonstrated by comparing the ad valorem equivalent on this group, which is shown to be competitive as a group to the ad valorem equivalent on No. 78 and 80's yarns, which is more than competitive, if I may use the term, the latter duty being about $2\frac{1}{2}$ per cent higher than that on the whole group.

If, as stated by you, it is your intention to put the industry on as nearly a competitive basis as possible, our suggested rates on the fine yarn group are certainly fair and reasonable and should under no circumstances be reduced; but, as we have explained to you on every occasion, the rates on medium and coarse yarns, No. 40 and below, are entirely matters of opinion. We recommended certain reductions for reasons that seemed good and sufficient to us, and which we have explained in detail.

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Those reductions on a great deal of that portion of the schedule will not under normal conditions be competitive for the simple reason that on the coarse yarns no reasonable duties would be competitive anyhow. I think we all admit and understand that. Yet, there are times, when reduced duties will become competitive, and then those reductions should certainly be considered in proportion to the volume of the production affected by them. And so we claim that the proper coefficient be applied to the rates under each group that such group bears to the total production, a coefficient of 50 being given to the rates up to 20's-42½ to rates on the 20's-40 group, and a coefficient of only 70½ on the fine yarn group of over 40. The appended tables fully illustrate our point; these tables naturally are not figured out according to our grouping of rates, for that is not the issue here, but are figured out on the groupings of coarse, medium, and fine, to which these coefficients of production apply.

And so, it will be seen that after all a proper comparison of the present rates to our proposed rates is not 19.33 per cent to 19.45 per cent, but 18.50 per cent to 14.95 per cent for single yarns in the gray; and, the comparison on yarns advanced over singles is not 31.56 per cent to 33.22 per cent, but 23.93 per cent and 19.90 per cent.

When viewed in this light the reductions that we propose in yarn rates are considerable, bearing in mind that they are low to start with: no such reduction in yarns could possibly be made as we are offering in cloth for the reason that existing yarn rates are very much lower than comparative cloth rates which have been in many cases so extraordinarily high.

A careful analysis of a similar comparison that will be submitted by Mr. Parker for the cloth schedule will disclose the fact that our proposed yarn rates are quite reasonable, considering all that we have heretofore said on the general subject of yarn—and which I would not consume your time by repeating.

On this basis of comparison, it is apparent without detailed figuring that if you decide to make a reduction of 2½ per cent on the rates we have suggested for No. 40's yarn and below that the total percentages will be reduced nearly by that full amount on account of the fact that that reduction would apply to 92½ per cent of the whole; and, the fine yarn rates, the ones which we asked you to maintain, constitute only 7½ per cent of the whole.

The following tables speak for themselves:

TABLE I.—Showing rates on cotton yarns suggested by the American Cotton Manufacturers' Association compared to existing rates under the act of 1909.

YARNS, SINGLES IN THE GRAY.

Yarn numbers by groups.	Imports, fiscal year 1912, value.	Duties.			
		Act of 1909.		American Cotton Manufacturers' Association.	
		Amounts collected.	Ad valorem equivalent.	Amounts calculated.	Proposed ad valorem rates.
Not exceeding No. 20 (coarse).....	\$5.00	\$0.95	Per cent. 19.00	\$0.56	Per cent. 11.25
21 to 40 (medium) (including No. 26 equivalent).....	24,712.00	3,961.61	16.03	4,324.60	17.50
41 and above (fine).....	8,298.00	2,420.26	29.17	2,098.20	25.28
	33,015.00	6,382.82	19.33	6,423.36	19.45

YARNS, ADVANCED OVER SINGLES IN THE GRAY, ETC.

			Per cent.		Per cent.
Not exceeding No. 20 (coarse) ¹	\$110,515.00	\$25,011.82	22.63	\$19,340.12	17.50
21-40 (medium).....	271,008.00	64,990.58	23.98	60,976.80	22.50
41 and above (fine) (including No. 46 equivalent).....	3,524,708.00	1,142,385.94	32.41	1,217,069.35	34.53
	3,905,231.00	1,232,388.34	31.56	1,297,386.27	33.22

¹ Up to No. 24 has been used as they are the only records available.

² Average of 10 and 12½ per cent.

³ Twenty-five per cent on \$7,824 and 30 per cent on \$474.

⁴ Thirty per cent on \$320,571, 30 per cent on \$876,692, 35 per cent on \$1,462,391, and 40 per cent on \$865,134.

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TABLE II.—*Showing reductions in rates suggested by the American Cotton Manufacturers' Association compared to present rates, act of 1909.*

YARNS, SINGLES IN THE GRAY.

Yarn numbers by groups.	Production coefficient.	Act of 1909 rates and average rate.	American Cotton Manufacturers' Association rates and average rate.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Not exceeding No. 20 (coarse).....	50	50 by 19.00= 950.00	50 by 11.25=562.50
21-40 (medium).....	42½	42½ by 16.03= 681.26	42½ by 17.50=743.75
41 and over (fine).....	7½	7½ by 29.17= 218.77	7½ by 25.28=189.60
Total.....	100	18.50	14.95

YARNS, ADVANCED OVER SINGLES IN THE GRAY, ETC.

Not exceeding No. 20 (coarse).....	50	50 by 22.63=1,131.50	50 by 17.50=875.00
21-40 (medium).....	42½	42½ by 23.98=1,019.15	42½ by 22.50=856.25
41 and over (fine).....	7½	7½ by 32.41= 243.07	7½ by 34.53=258.97
Total.....	100	23.94	19.90

Thanking you in advance for your careful consideration of this communication, which, in the light of recent events, seems to us to be the most important one of the series which we have sent you upon which to rest our case, I beg to remain,

Very truly, yours,

STUART W. CRAMER,
For Tariff Committee, American Cotton Manufacturers' Association.

TESTIMONY OF LEWIS W. PARKER.

Lewis W. Parker, having first been duly sworn, testified as follows:

Mr. PARKER. Mr. Chairman and gentlemen, in an editorial appearing in the Boston Herald of about a year ago I was criticized as an anomaly because I, as a cotton manufacturer, favored reduction in duties. Anticipating the questions by the gentleman from Connecticut, I will explain that I did so for two reasons: In the first place, because I am an American citizen who takes an interest in the welfare of his country, and I do not feel I am called upon because I am in an industry necessarily to antagonize the interest of what I regard to be that of the community. Secondly, I do not claim to be altogether public spirited. As a business man and as a manufacturer, I have for years felt that the tariff is to-day too high; that it has had a retarding rather than a beneficial interest in the promotion of the interests of the United States, and having myself invested in the industry of cotton manufacture I did not feel that I was going adverse necessarily to the interests of my friends and fellow manufacturers when I advocated the policy which seemed to me to advance my own interests. Therefore I claim no excess of public spirit. I simply advanced a policy which seemed to be sound and in accord with my own interests.

Now, in presenting to-day, as the American Cotton Manufacturers' Association does, a schedule to your committee we do so recognizing two things: First, that it is incumbent upon us to show in that schedule that we are making a suggestion of reasonable reduction in the tariff as now existing, because we understand and appreciate that the

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majority of the committee are, I may say, determined if it can be done in justice to the community to cause a reduction. Consequently we have outlined our schedule and suggestion upon the basis that so far as the duties affect the classes of goods which appeal to the great masses of citizens, and that so far as they affect the classes of goods which the great majority of the people use, we must expect to make reductions in a very considerable amount, and that perhaps there is not the same necessity to consider reductions in the classes of goods which are worn by those of better means.

Therefore, I may surprise even the worthy chairman of this committee when I tell him that the schedule we submit as to the great mass of products worn by the great mass of people is below even the schedule suggested in his own bill. We have divided, and suggest to your committee a careful consideration of that division of rates, somewhat different from that made by your own committee. I have a few copies of it here, if you desire to follow it as I go along.

We suggest a division based upon the character of the cloth, and in basing it on the character of the cloth it very naturally, as I said a moment ago, will be found that the great reductions suggested by us apply to the cheaper and the more common articles. For instance, we suggest a class one, to include all cotton cloths, including calicoes, sheetings, or plain weaves, but not including coarse stripes, checks, plaids, or figures made entirely of single yarns, except selvages in the grey. Now, we start with goods containing yarns 1 to 9, 10 per cent, where the Underwood bill is 15 per cent; goods containing yarns from 10 to 19, $12\frac{1}{2}$ per cent, where the Underwood bill is 15 per cent; goods containing yarns from 20 to 39, 15 per cent, just in accord with the Underwood bill. Now, above that, 40 to 60, 20 per cent; 60 to 90, 30 per cent; 100 and over, 30 per cent.

The Underwood bill is above us on numbers below 40. It is under us on numbers above 40.

Now, why do we make that distinction? In the class of goods in which we recommend a reduction as against the Underwood bill are classes like duck, osnaburgs, sheetings, and print cloths, because those are the classes which experience has told us we have advanced sufficiently in manufacturing to be to-day on a somewhat reasonably competitive basis with foreign manufacturers. However, I do not want to inject in any sense partisan views, but I may say personally that there are in our committee some who adhere to the views of the party in power, and we have believed that a tariff for revenue might reasonably be considered as imposing a minimum of a 10 per cent duty; and therefore we have started with a tariff of 10 per cent as a minimum and build up from that 10 per cent. I do not think that I misquote what may be called Democratic doctrine when I say that as far back as 1830, in the discussion of Calhoun and Webster controversy, in the days of nullification—and perhaps I may add just by way of parentheses that I may have gotten my views somewhat by descent, because my grandfather was a leader in the cause of nullification, and my father, of course, was a Confederate soldier—nevertheless, I say, in the debate of Calhoun and Webster for the reduction duty, 20 per cent was the minimum suggested. We have suggested, under changed conditions, 10 per cent, believing that a 10 per cent basis on this cheaper cloth would make a competitive relation

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to this extent—not that I would claim for one minute that the goods will be imported under all conditions at 10 per cent, but that at least that 10 per cent would prove an experimental basis of duty in America and would keep the price down to a reasonable level.

Mr. JAMES. Mr. Clay recommended an average tariff rate of 20 per cent.

Mr. PARKER. Well, we start at 10 on the average goods. We go somewhat above that basis on finer goods.

The CHAIRMAN. I will say, in passing, that when we wrote this bill we really were making a reduction on those wares of an average of 32 per cent, and we were trying to be somewhat conservative in our reductions.

Mr. PARKER. Not only that, if the chairman will permit me, I think with all deference to himself, and I am certain I can say with regard to my own action that I have availed myself, and so has our committee in making these suggestions to you, of the work of the Tariff Board which came up subsequently, and I do not want to-day to appear egotistical, but I think the chairman will bear me out when I say that if he will review the correspondence between myself and the members of the Ways and Means Committee in those earlier days of two years ago, he will find that the suggestions made by me as to the reductions correspond pretty well with what the Tariff Board subsequently determined; if he will read my letter of April 21, 1911, afterwards confirmed, he will also find the rates pretty well borne out by the Tariff Board. At the same time you did not have the foresight, and we did not have the foresight, and we could not make a suggestion to your committee that would follow the suggested action of the Tariff Board afterwards, and therefore we have revised our suggestions to you, based upon the subsequent report of the Tariff Board, that came into my hands.

The CHAIRMAN. I will say that we will be glad to have any suggestions that you can offer, and we hope that we may always have rates that will not be an injury to your industry.

Mr. PARKER. We take this position: I recognize—and I may say to the committee that when I say "I" it means the committee—the committee recognizes the fact that we must have a condition of competitive production, and therefore we have endeavored to make a schedule which in our judgment is as nearly a competitive relation as we can suggest to you.

Mr. LONGWORTH. Is this true or not, that a general schedule which would be fairly protective of the cotton industry in Massachusetts would be excessively protective of the industry in the South?

Mr. PARKER. It would to an extent, Mr. Longworth, so far as my suggestions go, I admit very frankly that the idea of protection does not enter into it. Personally, I have never been a protectionist, and do not pretend to be one now. I have endeavored to form the suggestions with regard to a tariff for revenue, making such a schedule as would permit reasonable importations without injury to the manufacturer, and yet sufficiently low to prevent extreme prices to the consumer.

Now, I say to you gentlemen that for the years 1906 and 1907—and I say it as a manufacturer, and it is the basis to-day of every

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position I have taken on the tariff as a manufacturer—the greatest curse that has ever befallen us as manufacturers were the extreme prices which came to us in the years 1906 and 1907. It has taken this industry five years to recover from that; that is, the prices of 1906 and 1907. The industry has not recovered as yet. You can not get the nerve into the buyers to-day, and they won't get the nerve until they feel that conditions will not arise where there will be a collapse in prices.

Mr. FORDNEY. Was the tariff law responsible for your high prices in 1906 and later years?

Mr. PARKER. In my judgment; yes, sir.

Mr. FORDNEY. Then why is it not so to-day?

Mr. PARKER. I will tell you. In 1906 and 1907, if there had been a basis in the schedule as we outline here, the minute the price of cloths got at all abnormally high there would have been such a large importation that they would have at once checked the increased price, and I never have seen the condition which I saw in selling my friends cloths which normally sold at 22 to 27 cents. I sold them in 1907 at 44 cents per pound.

Mr. FORDNEY. How long have you been in business?

Mr. PARKER. Fifteen years. I am still a child.

Mr. FORDNEY. Has your business been fairly prosperous in that time?

Mr. PARKER. I have had just what every other manufacturer has had, and that is what I complain of. I have had a cycle of two years with abnormal profits, as a rule, and a cycle of two years of a rather unsatisfactory business, and two years of unprofitable business.

Mr. FORDNEY. In the 15 years you have been in business, how many times has your company paid dividends?

Mr. PARKER. I have tried to pay dividends every year. I have passed with some of my companies. Take the first company that I was president of, the Victor Manufacturing Co. In its history of 15 years, I am pleased to say, it has never passed a dividend. It has paid 8 per cent—

Mr. FORDNEY. You have in the South some 14,000,000 spindles, have you not?

Mr. PARKER. About 12,000,000 spindles.

Mr. FORDNEY. Has that industry been prosperous, and have they been paying dividends for the last 15 years?

Mr. PARKER. That industry, I should say, to-day is not generally prosperous. That industry for the last five or six years, I would say, has not been generally prosperous.

Mr. FORDNEY. Is it not true that during the past 15 years many of the cotton mills of the South have gone into the hands of receivers and gone out of existence because of no profits?

Mr. PARKER. I am sorry to say that is so. I can not make a profit under present conditions, and I have been considering a change that might perhaps relieve the conditions and enable me to make a profit.

Mr. FORDNEY. You are not making a profit to-day, but you are making a lower rate of duty so that you can get greater importations and more competition?

Mr. PARKER. No, sir; I do not want to be misunderstood on that. My position is that, under the experience of the tariff, there is no

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inducement for me to go out and seek a foreign market to develop a foreign trade; that as soon as I had developed a foreign trade, then in the cycle of years, as I have pointed out, the prices in America would become extreme, and I would be, under those circumstances, just as weak as any other man. I can not continue to develop that foreign trade, getting 5 cents abroad, if I can get 6 cents in America.

Mr. FORDNEY. Now, my friend, when we are importing from \$60,000,000 to \$80,000,000 annually, would it not be much better for you to take care of the American market than the foreign, where you come into competition with much lower-paid labor than you have?

Mr. PARKER. I think that they will find that in the class of goods—certainly, those that I make—we are not to-day importing any \$60,000,000 or \$80,000,000 worth. As a matter of fact, in prices which we make any reduction in we have done so in order to make competition for the present, because, carrying out the policy, we feel that with a competitive tariff, as a matter of fact, there are no imports practically of goods, taking the general figures of these coarse heavy yarns of 1's to 40's.

Mr. FORDNEY. The importations are of a higher grade of goods?

Mr. PARKER. Yes, sir; of a higher grade of goods.

Mr. FORDNEY. That require a greater amount of labor per yard than the low grades?

Mr. PARKER. Yes, sir.

Mr. FORDNEY. Now, the very reason that the high-grade goods are imported is because your foreign operator has a class of labor that he pays much less money than you pay your labor, and therefore that labor enters more largely into the productions. You can not compete with the foreigner; is that not right?

Mr. PARKER. I would not state it in quite such broad terms.

Mr. FORDNEY. That is where your competition comes from, is it not?

Mr. PARKER. I would say, as a general proposition, that the greater proportion of labor there is in any particular piece of fabric the less are we able favorably to compete with the foreigner.

Mr. FORDNEY. What proportion of the cost of your finished goods is labor?

Mr. PARKER. It depends entirely upon the class of fabric that is made at different mills. I control 16 mills. In those mills I have various classes of fabric ranging from the cheapest osnaburgs, referred to here, to what is reasonably fine—not as fine as the finest.

Mr. FORDNEY. But I mean what proportions of labor is employed?

Mr. PARKER. The proportion of the labor would range from about, I would say, 8 to 10 per cent in the osnaburgs and to probably 25 per cent in the finer goods.

Mr. FORDNEY. So that when your finished products are turned out there is from only 8 to 10 or 25 per cent of the value of those goods in labor?

Mr. PARKER. I would say that is about the average range. There are some where the labor ranges much more.

Mr. FORDNEY. Supposing in that class of goods, the finer or high grade?

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Mr. PARKER. Yes, sir. Now I will explain. In our special schedule, we have not failed to give—I would not use the word “protection” but at least to recognize the difference in condition.

Mr. FORDNEY. Being a Southerner, you do not like the word “protection”? [Laughter.]

Mr. PARKER. In class 2, we provide for what may be called the figured work—stripes, checks, colors, etc. Now following out our list, we advance the rate of duties in this case from a basis of 10 per cent to one of 15 per cent.

The CHAIRMAN. You did not go any further than class 1. I would like you to take up this class 2.

Mr. FORDNEY. I would like to ask just one question. How many spindles have you had working in the South in the 15 years since you went into business?

Mr. PARKER. I think, speaking from memory, there were about 4,000,000 spindles.

Mr. FORDNEY. And now you have 12,000,000?

Mr. PARKER. Yes, sir.

Mr. FORDNEY. So you have increased from 4,000,000 to 12,000,000 under a high rate of protection?

Mr. PARKER. That is right.

Mr. FORDNEY. Do you think you would have had that increase under a lower rate, or under free trade?

Mr. PARKER. I think it would be entirely a matter of academic discussion if we should undertake to discuss all that has happened in this country, where we have not had free trade for 100 years.

Mr. FORDNEY. But you know you have prospered under protection?

Mr. PARKER. That is a question that I may answer from a personal standpoint. I do not assume that the cotton mills in the United States to-day are prospering.

Mr. FORDNEY. No, neither do I; but they have been building up.

Mr. PARKER. Yes, sir; for various reasons, and I will tell you why. The question was asked a friend of mine how to build cotton mills in the South, and his explanation was that the treasurer was the only man who is going to get the salary, and he raised a great deal of enthusiasm in the community and raised subscriptions in the community, and he got the position. I will say to you in all seriousness that the cotton mills in the South are of that character. The man wanted the job at first and afterwards there had to be a reorganization.

Mr. FORDNEY. The demand for American-grown cotton since you went into business has doubled and trebled, has it not?

Mr. PARKER. The demand of the United States?

Mr. FORDNEY. The price; not the demand, but the price paid for raw cotton in this country since you became engaged in that business has not only doubled, but much of the time trebled in value, has it not?

Mr. PARKER. The first one manufactured, we did so on the basis of 4 $\frac{3}{4}$ -cent cotton. I have paid—

Mr. FORDNEY. You have paid as high as 17 cents?

Mr. PARKER. No, sir; I have tried to use better judgment than that. I have tried to get it at not above 13 and 14.

The CHAIRMAN. Now, take up the second class.

Mr. PARKER. Now, passing from class 1—

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Mr. HARRISON. Let me ask you one question before you pass from class 1. Our bill started with 50 as a classification?

Mr. PARKER. No; you start 1 to 50.

Mr. HARRISON. You are starting from 1 to 40?

Mr. PARKER. I want to explain that.

Mr. PALMER. You range from 1 to 9?

Mr. PARKER. From 1 to 9, 10 to 19, and 20 to 40—1 to 9 represents a wholly distinct class of goods. For instance, take duck, and goods of that character. When you go from 10 to 20 you are in the sheeting goods. They are wholly different conditions. When you get into 20 to 40 you get what we term general medium weight cloths, and there you have a wholly different use and a wholly different manufacture.

Mr. HARRISON. Now, proceeding to a further subdivision, such as suggested in the classification, what effect would it have upon the imports, and, secondly, upon the revenues, if we were to begin with only a 5 per cent ad valorem tax on 1 to 9, and 10 to 20?

Mr. PARKER. That just depends entirely upon circumstances. My own judgment has been, and it is to-day, as I said a moment ago, that we can go to an extreme in the policy of tariff revenue as we can get an extreme in the policy of protection. I do not regard any tariff as a tariff for revenue which does not impose a reasonable tariff of 10 per cent. I do not think the cotton manufacturing industry should be selected as the industry in which most extreme reductions are to be made because it is an industry absolutely free in competition. Every manufacturer is as free as the air itself to make any class of goods that he may desire, and I say because I do not think we have general efficiency in that regard in the cotton manufacture, we have shown ourselves free from any charge of trusts or monopoly—that we ought not to be picked out—one industry to be picked out from any other that you have in the schedule.

Mr. HARRISON. In what class in your subdivision would our export cloth come?

Mr. PARKER. That is from 1 to 9 and 10 to 19.

Mr. HARRISON. Is it not very probable that even under the free-trade basis you would have very little importation in 1 to 9 and 9 to 20?

Mr. PARKER. I think there would be importation under only one condition, that the prices became unreasonably high in America, and it is my judgment—because it stands to reason if we are exporting 3 yards of sheetings made of yarn, and 10, 14, and 15—exporting it to China or to Arabia or to South Africa, and exporting them practically all the time—it stands to reason we can meet those goods at home without any injury, but that while that is the case, a time will come when there will be a depression abroad and the time will come when prices abroad are below what we can possibly live on, and such a condition has been my experience more than once. I do not think it is fair, to come down to it, and pick out the cotton mills industry under these conditions, expose us to depressions of the foreign trade every time. We have had depressions enough of our own. Therefore, I say, give us a reasonable duty of 10 per cent which protects the manufacturer against production abroad.

Mr. LONGWORTH. You want to revise the tariff?

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Mr. PARKER. I will withdraw that word. I will not put it in that way—well, any low revenue to the Government [laughter], in the event of prices becoming at all high, and yet will give low prices to the consumer at all times.

Mr. LONGWORTH. Of course the cloths in 1 to 9 are a much more highly manufactured product than machine tools, for instance, are they not?

Mr. PALMER. That are made in Cincinnati. [Laughter.]

Mr. PARKER. I do not suppose there is any product in the United States except cotton and wool in which the relation of production has the same relation of cost of plant as that of cotton and therefore you ought to consider the fact that a cotton mill costing a million dollars can not turn out in a year more than \$750,000 worth of products, and therefore you ought to consider the question of the cost of the plant in connection with that.

Mr. LONGWORTH. I am in favor of giving reasonable protection. I used the word "protection," whether it be in North Carolina or in Cincinnati.

Mr. HILL. You stated that there are no combinations or trusts in the industry.

Mr. PARKER. To the best of my knowledge, as I say.

Mr. HILL. You have a combination of 16 mills, have you not?

Mr. PARKER. Not a combination; no, sir. I have 16 mills having an aggregate spinnage of 525,000, which is just about one-sixtieth of the spindleage of the United States, or just about one and one-half per cent of the spindleage of the United States.

Mr. HILL. Where are they located?

Mr. PARKER. They are located in South Carolina, within a few miles of my residence.

Mr. HILL. I congratulate you on your success.

Mr. PARKER. There are 125,000 spindles to the plant in the aggregate, which is just about the size of one plant in Fall River—it is just about the size of the R. B. Knight Mills in Rhode Island—

Mr. HILL. What proportion of your employees are women?

Mr. PARKER. I have not the figures before me, but I do not think over one-third.

Mr. HILL. What proportion are children?

Mr. PARKER. I should say—I ought to, perhaps, be better informed on that; I do not have that particular department of the work—but I should say probably one-sixth.

Mr. HILL. Is there any restriction as to the use of children employed in your mills by the State law?

Mr. PARKER. There is.

Mr. HILL. What is it?

Mr. PARKER. Twelve years, minimum.

Mr. HILL. Is there any restriction on night work for women and children?

Mr. PARKER. There is.

Mr. HILL. What is it?

Mr. PARKER. They can not work after 9 o'clock at night, and then except to make up 60 hours a year on account of breakdown.

Mr. HILL. And you can not work children up to 12 years after 9 o'clock in the evening?

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Mr. PARKER. No, sir; not to exceed 60 hours during the year, and not to exceed 11 hours in any one day.

Mr. HILL. What is the comparative rate of wages in the mills which you—no; I will not ask you that—in the mills of South Carolina, compared with the mills of Massachusetts?

Mr. PARKER. I have always thought that the wages in the mills of South Carolina were less than they were in the mills of Massachusetts, but in the memorial presented to the Ways and Means Committee by the committee which was equally composed of northern and southern men, and had gotten a number of Massachusetts manufacturers—to my great surprise it was stated that there was no difference in cost. I still think they are wrong, and I will say that in my judgment the labor cost in Massachusetts is 10 per cent higher than in South Carolina.

Mr. HILL. You will accept the statement of the Tariff Board that they are very, very, very much lower in the Southern States than in the Northern States, will you not?

Mr. PARKER. I do not think the Tariff Board makes that statement.

Mr. HILL. Well, I will read it to you.

Mr. PARKER. I do not think it says "very, very, very much."

Mr. HILL. Table 210, in which the hourly earnings in different occupations in the cotton industry are given as follows: Females: Great Britain, 100; Southern States, 142.5; Northern States, 178.6.

I shall not take up the time of the committee to go through the whole list, but I would call your attention to table 210 in the report of the tariff board, by which, I think, you will see that the wages in the United States are nearly double the wages of Great Britain, and are in the Northern States on an average 50 per cent higher than they are in the Southern States.

Mr. PARKER. I do not so read the table.

Mr. HILL. I commend the table to you for consideration.

Mr. PARKER. I am glad to say that I have studied it very hard before.

The CHAIRMAN. You say you have studied this tariff board report as to the wages in the South and North?

Mr. PARKER. I have.

The CHAIRMAN. And you do disagree with Mr. Hill in what he says?

Mr. PARKER. I do not agree with Mr. Hill's statement that the tariff board's statement says that the cost of wages in the South are "very, very, very much" lower than they are in the North. I agree with Mr. Hill's statement that there is a difference in the wage North and South.

Mr. LONGWORTH. You object to the two "verys"?

Mr. PARKER. I should say lower.

The CHAIRMAN. You think the difference is about 10 per cent?

Mr. PARKER. I think the difference ranges from 10 to 20; probably in some cases it is as high as 25, but certainly in the average case as high as 10.

Mr. HILL. I think you are very much mistaken, and they are very, very much. I would like to ask you this question. You stated you accepted this tabulation—and by the way, I want to congratulate you on your classification. When the bill I had the honor to prepare

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was submitted, I was much criticized by a gentleman whom I think has business relations with you, that the classification could not be made on the basis of plain weaving and figured weaving, etc. I notice you have taken that in making up the bill with your recommendation to the committee. Do you think that is a sound proposition?

Mr. PARKER. I may have, of course, failed to understand your bill, but I do not find in that bill any distinction between plain weaving and figured weaving.

Mr. HILL. Then I think you have not read the bill. I will read paragraph 5:

Cotton cloth, plain woven, in the grey, or bleached, dyed, colored, stained, painted, printed, mercerized, or otherwise finished, containing not more than five square yards to the pound, etc.

Paragraph 6:

Cotton cloth, fancy woven, in the grey, or bleached, dyed, colored, stained, painted, printed, mercerized, or otherwise finished, containing figures, produced by various weaving devices known as dobby, etc.

Mr. PARKER. Please read paragraph 5 again.

Mr. HILL (reading:)

Cotton cloth, plain woven, in the grey, or bleached, dyed, colored, stained, painted, printed, mercerized, or otherwise finished, containing not more than five square yards to the pound, etc.

Paragraph 6:

Cotton cloth, fancy woven, in the gray, or bleached, dyed, colored, stained, printed, etc.

Mr. PARKER. May I interrupt you one minute? Under your section, how would this piece of goods I have on, this shirt, come in? Is that a figured shirt?

Mr. HILL. If you will take it off and let me examine it I will tell you. [Laughter.] Now, Mr. Parker, I do not want you to think that in asking you these questions I have any criticism to make of you.

Mr. PARKER. I understand.

Mr. HILL. I am heartily in favor of giving you every ounce of protection you need, whether you call it protection or revenue tariff, as well as every cotton manufacturer; but do you not recognize that with an increasingly high duty—one that you do not need on the fabric—it is carried right straight through, and must be, into the finished product that the people of this country buy in the way of the shirt which you have on—and which you have suggested—in the way of collars that men wear, and everything of that kind—that you ought to add the difference in the cost of production, with the doubt on your side every time; is not that fair?

Mr. PARKER. That is entirely a questionable statement of policy. Personally I do not believe in basing a tariff on the alleged difference in cost. In my own judgment it is an impossible basis. I think the test—the proper test—is at what particular duty will there be a fair competitive relation between the foreign product and the domestic product.

Mr. HILL. Very well; we will take it that way. I want to ask you if you do not figure the cost of goods before you sell them?

Mr. PARKER. I always do if I can.

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Mr. HILL. Then why is it not just as possible to figure the duty on comparative cost as in a mercantile transaction if carried on on the basis of the respective cost?

Mr. PARKER. The only question is, What is to determine the questionable cost?

The best way to determine what can be done by two sections or two countries is to show what is done under a particular tariff. If the tariff is 10 per cent, the imports come in—

Mr. HILL. We will take it on that basis, but won't you agree with me that these gentlemen in making up their tariff bill have got to start on some fair basis for the foundation of the fabric in order to reach a conclusion on the higher finished products?

Mr. PARKER. That is what we have undertaken to do, and that is why we suggest 10 per cent as a minimum basis. I do not want to be misunderstood here, and ask my friends in the East to bear me out or not in this statement; I am not seeking to make any suggestion which is favorable to the southern manufacturer as against the eastern manufacturer. On the contrary, I think my friends from the East who are going to appear here will tell you that the tariff which we have suggested cuts, in a degree never before attempted, southern products, and have allowed a relative degree of protection—if you want the word—in eastern products that have never before existed.

Mr. HILL. Of course you know that there is a considerable cotton industry in the State from which I come. I fully concur in your views. I probably will be criticized for making the bill I made, but I made it absolutely on the basis of the findings of the Tariff Board. Now, were they just, were they fair? You started with 10 per cent.

Mr. PARKER. You started with 5.

Mr. HILL. Do you make duck?

Mr. PARKER. No, sir; I do not make duck at all.

Mr. HILL. You make heavy sheetings, of course—

Mr. PARKER. We do, in limited quantities.

Mr. HILL. The Tariff Board shows that the American costs, including selling expenses, or American selling prices on sample No. 4, heavy sheeting, was $5\frac{6}{10}$ cents.

Mr. PARKER. Yes, sir.

Mr. HILL. That the English cost for the same thing was $7\frac{1}{2}$ cents, leaving the selling price $7\frac{1}{2}$ cents as compared with the American selling price of $5\frac{6}{10}$, and that without any reference to duty, the English price being the price abroad and the American price being the price here. Do you dispute that?

Mr. PARKER. No, sir; except in part. I told you to-day that the great mass of the cotton productions are sold to-day in England higher than in America, but I told you at the same time that the profit on the English manufacture is many thousands of dollars. The reports show that the English mills are paying dividends of from 10 to 100 per cent; there are very few cotton mills in the United States making a dollar, and it is because of that fact, because we see the English mills making money on a wide market, that I say we must change our conditions so that American mills will have the same wide market.

Mr. HILL. Then your purpose in making a high rate of duties is ultimately to advance the price to the English price?

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Mr. PARKER. Making it higher?

Mr. HILL. Yes; higher than would be suggested by the report of the Tariff Board, is because you desire an advance in the prices?

Mr. PARKER. No, sir; that is the same question again. I do not think we have suggested a rate which is any higher than that suggested by the Tariff Board.

Mr. HILL. The rate which I have suggested was 5 per cent. There was nothing in the Tariff Board report that justified even that rate, not a thing.

Now let me ask you this: Taking those goods under your class 1—under your class 1 there is an average difference in favor of the American manufacturer to-day; I mean less cost or less selling price in favor of the American manufacturer—an average of about 20 per cent below the English selling price?

Mr. PARKER. Yes, sir.

Mr. HILL. So that in addition to that margin which now exists of 20 per cent, or which did exist in 1911, you think there should be a duty of 10 per cent in addition to that?

Mr. PARKER. I would not, if that were the normal condition. I will state to you frankly that if you want the cotton manufacturers of the United States to suffer from the depression that occurs to the cotton manufacturers of England, then put your tariff of 5 per cent into this bill. If, on the other hand, you want to have a condition under which there will be a limitation of prices to the consumer so that the American mills can not be unreasonable to a consumer, but at the same time the American mills can not be subjected to the rest of the depressions abroad—then adopt my schedule.

Mr. HILL. Would not a 25 per cent margin be sufficient?

Mr. PARKER. On what class of goods?

Mr. HILL. That class of goods—class 1 of your schedule.

Mr. PARKER. It varies according to the character of the goods. I will state to you that if you want to pick out a policy which will injure the mills of Connecticut and Massachusetts—and, as is claimed by some people, but I think unadvisedly, that the effect of my suggested tariff is to build up the South to the disadvantage of New England—all I say to you is write the bill which you suggest into law.

Mr. HILL. How about the bill which the gentleman on the other side of the table suggests?

Mr. PARKER. I think the bill as suggested by the other side of the table two years ago was an excellent bill under the conditions and the knowledge we had two years ago. With the change of conditions and greater knowledge brought about by the report of the Tariff Board, I think there are some modifications that we can make in the Underwood bill.

Mr. HILL. You are familiar with the cotton industry generally, are you not, in the South?

Mr. PARKER. I try to be.

Mr. HILL. Do you not think the bill which was drawn and passed by the majority of the House of Representatives would be absolutely destructive of the knit-goods industry in this country?

Mr. PARKER. I know nothing of knit goods.

Mr. HILL. Do you think that bill was fairly balanced between the lower grades of cotton goods and the finer finished fabrics?

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Mr. PARKER. I have only to say what I said to the chairman of this committee two years ago when he asked me before some other members of this committee to express an opinion as to what the duty should be on certain knit goods—I told him I did not know anything about it.

Mr. HILL. You see that the margin of difference in 1911 was about 20 per cent?

Mr. PARKER. In 1911 the mills of the United States were under a restricted market, and, under a policy of extreme protection, were having not unparalleled success, but were having great misfortunes befalling them.

Mr. HILL. You make the distinction between finished, mercerized, etc., of a 5 per cent rate of duty, precisely the same as is made in the bill of the majority?

Mr. PARKER. That is right.

Mr. HILL. Do you deny the accuracy of the statement made by the tariff board that there should be practically no allowance made in the tariff rate from finished to unfinished goods, in that reduction?

Mr. PARKER. I have never seen such a statement in the report and do not think they express an opinion. I have seen a report to the effect that bleaching and printing were not higher in America than abroad, and whilst that is the case, following out that policy of revenue, not cost—following out the policy of tariff for revenue, I feel that the product which is advanced by mercerizing or other finish is the class of product that goes to the consumer of the higher class rather than those of the plain gray goods—I feel that that class of goods should bear an advanced duty over the ordinarily cheap goods in the gray.

Mr. HILL. Why should we do so? Was not the great criticism made in the cotton schedule in the Payne bill on the article of mercerization?

Mr. PARKER. The most severe criticism was made on the article of mercerization, because it took that single item and gave it an enormous increase of duty, whereas, under the suggested bill which we made, there is an increase of 5 per cent only for the combined matters—bleaching, coloring, and mercerization—and to other process of finish after the cloths were once manufactured.

The CHAIRMAN. And you think when Mr. Hill wrote that article of mercerization it was absolutely unjustified?

Mr. HILL. You need not ask Mr. Parker. I will concede it myself. But I wish the chairman and Mr. Parker to understand that it was written in there, and I voted for it with the best possible information that we could secure at the time, and when that information was invalidated I took it out and our Democratic friends, with the information before them that it was not correct, left that in.

The CHAIRMAN. Oh, no; I corrected that this morning. We did not. There is no item in this bill that puts mercerization under their basis except dyeing and bleaching that you carried in your tariff bill and carry now. Mercerization is wiped out.

Mr. PARKER. You did not individualize mercerization. You grouped it with one or a dozen processes of subsequent manufacture.

Mr. HILL. What would the cotton cloth which is rated at 30 per cent here under your schedule—your class 1, plain in the gray—be worth?

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Mr. PARKER. I did not work under all that class of cases.

Mr. HILL. I know, but which ones?

Mr. PARKER. I will tell you very frankly—

Mr. HILL. A yard, I mean.

Mr. PARKER. I will tell you very frankly, as well as I can. In the schedule, which I myself would have suggested, at the outset had put that less than 30 per cent. I had a couple of honest opinions of men, who told me they could not equalize process conditions with less duty than 30 per cent, and we put them at 30. I think that piece of goods would sell at approximately, I should say, 8 cents a yard in the gray [indicating]. Is that right?

Mr. HILL. It is numbered 100 and over.

Mr. PARKER. Mr. Lanshaw, who is thoroughly familiar with that, says it is about 6 cents in the gray.

Mr. HILL. And under your schedule, if that were simply bleached and mercerized, not dyed at all, it would have a 10 per cent additional duty. Do you think it ought to have it?

Mr. PARKER. Under my schedule they have 10 per cent over what?

Mr. HILL. Over what it would in the gray, 10 per cent ad valorem.

Mr. PARKER. Where do you get that statement?

Mr. HILL. I get it from your schedule here—by any one or more processes, including mercerizing, 40 per cent, where it used to be 30.

Mr. PARKER. One hundred and over. That is an advance of 10 per cent; yes, sir.

Mr. HILL. Do you think it ought to be to represent the difference in cost of production?

Mr. PARKER. I think that we are producing it with a difference in cost of production. That class is imported to-day in large quantities, yarn over 100. Now, do you want to keep down your revenue on that class of product, reducing the duty from what it is now to below 30? The duty on that piece of goods—what number is that?

The CHAIRMAN. You agree with us that the actual importations are the best test?

Mr. PARKER. That is the only test with goods made from yarns over 100. Importation has brought into America large quantities. Therefore we apply the duty, not with a view to representing the difference in cost as much as to put the two matters on a competitive relation. You can destroy the competition just as much by killing the domestic industry as you can by prohibiting importations. In my efforts I have tried to take a bill which will allow reasonable importations under certain conditions.

Mr. HILL. But the same distinction is drawn with the low grades, starting with No. 9—5 per cent difference for mercerization.

Mr. PARKER. Because, as I have said before, I feel that when you go into advanced processes of manufacture you can reasonably expect it to yield an advance of revenue.

Mr. HILL. Then, in making up this schedule, you have ignored entirely the Tariff Board report and made it what you think to be on a fair commercial basis?

Mr. PARKER. On the contrary, from my judgment, in making up this tariff we conformed with the Tariff Board report, and have put suggested tariffs at those prices that recognize the difference of cost in conversion and will yield a revenue under normal conditions.

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Mr. HILL. But the sample I gave you gives you a margin of 50.9 per cent between the American selling price and the English similar fabric imported with the duty of 5 per cent on it.

Mr. PARKER. Let me illustrate my position by an extreme illustration of cloth. Everyone of you is familiar with the tracing cloth, a cloth used by architects and draftsmen—

Mr. HILL. Why not take the print cloths. People do not buy much tracing cloth.

Mr. PARKER. I stated that I wanted to use an extreme illustration to illustrate, and I have now in the tracing cloth. The product of tracing cloth to-day in America is approximately 20 per cent. The duty under the Payne-Aldrich bill is 50 per cent. The only effect of reducing the duty on tracing cloth from 50 per cent to 30 would be to destroy revenue and also at the same time to destroy competition.

Mr. HILL. Of course you will admit that the question of tracing cloth is not in this first classification.

Mr. PARKER. No, sir.

Mr. HILL. So it has nothing to do with this. The fundamental proposition that I want to get at is, Do you think that over and above the difference in cost of production there should be a margin of 30 to 40 to 50 per cent as a leeway for business contingencies in making a tariff?

Mr. PARKER. I can only repeat what I have said a half dozen times, that in suggesting the tariff I would not be bound by the question of difference in the cost of production. I would consider that as an element in fixing the tariff; but the real test is at what point can the tariff be put which will create a competitive relation between foreign and domestic products.

Mr. HILL. The fact of the matter is, according to the Tariff Board's report, that on these fabrics to which I am referring I think 98.21 per cent of the American consumption is made in the United States.

Mr. PARKER. That being the case, I think we can reasonably expect—and I think you will find it so by looking at my suggested tariff—to make a reasonable reduction in that schedule.

Mr. HILL. Do you not consider it a reasonable reduction to reduce it to the cost of production here and abroad?

Mr. PARKER. That unquestionably would be one of the questions to be considered.

Mr. HILL. You would conduct your own business on that basis?

Mr. PARKER. I would expect to give very great consideration to the cost of production abroad, etc., but I would not want to be governed by that sole condition.

Mr. HILL. You are governed by it in the transaction of your own business?

Mr. PARKER. No, sir; I am constantly compelled to sell my goods for less than they cost me.

The CHAIRMAN. I want to ask you a question right there. Of course our friend Hill and his colleagues last year put up a dummy bill to shoot at, which was not bothering us very much, because when they wrote their rate bill they wrote a bill which taxed $11\frac{48}{100}$ per cent as compared with a tax of 40 per cent ad valorem. So we are not worried particularly about that. Mr. Hill examined you as to what the minority stood for last year. That bill was somewhat

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lower than our bill on the lower rates. It was a great deal higher in the higher rates, was it not—the higher goods?

Mr. PARKER. Mr. Underwood, I must admit that I perhaps have not studied that bill as much as I should because I had somewhat the view—perhaps erroneously—that it was not introduced with the expectation of becoming a law and I therefore did not give it careful consideration. My impression is the bill makes very great reductions in both the fine and coarse goods.

The CHAIRMAN. If you have read both bills, which of those bills would the manufacturer, if he had to take one or the other, accept—which do you think would be to the best interests of your association of manufacturers?

Mr. PARKER. I will state it this way: If I were asked which I thought of these two bills would be to the best interest of the mills of South Carolina, or the mills I am interested in, I would say the Hill bill. If I were asked which of those two bills is the fairest bill to the cotton-mill industry of the whole United States, and not recognizing any sections, as the North against the South, I would say unquestionably the Underwood bill.

The CHAIRMAN. Mr. Parker, you have taken up class 2 of your bill here. Go on with your explanation.

Mr. FORDNEY. Mr. Parker, may I interrupt you to ask just one question?

Mr. PARKER. Yes, sir.

Mr. FORDNEY. What proportion, if any, of your products do you ship to China and Japan?

Mr. PARKER. Personally, I am not shipping at all. I do not make goods for export to China and Japan.

Mr. FORDNEY. Your concerns are not shipping any?

Mr. PARKER. Our concerns are not shipping any to China and Japan. At the same time there are a lot of mills that do. On the other hand, it may be interesting to you to know that the class of goods that we are making in a number of my mills is what we call fine product, or it certainly would be called fine product 10 years ago, and the prices for that product are so low to-day in America that we are able to export the cotton and sell it at Manchester, England, at a higher price than we can in America. In other words, there is an export market for a reasonably high-grade fabric manufactured in the United States. That is absolutely an abnormal condition. It is an unreasonable condition, and is not going to continue long, I hope, because, if it does, there will be some of us in the hands of the receivers.

The CHAIRMAN. Take up class 2 and go on with your explanation, please, Mr. Parker.

Mr. PARKER. Class 2 covers an advanced character of manufacture. It requires more skill in the operative, and it requires more expense in operation. Therefore, class 2 covers generally what might be called fancy cloths, inclusive of cords, stripes, checks, plaids, figures, drills, twills, and kindred weaves, crêpes, terry pile weaves, gauze, and leno weaves, and cloths composed wholly or in part of any of the foregoing in the gray; cotton cloth composed of two-ply or more yarns, either wholly or in part, except if in selvages only in the gray. Of course, if the two-ply yarn is in the selvages, we do not regard it as an ad-

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vanced character of manufacture. On that advanced there is 5 per cent more duty than in the plain goods. On those goods, when finished by bleaching, by mercerizing, by dyeing, by napping, by any one of a dozen different processes, 5 per cent more, and if it is to go through a dozen different processes, it only gets that single 5 per cent. There is no cumulative duty for the different processes.

Then comes the third process—that is, the jacquard weave. So far as I am concerned, I have not a jacquard in the plant I am connected with, and I do not expect that we shall have any; but I do not say that the proposed duties in the original Underwood bill did not provide for the jacquard in the way of getting a duty that would be either compensatory for the difference in the cost, or which would be sufficient revenue under the conditions. On the jacquard work to-day there are enormous importations, and therefore there is no reason to reduce those duties.

The CHAIRMAN. Right there, Mr. Parker, let me ask you if you can give the committee some idea of the amount of American production in these jacquards as compared with the importations?

Mr. PARKER. I am very sorry that I can not give you that offhand, but I think I can get it for you. The jacquard production is so small in America that it would be very much more easy to indicate the American production of jacquards than of the ordinary class of cloth. I think I can get that information for you, Mr. Chairman.

The CHAIRMAN. Will you do that?

Mr. PARKER. Yes, sir. There are only a few mills in the United States doing jacquard work.

The CHAIRMAN. You say that is competitive now?

Mr. PARKER. I think that is competitive now. In fact, I would go a little further and say that in a great many classes of product it is so competitive in a way as to destroy the domestic competition. There is such a large importation that there is no domestic production. I think you will find—and, of course, that will be a subject to address itself to the discretion of your committee—that in one or two of these schedules as applied to jacquard work on fine numbers we have advanced the schedule a little above the Payne-Aldrich bill.

Mr. FORDNEY. Just one further question, Mr. Parker, and I will not bother you any further.

Mr. PARKER. You are not bothering me, sir.

Mr. FORDNEY. I believe I understood you correctly, and if not, I want to do so. You said that the consumer of cotton goods in the United States, buying goods produced in this country under a protective system, buys his goods cheaper to-day than the consumer of that class of goods is able to buy them in free-trade England?

Mr. PARKER. No, sir; I never stated that.

Mr. FORDNEY. But you say you are shipping your products to England and are getting a higher price there than you are in this country.

Mr. PARKER. I did say that, but you must draw a distinction. Unfortunately, the consumer in America does not get his goods at the same relation to what it costs the manufacturer, as the consumer abroad gets them in relation to what it costs the manufacturer abroad. In a large proportion of cotton goods to-day the American manufacturer is getting less for his goods than the manufacturer in

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England does, but the consumer in America is paying more than the consumer in England is paying.

Mr. LONGWORTH. That is on account of the retail profits that come after the manufacture?

Mr. PARKER. It is the profits behind manufacture, on account of a different system of distribution.

Mr. LONGWORTH. With which, of course, the tariff has nothing to do?

Mr. PARKER. Yes.

Mr. FORDNEY. The manufacturers of cotton goods in this country are getting less per yard for their products under our protective system than the manufacturers of England are getting for free-trade goods; is that right?

Mr. PARKER. At the present time; yes, sir. I will not hesitate to admit, Mr. Fordney, that so far as I am concerned, I started out some time ago as a young man, after leaving college, in the belief that the consumer paid the manufacturer's price, plus the duty. I have become long since convinced that there is very little relation between the duty and what the manufacturer gets out of the goods. On that I am speaking for myself.

Mr. FORDNEY. Between the manufacturer and the consumer to-day somebody, then, is making abnormal profits?

Mr. PARKER. No, sir; my experience tells me that the distributor is not making abnormal profits, but the consumer is getting into extravagant habits and expects to get his goods in such a way as to cause abnormal cost in distribution. To illustrate: I can go to London and buy a package, and that package is given to me with a little handle on it, and I am expected to take it back to the hotel. If I buy that package in this country, it is wrapped up, and they ask me where I want it sent to.

Mr. FORDNEY. If I understand you, the price to the manufacturer in this country is less than it is to the manufacturer in England, yet the consumer in the United States is paying a higher price for the goods than is the consumer in England for his goods?

Mr. PARKER. I think so, as a rule; yes, sir.

Mr. FORDNEY. Where does that difference in price come in 'as between the manufacturer and the consumer?

Mr. PARKER. Let me illustrate that to you by a single little incident. One afternoon last summer I went home a little earlier than usual and found my little boy at the telephone ordering a watermelon, which was to be charged to me at 10 cents. I live a little way out of town, and it would cost that merchant more than 10 cents, or more than the cost of the melon, to deliver that watermelon to me. I told my boy that if I caught him doing that again I would have to give him a reminder. I told him that it was not the right thing to expect that merchant to spend 10 cents in delivering that watermelon to me. However, we might as well recognize the fact that the American public does demand service in distribution which has to be paid for by the consumer, and when the American public is willing to reduce its demands in that respect it will get the goods cheaper.

Mr. FORDNEY. You think our system of distributing the goods has absorbed that difference in the price?

Mr. PARKER. Yes, sir.

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Mr. FORDNEY. And that is not the case in England?

Mr. PARKER. They do not expect the same service in England.

Mr. FORDNEY. You can not add that to the tariff?

Mr. PARKER. I do not.

Mr. LONGWORTH. Let me ask you for a simple explanation. Take print cloth: What would be the difference in the price that you would get in your mill for that cloth and the price that the consumer would pay for it, say, at the average dry goods store in Washington?

Mr. PARKER. Take a piece of cloth of common construction, of 80 square, four-yard cloth. I am getting to-day for that piece of cloth approximately 7.25 cents in the gray. The price to the consumer on that piece of goods would run, I think, about 12½ cents.

Mr. LONGWORTH. That is pretty nearly 80 per cent?

Mr. PARKER. Yes; but that is much below the relation in the finer goods. The finer pieces of cloth, I will get only 6.7 for, but will be sold to the consumer at prices ranging from 16 to 25 cents.

Mr. LONGWORTH. Somebody grabs off a profit ranging anywhere from 80 to 300 per cent?

Mr. PARKER. I would not say that. I do not believe that the average retail merchant has any abnormal profit. It is a question of management under our abnormal conditions. We simply have to reverse those conditions.

Mr. LONGWORTH. You say that generally the American housewife is not so careful in the way she buys as is the average European housewife?

Mr. PARKER. I think that is true as a rule.

The CHAIRMAN. Now, getting back to these jacquard goods, I want to get some facts in regard to those. Some of your recommendations in reference to the jacquard goods would carry them above the rates in the present Payne-Aldrich law. Of course, the committee is not committed to the present Payne tariff law, and neither is the country, and therefore we are not hesitating to go into those rates.

Mr. PARKER. I understand.

The CHAIRMAN. Do you consider that those jacquard goods that you manufacture are in the line of luxuries or necessities?

Mr. PARKER. They are of a class of luxuries that only a comparatively small percentage of the public could use. Take the jacquard that we have in a quilt, an expensive quilt, and you will find that to-day practically all of the expensive jacquard quilts, the highest priced jacquard quilts, are being imported. The American merchant can not get into the market at the import price. I know that four years ago we attempted to manufacture, for instance, what is known as a dimity quilt. We then found that the larger proportion of that class of quilt are imported, and to-day there is not a press in the United States able to print those dimity quilts. Therefore, all of the printed quilts of that kind are imported.

The CHAIRMAN. What class of people use those jacquards?

Mr. PARKER. They go to people of above moderate means.

The CHAIRMAN. Does that apply to the damask tablecloths and jacquards?

Mr. PARKER. No, sir; they are cheaper, and it is only in the higher numbers of these things that we advise any duty in excess of the Payne-Aldrich bill.

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The CHAIRMAN. You feel, in your recommendation to the committee, where you put this high rate on these jacquard goods, that it is simply a class of goods where there is more imported than is made here to-day?

Mr. PARKER. That is my judgment. I would be glad to get the information in detail and submit it to the committee.

The CHAIRMAN. If you can let us have the amount of importations as compared with the American consumption, we would like to have it.

Mr. PARKER. Yes, sir.

The CHAIRMAN. Let us have it all along the line.

Mr. PARKER. Exactly.

The CHAIRMAN. Now, take up class 3.

Mr. PARKER. Well, class 3 covers the jacquard work.

The CHAIRMAN. Take up class 4.

Mr. PARKER. Class 4 is really a modification of class 2, and therefore it covers the point that I raised with Mr. Hill. Here is a piece of goods, for instance, with colored yarn, woven in stripes, and under his classification it would have a 5 per cent duty, whereas we recognize that, as it is made of colored yarns or mercerized yarns or yarns of two-ply or more, in that case it comes under a different class, as class 4, and is given a higher duty.

The CHAIRMAN. There is no duplication of the other class under class 4?

Mr. PARKER. No; it is given the same duty as though that cloth were printed after being woven. You see, in this case, the yarn was woven in; they are fast colors and woven in and bleached afterwards.

The CHAIRMAN. That is given the same rate of duty, as you say, in class 2?

Mr. PARKER. That is right.

The CHAIRMAN. Except that it is woven in instead of printed, and put on the same basis?

Mr. PARKER. That is right.

The CHAIRMAN. Now, the next classification.

Mr. PARKER. The next classification provides that where a—

cotton cloth contains two or more numbers of yarn, excepting selvages, it shall be dutiable at the rate provided for cotton cloth composed of the higher or highest number of yarns in such cloth; where any yarn content in cloth, except selvages, is composed of two-ply or more twisted yarn, the higher or highest number of yarn in such resulting thread shall designate the class as above herein provided.

To illustrate, suppose you have two yarns—

The CHAIRMAN. This is merely administrative.

Mr. PARKER. This is merely administrative.

The CHAIRMAN. Explain the classification.

Mr. PARKER. To bear out the real intent of the bill, first in your bill you fix the duty based on the highest numbers of yarn in it. Now, suppose that highest number of yarn is twisted. Then, unless you provide that the duty be determined by the number of yarn in a given twisted yarn, it is much lower than any number of yarn that is not twisted.

The CHAIRMAN. Is that likely to change this and advance this class to any great extent?

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Mr. PARKER. Not at all. It simply explains the classification. To illustrate, Mr. Chairman: Suppose a piece of goods is made for 40 warp and 80 filling. Under the Underwood bill and also under this suggested bill the duty is placed with regard to the 80 filling. Suppose instead of having 80 filling, we take it and twist two yarns of 80; it then becomes a 40 in weight. If you did not have this clause, the duty would be based on the yarn as being 40, although it has two yarns of 80 in it by the additional process of twisting.

The CHAIRMAN. I see. In other words, the 80 yarn is smaller, of course, than the 40 yarn?

Mr. PARKER. Yes.

The CHAIRMAN. Just half?

Mr. PARKER. Yes.

The CHAIRMAN. And if you allowed it to be based on the cost of these two yarns, you would classify it as 40?

Mr. PARKER. Yes, sir.

The CHAIRMAN. And you want to make it in the classification as 80?

Mr. PARKER. Yes, sir.

The CHAIRMAN. Is there anything further you want to say?

Mr. PARKER. There is one other matter that I would like to bring to the attention of the committee for a moment.

There is no question but what we are to-day facing in all trades, I think, and certainly in cotton manufacturing, a tendency toward depression based upon a fear of a change in this tariff.

Now, I respectfully suggest to the committee, as one who has been just as earnest as any man on your committee in favor of a reversal of the policy of this Government, in favor of reasonable reductions, that it is much a safer and better way to err on the side of a slightly higher duty than may be regarded necessary under present conditions than it is to err on the side of being a little under. In the first place, if you err in the way I have suggested, it can be corrected if necessary. If you err the other way, and wish to change it, it will take years to correct it; and while I am most earnestly in favor of a reduction of this tariff, at the same time I say, in contemplating the whole industry of the United States, that it is better to err by a slight excess than to err by any deficiency.

Mr. FORDNEY. Mr. Parker, if prices are to be lowered, caused by the lowering of the rate of duty, where will you begin to curtail in the cost of the production referred to?

Mr. PARKER. If I believed that the prices I was to receive for my goods would be lowered by the rate I have suggested on these duties, then I would say to you, Mr. Fordney, that I would go out of business as quickly as I could. It is the very fact that the prices we have received are so low now that makes me consider whether there had not better be a change of policy.

Mr. FORDNEY. Is it not true that if the value of your goods in the market was lowered, in order to continue in business you must lower the cost of production, and you would begin on labor first of all?

Mr. PARKER. In answering your question, if you will allow me, I will do so in the terms of a letter written two years ago to the chairman of this committee, dated June 30, 1911, where, differing from a majority of my associates who thought that the time had not come

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to reduce the tariff, I had recommended a reduction in the tariff. It was stated that the effect of that would be to reduce the price of labor. I wrote then what I say now:

I agree with the committee in the statement that there has been in the past few years an increase of wages of cotton mill employees and a decrease of hours of labor. I do not agree, however, with the conclusion of the committee that the only way in which foreign competition can be met is by a reduction of wages. I do not think that a reduction of wages should be considered at all, for the reason that the wages of cotton mill employees are already low and below the basis of a majority of industries; furthermore, as I shall point out later, I believe that foreign competition can be successfully met in many lines of goods with the present basis of wages paid in the United States as contrasted with those paid abroad.

I reaffirm that statement.

Mr. FORDNEY. Mr. Parker, I believe you have admitted that the Tariff Board reports show that labor does not receive higher wages in this country in cotton mills than they receive in Europe?

Mr. PARKER. That is right.

Mr. FORDNEY. Now, that competition is from Europe and from the Orient, from Japan?

Mr. PARKER. I do not think there is any competition from Japan, to any extent.

Mr. FORDNEY. Well, I do not know whether there is any in your line of goods or not, but there is generally. However, if you must accept lower prices for your product, the difference in the cost of labor and raw materials makes that difference in cost, does it not?

Mr. PARKER. Not necessarily.

Mr. FORDNEY. Where does it come from?

Mr. PARKER. It is consistent with a cheaper cost of production to have an increase of wage.

Mr. FORDNEY. How can you, with the same class of machinery employed to-day as is employed abroad, lower your cost of production, unless you get cheaper raw materials, which it takes labor to produce, or lower the wages in your own factory?

Mr. PARKER. I heard yesterday afternoon a very intelligent discussion of this very question by a very intelligent manufacturer from the State of Georgia, Mr. Fuller E. Callaway. Mr. Callaway stated that in his long experience as a manufacturer, which I think is quite as long as my own, he had advanced the wages of his employees so that he is paying to-day 40 per cent more than he paid when he began manufacturing, and yet his cost of manufacture is no greater than it was when he began manufacturing, because he has learned and they have learned. Their efficiency has been greatly increased.

Mr. LONGWORTH. But, generally speaking, you say that your labor is more efficient than the corresponding labor in England.

Mr. PARKER. I have no doubt about that.

Mr. LONGWORTH. You think your labor is more efficient?

Mr. PARKER. I do.

Mr. LONGWORTH. Taking the average workman?

Mr. PARKER. I do. I would go further than that, although my good friends from New England will not agree with me, and say that we have an advantage in labor in the South. We have a superior class of workmen in the South, because all of our help are native whites, and are of the same general condition of life as those who employ them, because we all come from the same origin.

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Speaking generally, the operators in cotton mills in a foreign country have followed the footsteps of their fathers and ancestors, who were also in it.

Mr. LONGWORTH. In England?

Mr. PARKER. In England.

Mr. FORDNEY. Mr. Parker, I would like to ask you this—

Mr. PARKER. Let me make this statement: The reason why we are going to have very great trouble in cotton manufacturing is that the cotton manufacturing industry is a mere stepping-stone to higher industries, and that explanation particularly goes for New England, where the help to-day there is using the cotton industry as a stepping-stone toward higher industrialism. We will have the same condition in the South.

Mr. LONGWORTH. In the foreign countries the workers stay in that class of manufacture for generations?

Mr. PARKER. Yes, sir; the father and grandfather of this man have been in it, but the man who enters a cotton mill in the South to-day is merely using it as a means of advancing his condition, not with any expectation of remaining there for generation after generation, but to advance himself into a higher state.

Mr. LONGWORTH. Are they unionized?

Mr. PARKER. No, sir; they are not unionized.

Mr. LONGWORTH. None of them?

Mr. PARKER. No, sir—well, I say none of them—

Mr. LONGWORTH. They are very highly unionized in England?

Mr. PARKER. They are in England. I think that is possibly one of the retarding effects on the amount of production.

Mr. LONGWORTH. By limiting the output?

Mr. PARKER. Yes.

Mr. FORDNEY. An ex-Senator of the United States, in a speech which I have read, said that he was in favor of a law, and that a law shall be written, that will reduce the hours for the day's work.

Mr. PARKER. Yes.

Mr. FORDNEY. "I am in favor of a law when that law shall be written which will increase the pay for that man's labor per day; I am in favor of a law, and that law shall be written, that will lower the cost of production of that man's labor." It is my opinion that our insane asylums are just chock full of such follies. What have you to say about that? Do you think that that is possible?

Mr. PARKER. That it is possible that there may not be an increase? I admit that I have not fully understood you. You say you favored a law—

Mr. FORDNEY. No; I do not say I favored it. I said an ex-Senator.

Mr. LONGWORTH. Mr. Fordney did not announce his idea.

Mr. PARKER. I beg your pardon.

Mr. FORDNEY. I did not say that I favored such a law or believed that such a law could be made practicable. I say they are impracticable.

Mr. PARKER. I will only say, Mr. Fordney, that 10 years ago, in absolute sincerity, I made an address to the legislature of my own State, in which I stated that my machines could not produce in 60 hours what they were producing in 66 hours. I earnestly favored, therefore, an opportunity to protect myself by a gradual reduction of hours

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from 66 to 60. The legislature, in its wisdom, applied the 60-hour law, and I am producing more on the machines to-day in 60 hours than I did formerly in 66 hours.

Mr. FORDNEY. And you are doing what the average man in the same business is doing?

Mr. PARKER. Yes.

Mr. HARRISON. Then you agree with the findings of the Tariff Board upon the woolen schedule, to the effect that in the United States a high rate of wages is frequently coincident with low cost of production?

Mr. PARKER. Absolutely. There can not be any question about that.

Mr. McCALL. The superior efficiency that you speak of, that your working people have over those of England, has been due to the use of the automatic loom, has it not?

Mr. PARKER. Not entirely.

Mr. McCALL. Is it not chiefly due to that?

Mr. PARKER. In the use of the automatic loom it is more pronounced; but there is even the use of the plain loom, in my judgment, and I think the Tariff Board's report shows an excess of production on the part of the American weaver as contrasted with the production of the foreign weaver in plain goods; but I do not apply the same principle to the finer work, and certainly not to the jacquards.

The CHAIRMAN. Are there any further questions?

Mr. HILL. The reason why they do not use the automatic loom in England is because they limit the production?

Mr. PARKER. That is my understanding of conditions; yes, sir.

Mr. HILL. How many looms do you assign per man?

Mr. PARKER. I think we run as many as 28 looms to an operator.

Mr. HILL. Is that work done by piecework?

Mr. PARKER. It is. I will state to you a general proposition, Mr. Hill, that I make in manufacturing these goods, and that is that it is a pleasure to me to see an individual weaver make just as much as he can through his superior skill and superior energy; and in the same mill I have had one weaver making \$2.50 a day on ordinary plain-print cloth, while the majority of the weavers complain that they can not make more than \$1.50 or \$1.60.

Mr. HILL. Still you think we ought to keep a higher duty on those products?

Mr. PARKER. Yes, sir. I have not exactly put it that way; but I will not repeat it the way I put it.

Mr. HILL. You have specified that 5 per cent—

Mr. PARKER. As I stated before, I consider that 10 per cent is as low as can afford reasonable revenue or that will tend to prevent undue depression of American industry and at the same time prevent undue prices to the consumer.

Mr. HILL. How is the revenue affected, with almost no importation?

Mr. PARKER. It will not affect it in a period like this at all, but I have just learned from experience that England is going to have its period of depression within the next year or two, and when it does I do not wish it to affect us.

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Mr. HULL. What differences are there between the methods of the cotton manufacturers in their effort to build up an export trade and the methods of the manufacturers of other commodities engaged in an export business?

Mr. PARKER. I could say, as a general proposition, with the exception of a few cotton mills in the South, and a very few in New England which have, however, an old export trade, that there is no effort made, practically, and certainly there has not been any in the last two years, to develop the export trade on the general mass of products. We might as well recognize the fact that on the general mass of products, even though individually we went out and built up an export trade, there can not be the nerve to resist a return to the home market if prices in America become high.

Mr. HULL. You say there is a difference in the cost of distribution in this country, as compared with the cost of distribution in foreign countries. What difference exists in that cost between this country and the other principal countries manufacturing cotton?

Mr. PARKER. I am not prepared to answer that, but I do not think the proof shows that there is any excess cost, certainly in the oriental markets, in the matter of transportation. I think we are able to get our goods to the oriental markets as cheaply as the Englishman can get his goods there. I know, however, that the cost for distribution is higher in America than it is in England. In England, for instance, all the mills are in a very small locality; therefore, they practically dispose of their products through one board of trade, as it might be called, run through one individual agency. Therefore, there is some saving of cost to those manufacturers in the matter of distribution, and I should say that that would probably amount to from 2 to 2.5 per cent of the cost of production, although that is merely guesswork.

Mr. HULL. It is true, is it not, that England, Germany, and France have their methods of distribution simplified in other ways?

Mr. PARKER. They have.

Mr. HULL. That is, with respect to the amount of the commission?

Mr. PARKER. Unquestionably. That is one of the necessary results, and we will have to come to it in some way, and during that period of adjustment I feel that we had better be careful in our move.

The CHAIRMAN. That is all, Mr. Parker.

Mr. Parker at a later date submitted the following communications:

TARIFF LEGISLATION.

PARKER COTTON MILLS CO.,
Greenville, S. C., February 15, 1913.

HON. O. W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: Referring to my conversation with you when in Washington a few days ago: Notwithstanding the statements otherwise made to you, I beg to assure you as positively as I can make assurance that the effect of the schedule proposed by the American Cotton Manufacturers' Association is to reduce to a great degree the average of duties imposed on cotton cloths as contrasted with the Payne-Aldrich or the Dingley bills.

Owing to the peculiar provisions of the Payne-Aldrich bill, and to some extent of the Dingley bill, in the application of specific duties, there may be certain cases of unusual constructions or character of goods, in which the duties under the American Manufacturers' classification will be equal to those of the Payne-Aldrich and Dingley bills,

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but these will only apply to goods of high class or unusual construction, and under the peculiar wording of the Payne-Aldrich and Dingley bills.

Referring to the memoranda left with you:

I would refer you to the Tariff Board Report, table No. 38, page 95, stating the production of cotton cloths for the year 1909 in the United States, which is stated as 6,059,935,527 yards, which are divided into classes as follows:

Plain cloths, 69.8 per cent; twills and sateens, 6.4 per cent; drills, 3.7 per cent; tickings, denims, and stripes, 4.3 per cent; gingham, 8.8 per cent; fancy weave fabrics, 7 per cent.

The plain cloths represent class 1 of the American Cotton Manufacturers' Association's schedule. In the plain cloths I have included, however, napped fabrics, which as a general proposition are plain cloths, though occasionally there may be a fabric napped of a twill or sateen.

The duties on these plain cloths, which is the product as a general proposition in greatest use by the mass of the people, and which, as stated, represents 69.8 per cent of the entire production in the United States, are greatly reduced by the proposed schedule, and are, furthermore, on an average, considerably reduced, as contrasted even with the bill known as the Underwood bill.

Twills, sateens, drills, tickings, denim, and stripes come within class 2 of the American classification, and I think, on an average, the rates suggested by the American association as to these goods are no higher than the Underwood bill. They represent in the aggregate approximately 15 per cent of the American production.

Ginghams come within class 4 of the American classification and would take a duty under it on an average slightly in excess of the Underwood bill, but considerably less than the Payne-Aldrich or Dingley bills.

The only class of goods in which the duties proposed by the American classification approximates the duties of the Dingley bill is fancy woven fabrics, which, as stated, represents but 7 per cent of the entire manufacture of cloths in the United States.

Table No. 91, page 171 of Tariff Boards report, shows the number of looms operating in the United States in 1909 and the class of goods upon which they operate, being as follows: Looms on plain cloths, 473,373, being 75.5 per cent of the entire looms; looms on twills, including sateens, 78,292, being 12½ per cent of the entire looms; looms on fancy weaves, 74,895, being 12 per cent of the entire looms.

I take it that in the statement of the looms on fancy weaves are included the looms operating on gingham. In the above statement I have excluded looms operating on tapes or narrow fabrics, which are covered under a different schedule. This table simply proves the statement of production already given you.

There is no inconsistency between the Underwood bill and the American schedule, excepting that the Underwood bill does not distinguish between fancy weaves, inclusive of jacquard work and plain weaves, whereas the American classification would make distinction between this work and give an increased duty to the fancy weaves, as a general thing, and a decreased duty to the plain weaves, as contrasted with the Underwood bill.

The Underwood bill classifies cloths generally into two classes—those containing yarns below No. 50 and those containing yarns above No. 50. The American classification simply suggests breaking this classification up into a series of classes.

From a standpoint of statistics there is an advantage in the American classification as contrasted with the Underwood bill, as it will be possible later to determine exactly what classes of fabrics have been imported and what classes are excluded by a prohibitory tariff, if such exclusion takes place. In the Underwood classification it would be practically impossible to make this determination. As a general proposition, it can be said that duck, osnaburgs, and certain flannel constructions would range in yarns 1 to 9's, inclusive; sheetings would range in yarns 9's to 20's, inclusive; print cloths and medium weights would range in yarns 20's to 40's, inclusive. I think from a point of administration it will be well to have three classes, therefore, representative of the yarns under 40's.

Certainly in my judgment there should be two classes, of which 1's to 25's might be made one class and 25's to 50's another class. My judgment is for the three, but I feel quite confident there should be two.

With three classifications there is certainly no advance in plain cloths over the Underwood bill up to No. 40, and, on the contrary, as to a considerable proportion of the product under No. 40, there is a decided reduction.

If, however, in your judgment it would seem advisable to make only two classes under 50, I would suggest that one class be cloth containing yarns 1 to 25, and another class cloth containing yarns 25 to 50. If this decision be made and duty be put at 10 per cent on plain goods containing yarns not over No. 25, there would be a decided

PARAGRAPHS 315-320—COTTON CLOTH.

reduction even as against the Underwood bill, and the second class would be cloths containing yarns 25 to 50, which would be at the same rate as the Underwood bill.

The second class, under the Underwood bill, comprises yarns above No. 50. My judgment is that this class should be subdivided, and whilst I think the subdivision suggested by the American schedule is the proper one, if the subdivisions are more in number than you are willing for, then I would suggest that on cloth containing yarns not exceeding No. 80 and not less than No. 50 that the duty be 20 per cent, as fixed by the Underwood bill, and that on numbers exceeding No. 80 the duty should be 25 per cent in the gray. However, my judgment still is that on yarns exceeding No. 100 there might well be placed a duty of 30 per cent in the gray.

Accepting, however, your view that the duties must not exceed in any case the Dingley bill, I suggest as follows:

Plain cloths, being class 1 as defined in the American classification: Cotton cloth containing yarns not finer than No. 25's, 10 per cent; cotton cloth containing yarns Nos. 25 to 50, 15 per cent; cotton cloth containing yarns Nos. 50 to 80, 20 per cent; cotton cloth containing yarns Nos. 80 and above, 25 per cent. Goods finished, etc., will take in each case 5 per cent additional.

In my judgment a distinction should be made in favor of fancy weaves. The Tariff Board report clearly shows that the American mills are competing in the weaving of plain goods. It shows, furthermore, that in fancy weaves the American mills are at a disadvantage, and I think this disadvantage should be recognized by an additional duty of 5 per cent in the case of dobby work, and an additional 10 per cent in the case of the jacquard work.

If you feel that you must modify the rates suggested by the American association and make the modifications above suggested, I feel quite sure none of the rates will exceed the Dingley rates and a good proportion of them will be enormously below the Dingley rates.

It is hardly fair that the importers shall cite certain samples of which they undertake to give the construction, prices, and duties, which may or may not be correct. In all the citations I have used, I have taken the 100 samples referred to in the Tariff Board, which are representative of approximately all classes of fabrics. When the comparison is made of these 100 samples of the American classification as distinguished from Dingley bill, it is apparent that on the great mass of them there are very great reductions, though there may be a few in which the reduction is slight, and a very few in which there is no reduction, or even a slight increase.

The cases, however, in which there are no reductions or slight increases, are the cases of fancy fabrics, which represent, as stated, only about 7 per cent of the American production, and on which according to Table 91 of the Tariff Board Report, only 12 per cent of the looms were operating.

The importers who have filed a brief with you state that the duties are now prohibitory, on practically all plain fabrics, and that the duties likewise suggested in the American classification are prohibitive.

As I have shown, the American classification makes great reductions in a great number of fabrics, and in my judgment, under average conditions, places these fabrics in a competitive condition with foreign prices. Certainly is this the case when American prices are at all high and foreign prices low.

The differences existing on many plain fabrics between the prices of the American product and foreign product, are such that importations would not occur at all times, even under free trade. For instance, the American prices on most plain fabrics are to-day below the English prices on the same fabrics, but English prices are abnormally high and American prices on many fabrics abnormally low.

The samples submitted by the importers are practically all samples of fancy weaves, in which it is not contended that the American classification makes as great reduction as does the Underwood bill. On the contrary, as stated, there are many plain fabrics on which the American duties are below the Underwood duties.

It is hardly right that reductions should be made, as suggested in the American classification on certain plain cloths without some compensatory increase on the fancy fabrics, and fabrics of very fine yarn.

I have heretofore submitted to you a statement showing the effect of the American classification as compared with the Payne-Aldrich bill, on 100 characters of cloths selected by the Tariff Board as representative of all cloths appearing on the American market, both imported and domestic. I am, therefore, submitting to you now another table, showing the effect of the American classification on what we may call "standard cloths," or in other words, cloths of a character going into general distribution, as distinguished from fancy effects, which go into limited distribution. It is of this last character that the samples submitted by certain importers are.

PARAGRAPHS 315-320—COTTON CLOTH.

The table that I submit to you herewith is representative, I feel sure, of three-fourths of the cloths manufactured in the United States, and you will note a very great reduction made in the duties. It has been my idea that there would be no desire to reduce duties where importations were now of such a character as to show the cloths to be on a competitive basis, but to reduce duties considerably in such cases as the present duties were prohibitory of imports. I thought that this was in line with the policy suggested by you.

I understand that Mr. Cramer will be in Washington to-morrow in the hope of seeing you, and I furthermore asked Mr. MacLea, who is connected with my New York office, to present this schedule to you, and explain the same if you could give him the opportunity. I know how busy you are, and hesitate to impose upon you.

I will add, however, that in my judgment a very serious mistake will be made if the reduction on fancy and jacquard work is unduly made. I think the mills can stand the reduction suggested on plain work, and I believe by such reduction there will be a fair competitive relation between domestic and foreign production, but there is not as yet any justification for similar reductions in cloths made from fine yarns, or in cloths of fancy weaves.

Thanking you, I am, yours, very truly,

PARKER COTTON MILLS COMPANY,
LEWIS W. PARKER, *President.*

[Inclosure.]

The working of the proposed rates for a cotton-cloth tariff.

By LEWIS W. PARKER, for The American Cotton Manufacturers' Association.

[Proof that the reductions proposed cut the Dingley law or the Payne-Aldrich law rates very materially, taken from Tariff Board Table No. 172, pp. 569, 570.]

Kind of cloth.	Width.	Construction.		English price in cents per yard.	Proposed Parker rates.		Comparison.		
		Linear yards per pound, threads in warp and filling per square inch.	Highest yarn content.		Class.	Per cent.	Dingley law.	Payne-Aldrich law.	
								Per square yard.	Equivalent ad valorem.
Narrow print ...	<i>Inches.</i>						<i>Cents.</i>	<i>Cents.</i>	<i>P. ct.</i>
		7.55 64 by 56	36	0.0379	1	15	2	2	41
		7.85 64 by 56	36	.0369	1	15	2	2	41
		8.70 56 by 56	40	.0335	1	20	2½	2½	56
		9.15 40 by 41	40	.0302	1	20	1½	1½	39
		9.75 56 by 44	40	.0296	1	20	1½	1½	38
		9.50 44 by 44	40	.029	1	20	1½	1½	39
		12.60 48 by 36	42	.0231	1	20	1½	1½	45
		13.25 48 by 36	42	.0219	1	20	1½	1½	55
		14.00 40 by 36	40	.021	1	20	1½	1½	58
		6.50 64 by 60	38	.0434	1	15	2	2	41
		32 by 28	28	.027	1	15	1½	1½	49
		20 by 14	28	.015	1	15	1½	1½	97
		6.00 44 by 40	28	.0424	1	15	1½	1½	28
		6.25 44 by 40	28	.041	1	25	1½	1½	27
Wide print.....		4.50 64 by 64	36	.0625	1	15	2	2	39
		5.25 56 by 60	40	.0547	1	20	2½	2½	56
		5.25 60 by 56	40	.055	1	20	2½	2½	56
		4.00 68 by 68	32	.0685	1	15	2	2	35
		5.60 56 by 52	38	.0503	1	15	2½	2½	57
		7.25 40 by 44	38	.0397	1	15	1½	1½	46
		4.15 96 by 100	44	.0827	1	20	2½	2½	36
		5.25 96 by 92	56	.0748	1	20	3	3	45
		5.00 88 by 92	56	.0728	1	20	3	3	45
		5.00 80 by 88	50	.0689	1	20	3	3	47
		4.00 80 by 80	38	.0724	1	15	2½	2½	41
		4.10 72 by 80	38	.0693	1	15	2½	2½	43
		4.50 72 by 80	42	.0667	1	20	3	3	49
		5.00 64 by 64	38	.0564	1	15	2	2	49
		7.25 52 by 40	42	.0887	1	20	1½	1½	43
		7.30 52 by 40	40	.0379	1	20	1½	1½	42
		8.20 44 by 40	40	.0345	1	20	1½	1½	46
		5.75 64 by 64	36	.0489	1	15	2	2	39
		6.00 64 by 60	36	.0479	1	15	2	2	39

PARAGRAPHS 315-320—COTTON CLOTH.

The working of the proposed rates for a cotton-cloth tariff—Continued.

Kind of cloth.	Width.	Construction.		English price in cents per yard.	Proposed Parker rates.		Comparison.		
		Linear yards per pound, threads in warp and filling per square inch.	Highest yarn content.		Class.	Per cent.	Dingley law.	Payne-Aldrich law.	
								Per square yard.	Equivalent ad valorem.
Tobacco cloths.	<i>Inches.</i>						<i>Cents.</i>	<i>Cents.</i>	<i>P. ct.</i>
	36	7.75 48 by 44	36	0.0363	1	15	1½	1½	41
	36	8.10 44 by 44	36	.0347	1	15	1½	1½	43
	36	8.50 44 by 40	36	.0347	1	15	1½	1½	43
	36	8.10 48 by 40	36	.0331	1	15	1½	1½	45
	36	9.20 40 by 40	38	.0310	1	15	1½	1½	56
	36	9.20 44 by 36	38	.0308	1	15	1½	1½	57
	36	9.65 40 by 36	38	.0292	1	15	1½	1½	60
	36	10.20 40 by 32	38	.0276	1	15	1½	1½	63
	36	10.50 36 by 32	36	.0264	1	15	1½	1½	66
	36	11.20 36 by 32	40	.0258	1	20	1½	1½	67
	36	12.00 32 by 28	36	.0231	1	15	1½	1½	76
	36	13.00 32 by 28	44	.0225	1	20	1½	1½	78
	36	13.50 32 by 24	42	.0213	1	20	1½	1½	82
	36	28 by 24	42	.0197	1	20	1½	1½	89
	36	26 by 22	42	.018	1	20	1½	1½	97
	36	24 by 20	42	.0162	1	20	1½	1½	108
	36	22 by 18	42	.0146	1	20	1½	1½	120
	36	20 by 16	42	.0134	1	20	1½	1½	131
	36	20 by 14	42	.013	1	20	1½	1½	130
	36	20 by 12	42	.0122	1	20	1½	1½	143
Sheetings.....		2.85 48 by 48	14	.0831	1	12½	1 25	1½	2 27
	36	3.25 48 by 44	14	.0726	1	12½	1 25	1½	2 31
	36	3.50 40 by 40	14	.0669	1	12½	1½	1½	19
	40	4.25 44 by 40	20	.0526	1	15	1½	1½	27
	36	4.50 44 by 36	20	.0521	1	15	1½	1½	24
	36	4.50 48 by 44	20	.0535	1	15	1½	1½	23
	36	4.70 48 by 52	23	.0537	1	15	1½	1½	23
	36	6.15 44 by 44	26	.0416	1	15	1½	1½	36
	36	6.50 44 by 40	26	.0395	1	15	1½	1½	38
	40	2.50 48 by 48	14	.0925	1	12½	1 25	1½	2 27
Drills.....		3.60 48 by 48	20	.0661	1	15	1½	1½	21
	37	2.65 116 by 52	26	.0923	2	25	2	2	22
	37	3.00 116 by 52	28	.0821	2	25	2	2	25
	37	3.25 116 by 52	28	.0783	2	25	2	2	26
	37	3.50 112 by 50	28	.0726	2	25	2 25	2 25	39
	37	3.95 112 by 46	36	.0675	2	25	2 25	2 25	42
	30	2.50 120 by 52	18	.0971	2	17½	1 35	4½	2 38
	30	2.85 120 by 52	24	.0805	2	25	2	2	21
	30	3.00 120 by 50	24	.0799	2	25	2	2	21
	30	3.25 120 by 48	24	.0754	2	25	2	2	22
	30	4.00 112 by 48	28	.0635	2	25	2	2	26
3-leaf twills....		3.25 80 by 92	28	.0852	2	25	2 25	2 25	3 8
	43	3.50 80 by 84	28	.0811	2	25	2 25	2 25	40
	43	4.00 80 by 76	44	.0726	2	30	3	3	49
	43	3.55 68 by 76	28	.0764	2	25	2	2	31
	43	4.00 68 by 76	36	.0698	2	25	2	2	34
	43	4.00 68 by 68	32	.0681	2	25	2	2	35
	43	4.30 68 by 60	34	.0627	2	25	2	2	38
	43	4.75 68 by 52	36	.0574	2	25	2	2	42
	39	3.65 80 by 92	34	.0793	2	25	2 25	2 25	3 8
	39	3.75 80 by 84	34	.075	2	25	2 25	2 25	40
	39	3.90 80 by 80	34	.073	2	25	2 25	2 25	41
	39	4.00 68 by 76	28	.0698	2	25	2	2	31
	39	4.50 68 by 76	36	.0641	2	25	2	2	34
	39	4.80 64 by 72	36	.06	2	25	2	2	36
	39	5.10 64 by 64	38	.0554	2	25	2	2	39
	39	5.25 64 by 56	36	.0525	2	25	2	2	41
	39	6.00 64 by 48	28	.047	2	25	2 25	2 25	58
	39	6.00 56 by 44	38	.0424	2	25	1½	1½	38
Filling sateen..		3.35 96 by 150	54	.1085	2	30	4½	4½	50
	43	3.35 96 by 132	48	.1018	2	30	4½	4½	53
	43	3.35 84 by 124	40	.0975	2	30	4½	4½	55
	44	3.75 64 by 112	38	.0833	2	25	3	3	44
	44	4.00 64 by 104	38	.0787	2	25	3	3	47
	39	4.50 64 by 88	36	.0663	2	25	3	3	49

¹ Per cent.

² The above exemplifies the class of fabrics largely distributed here as verified by Tariff Board Table No. 91, page 171, which shows that the looms operated in the United States on various cloths are: On plain cloths, 473,373, 75.5 per cent; on twills, including sateen, 78,292, 12.5 per cent; on fancy weaves, 74,895, 12 per cent. In other words, 88 per cent of American distribution is indicated by the above table.

PARAGRAPHS 315-320—COTTON CLOTH.

The working of the proposed rates for a cotton-cloth tariff—Continued.

Kind of cloth.	Width.	Construction.		English price in cents per yard.	Proposed Parker rates.		Comparison.		
		Linear yards per pounds, threads in warp and filling per square inch.	Highest yarn content.		Class.	Per cent.	Dingley law.	Payne-Aldrich law.	
	<i>Inches.</i>						<i>Cents.</i>	<i>Cents.</i>	<i>P. ct.</i>
Filling sateen . .	39	4.70	64 by 80	36	0.0637	2	25	2	34
	36	4.50	64 by 104	36	.0691	2	25	2 ³ / ₄	39
	36	4.85	64 by 88	36	.0616	2	25	3	49
	36	5.10	64 by 80	36	.059	2	25	2	34
Warp sateens . .	33.5	5.50	96 by 150	66	.0823	2	35	5	57
	43	3.35	160 by 96	52	.1265	2	36	4 ³ / ₈	42
	43	3.35	140 by 96	44	.1063	2	30	4 ³ / ₈	51
	42	3.50	140 by 84	44	.0975	2	30	4 ³ / ₈	55
	43	3.50	120 by 96	44	.0955	2	30	4 ³ / ₈	56
	43	3.50	120 by 84	42	.0917	2	30	4 ³ / ₈	59
	43	3.50	112 by 64	36	.0831	2	25	2 ³ / ₄	39
	43	3.75	96 by 84	40	.074	2	30	2 ³ / ₄	44

Tariff Board Table 19 (p. 43) shows the relative production of yarns in the United States, which if expressed in percentage is as follows: Under No. 20 (coarse), 49³/₄ per cent; Nos. 21 to 40 (medium), 42¹/₂ per cent; No. 41 and over (fine), 7¹/₂ per cent; total production 1910 (2,037,653,722 pounds), 100 per cent.

Tariff Board Table 91 (p. 171) shows the production of cotton cloth by looms in the United States in 1909-10 as follows: Also comparative percentage is herewith given: Looms: On plain cloths (473,373), 75¹/₂ per cent; on twills, including sateens (78,292), 12¹/₂ per cent; on fancy weaves (74,895), 12 per cent; total, 100 per cent.

Tariff Board Table 38 (p. 95) shows the detailed production of cotton cloth in the United States for the fiscal year 1909-10, which expressed in percentage is as follows:

	Per cent.	A. C. M. A. duty rates, class.
Plain cloth for converting or printing.....	69.8	Class 1.
Sheetings.....		
Shirtings.....		
Duck.....		
Cottonades and napped fabrics.....		
Twills and sateens.....		
Drills.....		
Ticks, denims, and stripes.....	6.4	Class 2.
Ginghams.....	3.7	Do.
Fancy woven fabrics.....	4.3	Do.
	8.8	Classes 1 and 2.
	7	Classes 2 and 3.
	100	

Total production cloth, 6,059,035,527 square yards.

SUMMARY.

Highest duty rates proposed (yarn content over No. 40) affect less than 8 per cent of the various productions needed in trade and commerce in United States.

Only 8 per cent of all yarns needed for trade and commerce in United States is above No. 40.

Great reductions on all goods needed for the masses. Away below the Dingley or Payne-Aldrich rates.

PARAGRAPHS 315-320—COTTON CLOTH.

HOW THE AMERICAN COTTON MANUFACTURERS' ASSOCIATION'S PROPOSED NEW COTTON CLOTH RATES WORK, AS PROFOUNDED BY MR. LEWIS W. PARKER.

A summary comparison of the duties that have applied since 1897, together with a showing on the same cloths of administration of the law and subsequent Payne-Aldrich rate.

[This table covers that portion of the 100 Tariff Board samples known as dyed yarn fabrics, but does not include velveteen, corduroys or cotton cloth with silk mixture.]

Sample No.	Designation.	Finished cloth rate, Dingley law, as originally provided.	Rate, Dingley law, administered, 1909.	Payne-Aldrich law.	New proposed rate based on yarn content.
63	Chambray.....	35.18	35.18	35.18	30.00
68	Repp.....	35.00	35.00	39.34	30.00
71	Chambray.....	42.66	42.66	42.66	25.00
72	do.....	39.94	39.94	39.94	25.00
73	Cheviot shirting.....	23.36	23.36	23.36	22.50
74	Madras.....	35.65	35.65	35.65	30.00
75	Gingham.....	35.92	35.92	35.92	35.00
76	Outing flannel.....	35.00	35.00	38.34	30.00
77	Ticking.....	35.00	35.00	49.98	22.50
78	Denim.....	35.00	35.00	42.50	22.50
79	Cotton plaid.....	30.00	30.00	39.40	22.50
80	Fine gingham.....	41.98	41.98	41.98	35.00
81	do.....	44.21	44.21	44.21	35.00
82	A F C Gingham.....	30.46	30.46	30.46	30.00
83	Faney gingham.....	35.00	35.00	50.28	35.00
84	Tissue.....	43.68	43.68	43.68	40.00
85	do.....	35.65	35.65	35.65	35.00
86	Faney wash fabric.....	35.00	35.00	50.92	35.00
87	Tissue.....	35.00	48.45	55.48	40.00
88	Jacquard wash fabric.....	35.00	43.10	52.65	¹ 45.00
89	Colored table damask.....	40.00	40.00	40.00	32.50
93	Jacquard figured upholstery.....	40.00	40.00	50.00	¹ 45.00
	Total.....	798.69	820.24	927.58	697.50
	Average duty per cent.....	36.30	37.28	42.16	31.70

¹ Advance over the Dingley law as administered; no advance over Payne-Aldrich law.

WASHINGTON, D. C., January 21, 1913.

A ready comparison of the working and administration of the law, as applied to that portion of the 100 samples of Tariff Board report covering goods in the finished state that come from the looms in the gray condition.

Sample No.	Finished cloth rate, Dingley law, as originally provided.	Rate, Dingley law, administered 1909.	Payne-Aldrich law.	New proposed rates based on yarn content.
9.....	39.68	39.68	39.68	20.00
10.....	35.00	35.00	45.88	17.50
11.....	17.54	17.54	17.54	17.50
12.....	50.68	50.68	50.68	20.00
13.....	31.17	31.17	31.17	20.00
14.....	29.29	29.29	29.29	20.00
15.....	49.18	49.18	49.18	20.00
16.....	55.48	55.48	55.48	25.00
17.....	58.46	58.46	58.46	35.00
18.....	44.69	44.69	44.69	35.00
19.....	42.16	42.16	42.16	40.00
20.....	47.29	47.29	47.29	40.00
21.....	36.17	36.17	¹ 44.68	² 45.00
22.....	28.30	28.30	¹ 28.30	² 30.00
23.....	47.29	47.29	47.29	40.00
24.....	40.00	40.00	44.17	35.00
25.....	35.00	35.00	¹ 55.97	45.00
26.....	35.00	35.00	¹ 37.95	40.00

¹ Advance over the Dingley law as administered. Above 60 cloths, in the gray, under new proposed schedule for cotton cloth in the gray, pay average rate of 22.375 per cent based on same method of averaging as in above last column; difference, 7½ per cent.

² Advance over the Payne-Aldrich law.

PARAGRAPHS 315-320—COTTON CLOTH.

A ready comparison of the working and administration of the law—Continued.

Sample No.	Finished cloth rate, Dingley law, as originally provided.	Rate, Dingley law, administered 1909.	Payne-Aldrich law.	New proposed based on yarn content.
27.....	35.00	35.00	¹ 45.45	40.00
28.....	35.00	47.31	61.54	40.00
29.....	35.00	49.18	51.42	40.00
30.....	45.51	69.78	69.78	40.00
31.....	35.00	44.94	¹ 65.82	45.00
32 (lappet).....	60.65	60.65	60.65	40.00
33.....	35.00	35.00	¹ 49.49	37.50
34.....	35.00	45.16	55.89	45.00
35.....	35.00	35.00	¹ 43.83	² 45.00
36.....	25.00	25.00	¹ 47.53	45.00
37.....	35.00	53.18	60.94	35.00
38.....	40.00	40.00	40.00	32.50
39.....	33.10	33.10	33.10	20.00
40.....	48.01	48.01	48.01	20.00
41.....	56.22	56.22	56.22	20.00
42.....	33.45	33.45	33.45	20.00
43.....	38.34	38.34	38.34	20.00
44.....	50.88	50.88	50.88	20.00
45.....	64.75	64.75	64.75	35.00
46.....	52.02	52.02	52.02	35.00
47.....	57.34	57.34	57.34	35.00
48.....	49.02	49.02	58.82	40.00
49.....	46.34	46.34	55.61	40.00
50.....	35.00	35.00	(1)	² 40.00
51.....	19.42	19.42	¹ 26.70	² 30.00
52.....	35.00	35.00	36.94	30.00
53.....	³ 57.00	³ 57.00	57.00	30.00
54.....	32.14	32.14	32.14	30.00
55.....	40.00	40.00	44.19	30.00
56.....	53.64	53.64	53.64	40.00
57.....	43.44	43.44	43.44	² 45.00
58.....	55.07	55.07	55.07	40.00
59.....	40.00	40.00	45.18	35.00
60.....	38.61	54.05	69.50	40.00
61.....	56.63	56.63	56.63	20.00
62.....	35.00	35.00	41.68	17.50
64.....	42.20	42.20	52.14	25.00
65.....	40.00	40.00	53.44	35.00
66.....	40.00	40.00	53.89	35.00
67.....	40.00	40.00	48.28	35.00
69.....	46.89	46.89	46.89	30.00
70.....	48.85	48.85	55.83	35.00
Average per cent.....	2,501.90 41.69	2,606.38 43.43	2,843.32 48.19	1,957.50 32.62

¹ Advance over the Dingley law as administered. Above 60 cloths, in the gray, under new proposed schedule for cotton cloth in the gray, pay average rate of 25.375 per cent based on same method of averaging as in above last column; difference, 7½ per cent.

² Advance over the Payne-Aldrich law.

³ Minimum estimated.

PARKER COTTON MILLS CO.,
Greenville, S. C., February 23, 1913.

HON. O. W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: Appreciative of your willingness to receive further suggestions from me with reference to the schedules proposed by the American Cotton Manufacturers Association, I beg to submit the following statements in addition to those previously made by me:

FIRST. AS TO THE PROPOSED SCHEDULE ON YARNS.

Mr. Cramer, of the committee of the American Cotton Manufacturers' Association, has gone most fully into this matter with you and I would not elaborate his statements except to emphasize the following facts:

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(a) The schedule proposed by us does permit somewhat higher duties on yarns of the same numbers as contrasted with yarns appearing in plain cloths, and this we have done for two reasons:

First. Because it clearly appears by the report of the Tariff Board that foreign manufacturers have considerably lower costs in the production of yarns, as such, in relation to American mills, than they have in the production of cloth. In other words, it is clearly shown by the Tariff Board report that to some extent the American mills have overcome in their weaving departments the disadvantages in the preparatory departments up to and including spinning. The reason of this lies in part in the fact that the automatic machinery very commonly used in weaving in America is not so commonly used abroad, and in part to a greater opportunity for the exercise of greater activity in weaving as contrasted with spinning. The relative cost of weaving to the American mills is less in proportion than in other departments of the plant, in contrast with foreign costs.

Second. Yarn is not an item of consumption by the public, but is only, as it were, a raw material for other manufactures. The public, therefore, is not interested at all in the duties applicable to yarns, but in duties applicable to the finished product. It certainly is fair that if there be accorded to the finished product a rate of duty which, whilst competitive, at the same time affords protection, that the manufacturer of goods made from yarns bought should reasonably expect that the producer of these yarns should likewise be given such protection as comes from the tariff competitive in nature.

The importations of yarns less than No. 40's have been in times past very slight, and therefore it is impossible to state with definiteness what duties would be competitive. We have, however, suggested duties which in my judgment will prove reasonably competitive, in the knowledge that should it appear later that the duties as suggested by us are not competitive the proper course will be to reduce these duties to a point which will make competition. It is much safer and better, however, to err for the present on the side of being slightly high than to be too low.

SECOND.—WITH REGARD TO THE CLOTH SCHEDULE.

As I have previously indicated to you, you will fall into a most unfortunate error if you undertake to compare the schedule suggested by the American Cotton Manufacturers Association with the Payne-Aldrich bill on the basis of imports of any year, say, 1912, for the reason that as the duties under the Payne-Aldrich bill were in many instances excessively high there could necessarily be no imports of classes of goods in which the Payne-Aldrich bill was so excessively high; the importations are necessarily in that class of product in which the Payne-Aldrich bill was reasonably competitive. Under the Payne-Aldrich bill there was the greatest irregularity in duties. For instance, goods containing identically the same yarns but varying in count, in print-cloth numbers, would take duties varying very greatly. To illustrate, by Tariff Board Table No. 172, a cloth 27 inches, 56 by 56, 8.70, whose finest yarn was No. 40, was given by the Payne-Aldrich bill a specific rate, equivalent to an ad valorem duty of 56 per cent; when the same yarns in another piece of cloth 28 inches wide, counting 40 by 44, weighing 9.15 was given a duty of only 39 per cent.

However, under the American classification, the duty would have been the same in each case, to wit, 20 per cent. The same irregularity existed in many classes of cloths under the Payne-Aldrich bill, and therefore, as stated, the importations under the Payne-Aldrich bill were necessarily of exceptional characters of cloth, as to which for various reasons the duties were competitive and not prohibitive.

To illustrate further, I would refer you to the report issued by the Department of Commerce and Labor, entitled "Imported merchandise entered for consumption in the United States and duties collected thereon, 1912," page 13, where the duties on cloths in the gray, "exceeding 150 and not exceeding 200 threads to the square inch," ranged under the Payne-Aldrich bill from 21 per cent to 49.62 per cent, the differences in duties depending upon the weight and value. No such variations would appear in the schedule of the American Cotton Manufacturers' Association. Therefore, as before stated, it can be fairly assumed that only such importations occur as relate to cloths in which, even after application of duties, conditions may be regarded as competitive. Many other illustrations could be cited to you.

I would refer you again to the table submitted a few days ago, in which we demonstrate from the Tariff Board Report that over 90 per cent of the goods distributed throughout the United States come within the provisions of classes 1 and 2 of the American schedule in yarns not exceeding No. 40. And therefore in order to deter-

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mine the extent of the reduction suggested by the American schedule it is necessary to bear in mind at all times that there is this great disproportion between the product of yarns under No. 40 and the product of yarns over No. 40. We freely admit that we have not made the same percentage of reduction as to cloths containing yarns over 40 as we have in cloths containing yarns under 40, but on the other hand it must be remembered that the consumption of cloth containing yarns under 40 is 9 times as much as it is of cloth containing over 40.

There is no doubt, and this fact is clearly shown by the report of the Department of Commerce and Labor above referred to, that the duties have been practically prohibitive of the importation of cloths containing yarns under 40's. It is therefore a mere matter of opinion as to what reduction may be necessary to bring these cloths into competitive relation between the American manufacturer and the foreign manufacturer. As a general statement, it may be said that after a very careful consideration of the subject, the American Cotton Manufacturers' Association has suggested duties that relate to yarns under No. 40, which are only about 50 per cent, on an average of the duties existing under the Payne-Aldrich and Dingley bills.

We believe that this reduction is sufficient to bring the domestic and foreign mills into competition with relation to such classes of cloth. All we can say is that we express our honest judgment in this relation, and that if it appears that a still greater reduction is necessary in order to bring about competition, it can be easily made after experience has shown that it is advisable. Great injury may result from making too great a reduction at this time.

I do not hesitate to say that although I, myself, have been for years a consistent advocate of reduction in duties, I feel that in my desire to manifest entire frankness in my dealings with your committee and in my further desire to subject the characters of cloths in which I am personally interested in manufacturing to the same severe test that I subject other manufacturers with relation to their goods, that I may have gone even too far in suggesting the reduction of duties as great as we have suggested in cloths containing yarns under No. 40. Certainly a great number of the best cotton manufacturers of the United States, in whose judgment I have confidence, and upon whose judgment I would ordinarily rely, have expressed to me great concern at the great reductions suggested by the American Cotton Manufacturers' Association, and have urged that in my desire to meet the view of your committee we have gone further than we should in the suggestion of duties applicable to cloths containing yarns under No. 40's.

To show the extent of these reductions, we have hitherto submitted to you in detail a comparison of rates with reference to the 100 samples of cloth appearing in the Tariff Board's Report and selected by the Tariff Board as representative, in a sense, of all cloths consumed in the United States. These samples were selected by the board to cover all characters of constructions, so as to show the application of the various tariffs to all classes of constructions. In our dealings with your committee we have continued to use these samples for the reason that there can be no dispute with relation to the application of duties to the goods represented by these samples. All facts with regard to them appear in the Tariff Board Report and there can be no dispute with relation thereto.

I refer you again to these tables previously submitted. However, I beg now to submit to you an additional table, entitled, "Coefficient Comparison of One Hundred Tariff Board Samples of Cloth" of table 19, page 43. This table shows that in pounds of production 49½ per cent of all goods manufactured in the United States contained yarns, the highest number of which does not exceed No. 20; 42½ per cent contain yarns not less than No. 20 and not over No. 40, and only 7½ per cent of the poundage production in the United States relates to goods whose lowest number in yarns is No. 40.

Applying these facts to the 100 samples of cloth, the following results appear: The average rate of duty on 15 samples, yarns content not over No. 20 illustrative of classes of cloth composed of 49½ per cent of the total distribution under the Dingley bill was 31.04 per cent ad valorem; under the Payne-Aldrich bill 36.78 per cent, and under the American classification 17.50 per cent. Likewise on 9 samples, yarn content, combining under No. 20 and over No. 20 but not over No. 40, which classifies them as cloth contained in 49½ and 42½ per cent of the total distribution under the Dingley bill as administered, the equivalent ad valorem duties were 36.33 per cent, under the Payne-Aldrich bill 38.68 per cent, and under the proposed American classification 28.61 per cent. Ditto on 23 samples, yarn content Nos. 21 to 40, which classifies them as cloth contained in 42½ per cent of the total distribution, under the Dingley bill the rate ad valorem as equivalent was 40.59 per cent, under the Payne-Aldrich bill 41.95, and under the American classification 24.57.

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The combination of these three classes illustrates, as stated, 92½ per cent of the total distribution of cloths in the United States, and the application, therefore, of the respective rates to these 47 samples would show results as follows:

	Per cent.
Dingley bill.....	36.72
Payne-Aldrich.....	39.67
American.....	23.08

The rates above, as stated, apply to cloths containing yarns not exceeding No. 40.

Working in the same manner on 43 samples shown in the report above referred to, of cloth containing yarn above No. 40, the comparison shows as follows:

	Per cent.
Dingley bill.....	45.23
Payne-Aldrich.....	51.85
American.....	38.88

We attach hereto a table illustrating the statement above given, but we further give you in detail the coefficient comparison of the 100 samples condensed, as stated in the table set forth above, omitting, however, from the 100 samples velveteens, corduroys, and cloths composed in part of silk.

In justice to ourselves we must again call your attention to the fact that we have been most particular in all our illustrations to use only such samples of cloth as have been passed upon by an impartial board, to wit, the Tariff Board.

It is hardly fair that we should now be confronted with a number of samples presented by certain importers with relation to which general information can not be obtained. On our part we have endeavored to keep clear from any representations to you which are not sustained by the determinations of the impartial board, and it does not seem to me to be fair that your committee should confine itself to a study of the samples thus passed upon by the Tariff Board.

However, as we have been asked to criticize the statements made by Mr. Shipley in presenting for your consideration certain samples, though we have not had time to examine in detail the 42 samples submitted by him, we have examined certain of these and present our views to you as follows:

Sample No. 1.—A bleached 36-inch rep, stated by Mr. Shipley as containing the finest yarns content, No. 70, dutiable value 10.72 cents per yard, taking a duty under the Dingley bill equivalent to 23.3 per cent, Underwood bill 25 per cent, and Parker rate, class 2, 40 per cent. Our analysis of this piece of cloth shows no yarns in excess of No. 52 bleached, equivalent to a No. 50 gray yarn. This piece of cloth would not fall under the American classification in class 2, but would come under class 1, and in the American classification would take a duty of 25 per cent and not 40 per cent, as stated by Mr. Shipley.

In the same connection it may be stated that we have nothing except Mr. Shipley's word as to the dutiable value of this cloth, which he states at 10.72 cents per yard. If the dutiable value should be over 11 cents, in place of the duty being under the Dingley bill 23.3 per cent, as stated by him, it would become 35 per cent.

Sample No. 2.—Twenty-seven-inch bleached fleeced back pique counting over 100 but not over 150 threads to the inch, stated by Mr. Shipley to be a jacquard weave. In our opinion, this is not a jacquard weave, and therefore would not, as stated by him, fall into class 3 of the American Association's schedule, but into class 2. As stated by Mr. Shipley the duties would be as follows:

Dingley bill.....	23.1 per cent ad valorem.
Underwood bill.....	20 per cent ad valorem.
American schedule.....	35 per cent ad valorem.

Mr. Shipley states the dutiable value to be 10.8 cents per square yard. Of course, we have no evidence as to the dutiable value, but if the dutiable value was over 11 cents to the square yard the rate of duty under the Dingley bill would be 35 per cent ad valorem and not 23.1 per cent, as stated by him.

Sample No. 5.—Twenty-seven-inch bleached mercerized jacquard waisting counting over 100 but not over 150 threads to the inch. As to this the following statements are made by Mr. Shipley:

Finest yarn content, No. 80.

English converters' price, 4½ d., less 2½ per cent, equal 0.0816, giving it a square yard dutiable value of 10.89 cents, weight 3.026 ounces per square yard; Dingley duty equivalent, 32.1 per cent; Underwood rate, 25 per cent; and Parker rate, class 3, 45 per cent. According to us the highest number of yarn content in this goods is No. 42 in the bleached, equivalent in the gray to No. 39, and the duty as based on the gray

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yarns would be 35 per cent, or based on finished yarns 37½ per cent, in place of 45 per cent, as stated by Mr. Shipley.

Sample No. 7.—White drill, 27-inch, counting over 200 but not over 300 threads, stated by Mr. Shipley to contain finest number of yarn No. 60, weight 5.4 ounces, dutiable value 11.7 cents per square yard, and stated by Mr. Shipley to take duties as follows:

Dingley bill.....	32 per cent ad valorem.
Underwood bill.....	25 per cent ad valorem.
American schedule.....	35 per cent ad valorem.

According to us the finest number of yarn in this piece of cloth is No. 32 and not No. 60, and therefore has, of course, fallen within class 2 of the American classification, and would take a rate of 30 per cent, in place of 35 per cent, as stated by Mr. Shipley.

Sample No. 19.—Twenty-eight-inch bleached jacquard waisting, counting over 150 but not over 200 threads. Stated by Mr. Shipley to contain finest number of yarn No. 140, dutiable value over 12 cents per square yard, with duties, stated by him, as follows: Dingley bill, 35 per cent ad valorem; Underwood, 30 per cent ad valorem; American class 3, 50 per cent ad valorem.

According to us the finest number of yarns appear to be No. 54 equivalent to a 50 to 52 in the gray. This piece of goods, therefore, would take, under the American classification, a rate of 37½ per cent and not 50, as stated by Mr. Shipley.

We could pursue this comparison further, but the instances given you show, in our judgment, the errors into which Mr. Shipley has fallen. It furthermore illustrates the necessity of confining the comparisons of such goods as have been passed upon by the impartial board, so that it is not necessary for the committee to accept either Mr. Shipley's statements or our own statements.

It is for this reason that all comparisons we have made have been of the cloths analyzed by the impartial board. It might be well to add that the analysis made by the Tariff Board was checked by the Analytical Bureau of the Treasury Department of New York, and can be accepted, whereas Mr. Shipley's statement and our statements as to yarns content would necessarily have to be checked by your committee.

I am appending to this letter a graphic chart showing the distribution of over 90 per cent of cloth manufactured in the United States. I would respectfully ask that this letter, together with the exhibits attached hereto, be printed and made a part of the records of the hearing before the committee.

I am also taking the liberty of adding hereto an editorial appearing in the Dry Goods Guide of February, 1913, in relation to the American schedule.

I beg to thank you for your courteous attention to this matter.

Yours, very truly,

PARKER COTTON MILLS Co.,
LEWIS W. PARKER, *President.*

[Inclosure.]

Coefficient comparison of 100 Tariff Board samples of cloth, based on Table No. 19, page 43, showing yarn productions to be under No. 20, 49¾ per cent; No. 20 to 40, 42½ per cent; over No. 40, 7¼ per cent.

	Dingley law as intended.	Dingley law as administered 1909.	Payne-Aldrich law.	American Cotton Manufacturer's Association, proposed rates.
Average rate of duty on 15 samples, yarn content not over No. 20, illustrative of class of cloth composing 49¼ per cent of total distribution.....	31.04	31.04	36.78	17.50
Ditto on 9 samples, yarn content combining under No. 20 and over No. 20, but not over No. 40, which classifies them as cloth contained in 49¼ per cent and 42½ per cent of total distribution.....	35.22	36.33	38.68	28.61
Ditto on 23 samples, yarn content No. 21 to 40, which classifies them as cloth contained in 42½ per cent of total distribution..	40.59	40.59	41.95	24.57
A combination of these three classes illustrates 92¼ per cent of total distribution.....	36.51	36.72	39.67	23.08

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Coefficient comparison of 100 Tariff Board samples of cloth, based on Table No. 19, page 43—Continued.

	Dingley law as intended.	Dingley law as administered 1909.	Payne-Aldrich law.	American Cotton Manufacturer's Association, proposed rates.
Average rate of duty on 8 samples, yarn content combining less than No. 41 in part with some higher numbers—none less than No. 21, which classifies them as belonging most to cloth representing 7½ per cent of total distribution.....	40.56	40.56	49.84	35.94
Ditto on 35 samples, yarn content over No. 40, classifying them as cloth representing 7½ per cent of total distribution.....	42.7	46.3	52.32	39.57
A combination of these two classes illustrates 7½ per cent of total distribution.....	42.3	45.23	51.85	38.88
Coefficient comparisons (from above):				
First 47 samples average by 92½.....	36.96	37.40	40.61	24.30
Balance 43 samples average by 7½.....				

Average American Cotton Manufacturers' Association rates=24.3 per cent, or 40.16 per cent reduction of Payne-Aldrich cotton-cloth rates.

[From Dry Goods Guide, February, 1913.]

COTTON TARIFF RATES PROPOSED BY LEWIS W. PARKER.

The proposed schedule for cotton cloth as presented to the Ways and Means Committee by Lewis W. Parker of Greenville, S. C., who represented the American Cotton Manufacturers' Association, shows a considerable change in method of applying the duties. Heretofore under the Payne-Aldrich law or the Dingley law and its predecessors, the duties were assessed in specific rates according to weight and number of threads to the square inch without any consideration of the fineness of the yarns in the fabric. Irrespective of the fact that the old rates were competitive in some instances, although mostly otherwise as shown by the Tariff Board's report, the proposed Parker rates indicate an attempt to do away with the difficulties that existed heretofore, and to provide a more adequate rate according to the real class of yarn which composes the fabric. The rates shown as per the schedule given in detail below range from 10 to 40 per cent except that on jacquard or very fine yarn productions this is slightly exceeded—not, however, on the class of goods which amounts to anything in distribution. While a 35 or 40 per cent rate may be shown as applicable to some cloths equal to the old Dingley rates, it is apparent that in the same classification a 25 or 20 per cent rate or even less will be made to apply. This is a step in the right direction. It seems to be admitted in the Tariff Board report that the high conversion costs fall upon the finer yarn numbers, and also that the heaviest labor costs come in the same category, indicating it is evident that higher rates should be made on fine yarn productions, even though the count and weight might be very similar to ordinary yarn productions. No serious criticism of the Parker rate has appeared as we go to press, but there will doubtless be attempts to make the higher rates in the Parker schedule appear as raises on the Dingley law basis. There is no question but what the rates on the great mass of goods used are considerably reduced below the old Dingley rates. For instance, a 39-inch 4-yard 80 by 80, containing 28's in warp and 38's in filling, which can be bought in England at 7.24 cents, and which was dutiable under the Dingley law at 2½ cents a square yard, which equals 41 per cent ad valorem, will be dutiable under the Parker rates at 15 per cent ad valorem if in the gray, or 20 per cent ad valorem if finished in any conceivable way. If similar reductions can be shown in the great mass of goods used it will no doubt be a most acceptable substitute for the Underwood bill, and at the same time give a measure of higher rates on that class of fabrics little made in this country, but which require higher duties to equalize the cost differences between here and abroad with due consideration of trade distribution—a most important factor.

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FEBRUARY 20, 1903, big reduction in duties over 90 per cent of distribution as suggested by Mr. Lewis W. Parker:

	Containing yarns.					
	1-9	10-19	20-39	40-59	60-99	100 and over.
Class 1: Cotton cloth, including calico, sheeting, and plain weaves, not including cords, stripes, checks, plaids, or figures made entirely of single yarns, except selvages, in the grey..	<i>Per cent.</i> 10	<i>Per cent.</i> 12½	<i>Per cent.</i> 15	<i>Per cent.</i> 20	<i>Per cent.</i> 30	<i>Per cent.</i> 30
Ditto. If advanced in any way beyond the grey condition by any one or more processes, similar to and including bleaching, napping, dyeing, printing, mercerizing, coloring, or other processes not specially otherwise provided for....	15	17½	20	25	35	40
Class 2: Cotton cloth of fancy or figured weaves of any description, cords, stripes, checks, plaids, figures, drills, twills, and kindred weaves, crepes, terry pile weaves, gauze and leno weaves, and cloth composed wholly or in part of any of the foregoing in the grey: cotton cloth composed of two-ply or more yarns, either wholly or in part, except if in selvages only, in the grey.	15	17½	25	30	35	40
Ditto. If advanced in any way beyond the gray condition by any one or more processes similar to and including bleaching, napping, dyeing, printing, mercerizing, coloring, or other processes not specially otherwise provided for....	20	22½	30	35	40	45
Class 3: Cotton cloth of jacquard weave, whether composed of single yarns, two-ply yarns, or more, either wholly or in part in the grey.....	25	27½	30	35	40	45
Ditto. If advanced in any way beyond the grey condition by any one or more processes, similar to and including bleaching, napping, dyeing, printing, mercerizing, coloring, or other processes not specially otherwise provided for....	30	32½	35	37½	45	50
Class 4: Cotton cloth composed wholly or in part of bleached, colored, dyed, or mercerized yarns, selvages excepted, shall pay the same rates of duty according to construction as provided for cotton cloth of the foregoing classes 1, 2, and 3 when advanced in any way beyond the grey condition, viz—						
Class 1.....	15	17½	20	25	35	40
Class 2.....	20	22½	30	35	40	45
Class 3.....	30	32½	35	37½	45	50

Further provided, that cotton cloth of the foregoing classes 1, 2, 3, and 4 containing two or more numbers of yarn, excepting if in selvages only, shall be dutiable at the rate provided for cotton cloth composed of the higher or highest number of yarn in such cloth; where any yarn content in cloth, except selvages, is composed of two-ply or more twisted yarn, the higher or highest number of yarn in such resulting thread shall designate the yarn class as above herein provided.

Classes 1 and 2: Over 90 per cent of the distribution.

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TESTIMONY OF S. B. CHASE, FALL RIVER, MASS.

Mr. CHASE. Mr. Chairman and gentlemen, I will endeavor not to use those words of offense any more than I can help. I have understood that the word "protection" and the word "specific" are both a little out of order in these days. But I realize that there are different kinds of protection. A good umbrella may keep off all the rain, and when it is made of cheesecloth it may let a part of it drip through, but both mean something in the way of protection.

There has been an impression abroad that the cotton schedule has been greatly increased of late, under the Payne-Aldrich bill, especially for the benefit of the manufacturers. Such is not the case. Of course, the committee knows that ninety one hundredths of all the goods that are made and consumed in this country come under the schedules of the Wilson bill, as originally made in that bill. I think I am safe in making that statement, that nine-tenths of all the goods made and consumed in this country will come under the Wilson bill.

I was in Washington when the Wilson bill was framed and I know that it made a reduction in cloths made from coarse yarns of from 33½ to 50 per cent, on medium goods from 22 to 33½ per cent, and on cloths made from fine yarns from 11 to 22½ per cent. So that the cotton schedule, as it relates to at least nine-tenths of the production and consumption of this country has been subject to a large reduction from the old-time McKinley tariff.

I have to take exception to the testimony of my friend Mr. Parker in regard to the cost of goods in Massachusetts, at least, and abroad. I can not say about South Carolina, because I do not know. I know that it costs us a good deal more to make the kind of goods that I am engaged in manufacturing, which is the so-called high grade of goods, than it does abroad. I have to take exception to the statement that it costs less to make goods with high-priced labor than it does with low-priced labor. I have found that if I pay 3 cents a pound for spinning yarn, that it costs 3 cents a pound. I do not know how to make it figure out 2½ cents if we pay the operators 3 cents, and, as every manufacturer knows, nine-tenths of the work done in the cotton mill, or somewhere in that vicinity, is done by piecework. If we pay high prices, it means high cost, and the cost has greatly increased of late years. There is no question about that. Public sentiment and legislation have in the North, and especially in Massachusetts, eliminated largely child labor. The age limit has been raised once or twice, and of course that means more expensive labor. The hours of labor since the old bill was passed have been reduced from 60 hours per week down to 54, and the production has been curtailed 10 per cent, while the wages of operatives per capita are higher notwithstanding the shortness of the hours and the reduction of product, so that we are not meeting the issue of a lower tariff by a lower cost of production; it is impossible for us to do so.

As almost everyone knows, there always has been an increasing expense coming upon us—in fact, it has come upon us—in the compensation laws which have been passed, remunerating workmen in case of accident. That is compulsory now by law and the cost of that is a very considerable item. While I do not appear as a stand-

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patter or taking the ground that we do not want any reduction whatever in the tariff, I ask this committee to be very careful and very moderate in their action, and we would like to be experimented with a little gradually, rather than to have, as the expression is, the dog's tail cut off behind the ears with one fell stroke.

I have a brief to file, and as I want to leave on an early train, I do not wish to extend my remarks. I am perfectly willing, however, to stay a little while and answer any questions the committee may desire to ask me.

The CHAIRMAN. The American Cotton Manufacturers' Association for which Mr. Miller, Mr. Cramer, and Mr. Parker appeared, represents a large proportion of the cotton industry of this country, does it not?

Mr. CHASE. A large portion, but not a majority portion.

The CHAIRMAN. Do you belong to the association?

Mr. CHASE. No, sir.

The CHAIRMAN. Are there any mills in your State that belong to the association?

Mr. CHASE. I could not answer that question, because I do not know. I think probably there are, but I would not want to state it as a fact, because I do not know.

The CHAIRMAN. You do not controvert the questions of cost and the questions of competitive rates that they stated here, do you?

Mr. CHASE. I do not question Mr. Parker's statement as to his own mills, and as far as his knowledge goes.

The CHAIRMAN. What grade of yarns do you use?

Mr. CHASE. We spin all the way from 36's to 200's.

The CHAIRMAN. I suppose competition in the 36's, which is a low grade of yarn, is not very great?

Mr. CHASE. It is a small factor with us. We generally use those for mixtures and cords, and sometimes we use them more largely.

The CHAIRMAN. What is the principal production of your mill? What grade of yarns?

Mr. CHASE. Under normal conditions, perhaps the largest factor of production would be around an average of 75's.

The CHAIRMAN. 75's.

Mr. CHASE. Yes, sir.

The CHAIRMAN. Over that you run—

Mr. CHASE. Over that we make 60 warp and 90 filling or 100 filling; somewhere around there.

The CHAIRMAN. Is not a good deal of the cost of your mills caused by the yarns above 100, between 100 and 200? Do not the very high grade yarns produce the high cost?

Mr. CHASE. The cost of those yarns is all figured separately. If we figured the average cost, it would be impossible for us to sell any goods made of 36 yarns or of 100 yarns. It would simply hit the average.

The CHAIRMAN. What I mean is, that whatever competition there is comes when you get above the 100's?

Mr. CHASE. Competition from abroad, you mean?

The CHAIRMAN. Yes.

Mr. CHASE. Yes, sir; about in that region.

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The CHAIRMAN. That is where the strong competitive yarns are?

Mr. CHASE. Yes, sir.

The CHAIRMAN. You do not combat what Mr. Parker said about the lower grade yarns and cloth made out of the lower grade yarns, do you?

Mr. CHASE. I do to a certain extent; yes, sir.

The CHAIRMAN. The committee will be glad to hear you on that.

Mr. CHASE. When it comes to the extreme low grades, about which I know nothing, I do not combat that; but on what I call medium yarns, I think there is no question that if he claims they are made cheaper here than they are in England, he is wrong.

The CHAIRMAN. He did not make that claim. He did state, I think, that they could make some low-grade yarns as cheap. But on the medium-grade yarns I did not understand him to say that.

Mr. CHASE. Possibly I misunderstood him. I could not hear very well, anyway.

The CHAIRMAN. He said the rate on these medium-grade yarns and the cloth made out of them would be equalized. For instance, you call a medium-grade yarn from 40 to 60, do you not?

Mr. CHASE. No.

The CHAIRMAN. What do you call medium?

Mr. CHASE. I should call medium grades from 30 to 40. When you get up to 60, I call it fine.

The CHAIRMAN. From 30's to 40's?

Mr. CHASE. Yes, sir.

The CHAIRMAN. On the plain yarns, the white and gray yarns, from 20's to 39's, we put on a duty of 15 per cent. Do you think that is a reasonable tariff?

Mr. CHASE. I do not think it is enough.

The CHAIRMAN. The Tariff Board seems to indicate that he was right with reference to that.

Mr. CHASE. Possibly the Tariff Board did. I am simply expressing my individual opinion.

The CHAIRMAN. In other words, you mean to say that you could not do it in your own mill? Is that it?

Mr. CHASE. That is right. I want to say a word about ad valorem duties and to see if you have considered a certain fact in relation thereto. I just want to make a suggestion. I am not going to argue the question. I have bought Sea Island cotton in my day as low as 12 cents a pound, and I have paid over 40 cents. I have made that into goods with a labor cost of 50 cents, and the costs which are affected by this same principle, on materials, taxation, etc., of which we have an excessive amount over on this side, would run it up to 75 cents. The cotton, with the waste out, at 12 cents would be about 17 cents. Adding that to 75 cents would make it 92 cents a pound. If you give us a duty of 30 per cent ad valorem, which is 27 cents a pound in round numbers, on 90-cent goods in which the labor and other factors which are affected by the tariff is 75 cents. Now, we will take the 40-cent cotton. That, with the waste out, costs us nearly 60 cents. You add labor and other materials of 75 cents and you have \$1.35, and that at 30 per cent ad valorem would give over 40 cents a pound. Don't you see the difference?

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The CHAIRMAN. There is no tax on the cotton, and we assumed that the cost to the English manufacturer is as much if not more than it is to you. We also assume that you have been conducting your business in an up-to-date business way; and as he has just as much waste as you have, that would equalize that proposition.

Mr. CHASE. Not at all, sir; and I think you will see your mistake in just a moment.

We admit that the raw material is so near on a parity that it is not worth discussing. It is the labor that we are talking about; the labor and other factors of American cost, which are high. What I say is that when the Englishman pays 40 cents and I pay 40 cents the tax on his goods makes 40-cent cotton give me a much larger protection, if I may use that word, when his cotton is 40 cents than it does when his cotton is 12 cents, because the ad valorem is figured on the total cotton, the labor, and all the other costs, is it not?

The CHAIRMAN. Yes.

Mr. CHASE. And so you see, from a protective standpoint, a great deal less protection is given to us on 12-cent cotton than it is on 40-cent cotton?

The CHAIRMAN. I recognize, Mr. Chase—

Mr. CHASE (interrupting). Pardon me. I just wanted to show that principle. I do not propose to argue the difference between ad valorem and specific duties. I am in favor of specific duties. I would rather have them a great deal lower proportionately than the ad valorem would figure and have them specific.

The CHAIRMAN. I see what you mean, of course. When the cotton is high and the imports come in, you figure that you get an actual higher rate of tax on the raw material?

Mr. CHASE. You are bound to; you can not help it.

The CHAIRMAN. But there is this proposition: If we were figuring this merely from the standpoint of the manufacturer, and if the Government was not involved at all, there might be a great deal in your argument, and we might be willing to concede it; but when we are levying this tax primarily for revenue, from our standpoint, because we are acting for the benefit of the Government, the protection that grows out of it is merely an incident that comes to you. From our standpoint it is a different proposition than if we were levying a protective tariff, where we were levying it primarily for you and the revenue to the Government was an incident.

Mr. CHASE. I understand that.

The CHAIRMAN. Looking at it from the standpoint of the Government, we are very much less liable to reach a block by reason of changing conditions if we have an ad valorem rate to adjust itself to those conditions than we are if we have a specific rate that does not adjust itself. In other words, if we were to put on a specific rate that was reasonably fair in a normal market a drop of prices would probably—and often does under the present bill—make that specific rate a prohibitive rate, and the Government gets no revenue under those circumstances.

Of course, from the manufacturer's standpoint, you may say he needs protection more, but from our standpoint we can say that the Government will probably need revenue more because of this drop all

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along the line. Therefore, looking at it from the standpoint of the Government, it seems to us that the ad valorem rate is a rate that is more apt at all times to bring in revenue to the Government. Of course, if there is a fall in the market it will bring less revenue, but it supplies some revenue instead of making a block and supplying nothing.

Mr. CHASE. I quite agree with you from a purely revenue point of view. Of course, if you want rates low enough so that no goods can be made here, then, of course, you would get all the revenue from cotton cloth, because the people wear it and it would all come in from the other side. If it is intended to grant the manufacturer incidental protection—but we haven't time to thrash this out.

I believe the specific rate is the rate, because the labor and other factors—I will not say that labor is exactly a factor, but it is more a factor than the raw material. You know very well that the raw material in the country where you come from—you must know it—goes way up and away down, and that is where the ad valorem rate works very badly.

The CHAIRMAN. If I were looking at it from your standpoint, I think I might reach your conclusion, but I am looking at it from a different standpoint; we are looking at it from two different angles. We think it is more important to levy this tax to secure some revenue, that that is the primary purpose.

Mr. CHASE. We are in your hands.

The CHAIRMAN. What we desire to do is to levy a rate that will only produce reasonable competition; that is what we want.

Mr. CHASE. We will agree to that. If you will give us a rate that will give us a reasonable chance to compete with Europe, that is all that I will ask for, as far as I am concerned. I know it is pretty hard to get it.

The CHAIRMAN. The human machine is not very perfect, but we are going to make the effort.

Mr. McCALL. If you were going to try to reduce the cost of your goods, where would you begin?

Mr. CHASE. I do not know where I would begin. I do not think there is any place to begin.

Mr. McCALL. You have not control of the price of raw material?

Mr. CHASE. There is only one price that we could control, if that is what you are getting at. We have control of labor, but we haven't got much control of that.

Mr. McCALL. At any rate you would try to begin reducing by cutting down labor?

Mr. CHASE. As Mr. Parker well said, the labor in the cotton industry to-day is too low. Taking into consideration the conditions that exist in the high cost of living it does not afford a sufficient reward to attract people to the industries. We are short of labor.

Mr. McCALL. You would have to stop production?

Mr. CHASE. Pardon me.

Mr. McCALL. If you had to reduce your price below where you could afford to make the goods, and if you could not cut down the price of labor you would have to stop production?

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Mr. CHASE. Surely, and that is what we do do when we get in a corner sometimes. Sometimes we have had to cut labor. We dislike to do it. Under present conditions it ought not to be done and we ought not to be forced to do it. I think it would be wrong to put this tariff so low so as to force that issue. I think if you investigate matters you will find that cotton-mill labor is not overpaid.

Mr. McCALL. I think it is very low paid.

Mr. CHASE. It is low paid.

Mr. McCALL. I do not think you ought to be compelled either to cut the price of labor or to stop production.

Mr. CHASE. The conditions in our country are different from those in Mr. Underwood's country. There he has, as he has testified, the native-born laborer that comes out of the mountain sections. I have been down through there and seen it. He has got good labor. We are dependent upon Europe for our fresh supply of labor, on immigration. We have a great many non-English-speaking people coming in and it is quite a problem how to handle them. We are spending money educating them in English, the adults, I mean, sending them to schools, so that they may learn our language in order that they may become good and efficient operatives. The children of our former operatives, who have attained a little education in the public schools, fare better, because they go into the better classes of industry that have natural protection and do not need any laws to protect them, like street railways, electrical concerns, etc.

Mr. McCALL. And policemen?

Mr. CHASE. Yes, sir; policemen. There is a great variety of labor that does not need any protection and which offers high pay for that class of people.

Mr. PALMER. Your contention is that under the present conditions and the prices of labor you are unable to compete with the foreign manufacturer in your line of goods?

Mr. CHASE. We know we can not.

Mr. PALMER. Yes; you know you can not?

Mr. CHASE. Yes, sir.

Mr. PALMER. Is that true of all the mills in New England in your line?

Mr. CHASE. In my line; yes, sir. It simply can not be done.

Mr. PALMER. What State are you from?

Mr. CHASE. Massachusetts.

Mr. PALMER. Have you observed recently in the Massachusetts newspapers the advertisement of the banking firm of Hornblower & Weeks, of Boston, advertising to sell securities in certain cotton mills?

Mr. CHASE. I do not know whether I have or not. I get a good many circulars of that sort.

Mr. PALMER. You know that firm, do you not?

Mr. CHASE. I have heard of them.

Mr. PALMER. It is a very reputable firm, is it not?

Mr. CHASE. So far as I know. I do not know anything about them, except that I know there is such a firm.

Mr. PALMER. Is that the firm of which Mr. S. W. Weeks, recently elected Senator from Massachusetts, is a member?

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Mr. CHASE. I do not know.

Mr. PALMER. I want to read you a part of the advertisement of Hornblower & Weeks, who are advertising in New England papers to sell securities in cotton mills. They say:

The kind of cloth manufactured can be produced in this country in competition with any foreign product, and in fact a considerable quantity is exported from this country each year. A cotton mill capitalized and operated on the above basis should be able to make a good profit, irrespective of tariff changes and other political conditions. In the present case we can say that the management views tariff revision with no apprehension.

Do you agree with that statement?

Mr. CHASE. To what mill does that refer, if I may ask?

Mr. PALMER. This particular advertisement is to sell securities in a mill of which George A. Draper, of Hopedale, Mass., is the president, and former Gov. Eben S. Draper is a director.

Mr. CHASE. It is not a mill making fine goods. If it is, they are stating things which are not true and deceiving the public. I do not hesitate to say that, whether Mr. Weeks is a member of the firm or not.

Mr. PALMER. You disagree with what Mr. Weeks's firm is saying to the people of New England?

Mr. CHASE. I do if it refers to the kind of mill that I represent. Of course, there are all sorts of mills.

Mr. PALMER. I understood you to say, however, when I first asked you that the conditions, so far as labor costs are concerned and possible competition with foreign manufacturers, were the same with respect to all New England cotton mills?

Mr. CHASE. Oh, no; I did not say that. I might say that there are mills in New England that make goods almost entirely for export.

Mr. PALMER. What class of goods is that?

Mr. CHASE. Heavy drills.

Mr. PALMER. They can, of course, compete with the foreign manufacturer?

Mr. CHASE. They evidently do.

Mr. PALMER. This advertisement seems to cover a mill near New York.

Mr. CHASE. I guess I know what it is now.

Mr. PALMER. At Cohoes, the Harmony Mills.

Mr. CHASE. I guess they are very anxious to get rid of it.

Mr. PALMER. Who is?

Mr. CHASE. The people that own it. There is no doubt about that.

Mr. PALMER. Mr. Weeks seems to be reasonably anxious to get rid of the securities.

Do you know that mill?

Mr. CHASE. I know what it is; yes, sir.

Mr. PALMER. What kind of goods do they make?

Mr. CHASE. I do not know; nothing very fine.

Mr. PALMER. Nothing very fine?

Mr. CHASE. No, sir.

Mr. PALMER. They make the cheaper classes, you mean?

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Mr. CHASE. Yes, sir; as far as I know. I do not absolutely know, and I do not want to go on the record here as saying something that I do not know. You know in court you are not allowed to say anything except what you have personal knowledge of. I have not personal knowledge of that, but I have a very strong impression. I think I have knowledge enough to make the statement that that mill does not make fine goods, but I can not say that from personal observation. I never was in the mill in my life. I know it has been a broken-down concern.

Mr. PALMER. Are the Drapers large cotton mill manufacturers in New England?

Mr. CHASE. The Drapers are large cotton machinery manufacturers. They are not cotton-mill men.

Mr. PALMER. Manufacturers of cotton-mill machinery?

Mr. CHASE. Yes, sir.

Mr. PALMER. And of course they are interested in the prosperity of the cotton manufacturing trade?

Mr. CHASE. The Drapers are machinery manufacturers and they like very much to fill up a mill building with machinery for somebody else to run. It is their business. That has been the curse of the cotton business. Some of my friends here in the machinery business probably will not like what I say.

Mr. PALMER. In this particular case although the Drapers may have filled the mill with machinery—I do not know about that—they seem to have become directors also in the cotton mill itself.

Mr. CHASE. Yes, sir.

Mr. PALMER. And they are advertising through their bankers that they have no fears whatever on account of any tariff revision.

Mr. CHASE. Possibly they have not; I do not know.

Mr. PALMER. You say as to the cheaper class of goods they may be all right?

Mr. CHASE. There are certain classes of goods made in this country on which the question of protection may be dismissed. It is not a matter of much consequence. That is where the raw material is about all the value there is in the goods.

Mr. FORDNEY. Are the cheaper grades of goods that you were speaking of made for export?

Mr. CHASE. They may be cheap or they may be dear. It is a question of the raw material.

Mr. FORDNEY. You do not know whether this mill mentioned in this advertisement manufactures the class of goods that are now being exported?

Mr. CHASE. I do not; no, sir.

Mr. FORDNEY. It may be that those very grades of goods are made in that mill for export. That would relieve it from the question of fraud. It would be correct, then, would it not?

Mr. CHASE. I do not like to speak for anyone else; but I imagine that if Mr. Eben Draper, for whom I have a very high regard and who I think is a man of very sound sense, were here—if the statement comes from him that on the kind of goods that they are making they have no fear of tariff changes—he would qualify that by saying that he did not suppose Congress would pass a law making absolute free trade.

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You might revise the tariff to a considerable amount, but none of us would expect that you gentlemen are going to take the whole tariff off. If we did, we should be scared blue; there is no question about that. But we think, or he thinks, that there may be reductions, and I think it is the basis upon which that statement is made.

Mr. PALMER. He simply desires to express his confidence in the Democratic Party?

Mr. CHASE. Exactly, although he is a standpat Republican himself. He is confident that you are not going to try to ruin the country.

Mr. FORDNEY. I have no doubt that if you knew now just exactly what they would do, you would be blue in the face. But that is a joke. You have stated that you have labor troubles, or at least you have had labor troubles in the cotton mills of Massachusetts within the last year.

Mr. CHASE. We have had no trouble in our town, but we have had them in Massachusetts.

Mr. FORDNEY. I believe you stated that under existing conditions you could not afford to pay higher wages than you are paying now, and that the rate of wages, in your opinion, is not sufficiently high to attract labor to that industry?

Mr. CHASE. That is so.

Mr. FORDNEY. If you had a greater measure of protection that would curtail importations of goods that come in competition with your goods, you could pay a higher rate of wages to your labor, could you not?

Mr. CHASE. I do not know. I want to be perfectly candid. Of course the possibilities of paying higher wages under a high tariff are very much greater than under a low tariff, but sometimes there are conditions of home competition that would prevent you from paying higher wages. You asked me if you should raise the tariff instead of lowering it, if it would increase wages. I could not tell you. That would depend upon the condition of the trade. We could raise them if we could raise the price of our goods.

Mr. FORDNEY. That is the point I want to get at.

Mr. CHASE. That is it.

Mr. FORDNEY. On the other hand, with the distressing conditions which you have in the cotton mills of New England to-day, if the rate of duty on that class of goods is lowered and if, by reducing that rate of duty, the price of those goods would be lowered to the consumer in this country, you will be in greater distressed condition than you are to-day, and labor would also be in a greater distressed condition, would it not?

Mr. CHASE. If the duty were lowered, so that the goods could be brought in free, of course it would tend further to depress our business. There is no doubt about that.

Mr. FORDNEY. Increased importations of the class of goods you are making would have the tendency to bring about greater competition and lower prices, would it not?

Mr. CHASE. Certainly.

Mr. PALMER. Do you think it would also lower the amount of production of that class of goods in this country?

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In other words, would the rate suggested by Mr. Parker, as an example, result in such largely increased importations as would not be absorbed by the demands of the country?

Mr. CHASE. I am inclined to think it would. I want to be perfectly candid and say that I do not know. I mean no disrespect to any member of the committee when I say that I doubt if any of them know just where the dividing line comes between protection and allowing it to come in—

Mr. PALMER (interposing). The manufacturers in this country would do their best to keep that competition down by meeting it in price, so far as they could, would they not?

Mr. CHASE. We always do.

Mr. PALMER. Assuming that the rate would be written at such a figure that you could keep the competition down by the reduction of price without decreasing your production, then the demand for labor in the American mills would be just the same as it is now, would it not?

Mr. CHASE. Yes.

Mr. PALMER. And if the demand for labor continued the same you would have to pay labor just as much as you do now?

Mr. CHASE. Yes.

Mr. PALMER. So that the first effect of such a reduction of price would not be the lopping off the wages of labor, but in somewhat reducing the profits of the manufacturer; is not that true?

Mr. CHASE. When I tell you that King Phillip Mills, which I am representing here to-day and of which I am the manager, lost over \$50,000 last year, to reduce our profits below that would be a hardship, would it not?

Mr. PALMER. You suffered a loss?

Mr. CHASE. Yes; we did.

Mr. PALMER. By reason of the reduction in price of your commodity?

Mr. CHASE. So did most of the mills in our line of business.

Mr. PALMER. You did not take that out of labor, did you?

Mr. CHASE. No, sir.

Mr. PALMER. In other words, when competition results in a lower price on an article manufactured in this country without decreasing the amount of production, the loss, if any, comes not out of labor, but out of the capital invested?

Mr. CHASE. In a long pull, it would have to be shared by labor.

Mr. PALMER. Let us see about that. Is not the cost of labor the first lien on your plant?

Mr. CHASE. I do not know exactly what you mean by the first lien.

Mr. PALMER. What you have got to pay to your labor must come out first, must it not?

Mr. CHASE. Surely.

Mr. PALMER. Is it not true in all manufacturing enterprises that when losses occur, the losses are taken out of those things which are taken of the business last, and not first?

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Mr. CHASE. I can tell you—

Mr. PALMER (interrupting). In other words, would you not first reduce the dividends rather than the labor? Would you not be bound to do so?

Mr. CHASE. Yes; I think that is the first step, perhaps; but it is not always done in every case.

Mr. PALMER. No; I think not.

Mr. CHASE. When you have to reduce the dividends to a certain point and then not get a fair return on your capital, you are eventually going to run your plant cheaper or abandon the business.

Mr. PALMER. You do not claim to have arrived at that point in the cotton mills of New England, do you?

Mr. CHASE. I hope not.

Mr. PALMER. You could still reduce dividends to some extent, if you were compelled to accept lower prices for your product and get a fair return upon the actual amount of capital invested?

Mr. CHASE. No, sir; not under present conditions. If you are speaking of present conditions that would be impossible.

Mr. PALMER. Do you mean that you could not lower the present dividends in New England?

Mr. CHASE. No, sir; not with a good many plants, because they are paying nothing. I do not see how you could get below nothing.

Mr. PALMER. I have seen some tables of earnings of the cotton mills in New England which have made me wish I had a little money in them.

Mr. CHASE. These mills which I represent have made a good deal of money in days gone by, at times. We have had very prosperous periods and we have had very depressing periods. If we spread over the generation of time and did a fair return, we are satisfied.

Mr. FORDNEY. The gentleman asked you if, when reducing the price and so on, the first thing would be to reduce the dividends. When you are not paying any dividend it is pretty hard to reduce that any further, is it not?

Mr. CHASE. That is just the remark I made.

Mr. FORDNEY. In the last 10 years, of the New England and southern mills there are a great many of the mills that have paid no dividends at all?

Mr. CHASE. That is true of some.

Mr. FORDNEY. Only those most favorably situated and with the most economical methods of manufacture have paid the dividends?

Mr. CHASE. I would not go as far as that. I think the majority of the mills have paid dividends. I would not say it was a favored few. I think the majority pay dividends more or less. Some of them have paid good dividends; some have paid an average of 5 to 6 per cent, and some have paid little or nothing. That is about the condition as I understand it.

Mr. FORDNEY. With your own concern, Mr. Chase, as an illustration, what have you paid in the past 15 years?

Mr. CHASE. We have paid 6 per cent, and have not skipped.

Mr. FORDNEY. You have not paid any more?

Mr. CHASE. No—yes, we have in 15 years.

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Mr. FORDNEY. But on the average you have not?

Mr. CHASE. We have always paid a 6 per cent dividend, and some years ago we paid an extra dividend.

Mr. PALMER. How much was that?

Mr. CHASE. Fifty per cent.

Mr. PALMER. How many stock dividends have you had in the meantime?

Mr. CHASE. We increased our stock.

Mr. PALMER. How much?

Mr. CHASE. Fifty per cent.

Mr. PALMER. Out of the profits?

Mr. CHASE. Well, you might call it out of the profits.

Mr. PALMER. You call it a stock dividend, do you not?

Mr. CHASE. A stock dividend, if you choose.

Mr. PALMER. Then you have done pretty well, have you not?

Mr. CHASE. Very well, indeed, sir.

Mr. RAINEY. What is the name of your mill?

Mr. CHASE. The King Phillip Mill. Certain information has been pulled out of me, and that is all right. I have nothing to hide about the 50 per cent dividend. In 1898 cotton was selling, as you gentlemen from the South know, at a very low price, about 4 to 5 cents a pound. For the King Phillip Mills I bought two years' supply of cotton, or nearly so, and we had a tremendous advance; it more than doubled in price, and that is where that 50 per cent dividend came from. We made it just after that period; that is, we declared that dividend within a year or two afterwards.

Mr. FORDNEY. That dividend was occasioned by your taking advantage of a low market for your raw material and laying in two years' supply?

Mr. CHASE. Yes, sir; plunging in very heavily and winning out.

Mr. FORDNEY. The value of your raw material increased and you made an extraordinary profit?

Mr. CHASE. Yes, sir.

Mr. LONGWORTH. Mr. Parker said that the cost of labor to the Massachusetts mills was 10 per cent more than in the southern mills. Do you agree with that?

Mr. CHASE. I could not answer that question, for I do not know. In a general way, I understand and believe that the cost of labor is considerably less in South Carolina than in Massachusetts. I could not give the amount, because I have no means of knowing.

Mr. LONGWORTH. Another statement he made in reply to a question by Mr. Underwood was that in his judgment the Hill bill would have been of greater benefit to the southern manufacturers, although it reduced the duty on the cheaper grades of cloth, and that the Underwood bill would have been a greater benefit to the New England manufacturers, although it carried substantially less duties on the higher grade of cloth. Do you agree with that?

Mr. CHASE. I do not think I do.

The CHAIRMAN. I do not think that is a proper differentiation between the two bills. There is a very great difference in the moderate grade of cotton goods that most of the southern mills are

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making. The very low grades do not apply to the southern mills any more than they do to the northern mills. The southern mills are making well up into the 70's, are they not, Mr. Chase?

Mr. CHASE. Yes, sir; some of them are running the finer yarns.

The CHAIRMAN. Many of them are running way above these low-grade goods?

Mr. CHASE. Yes, sir. I do not know how many, but I know some of them are.

Mr. RAINEY. Your mills are in Fall River?

Mr. CHASE. Yes, sir.

Mr. RAINEY. Do you remember what the price of raw material was in 1902; was the material used in the Fall River mills at that time at low price?

Mr. CHASE. I could not tell you.

Mr. RAINEY. Are you familiar with the Bourne mill, in Fall River?

Mr. CHASE. Yes, sir; I know of it.

Mr. RAINEY. I notice in 1902 they paid a dividend of 12½ per cent and in 1903 they made a stock dividend of 40 per cent. Then upon the stock so watered, in 1903, they paid 9½ per cent dividend. Was there an element of cheaper raw material going into that situation in those years which made that remarkable condition possible?

Mr. CHASE. I can not tell you any more about the Bourne mill than I can tell you about the mills in South Carolina. It is over in Rhode Island.

Mr. RAINEY. I find in 1905 the Chase mills made a stock dividend of 20 per cent and in 1907 another stock dividend of 33½ per cent, and they are now paying 6 per cent on the stock, on the entire issue of stock which they have watered in this way twice. Is that about what the other mills in Fall River do?

Mr. CHASE. No; it is very far from it.

Mr. RAINEY. Are you familiar with the Davis mills?

Mr. CHASE. Yes, sir.

Mr. RAINEY. They are in Fall River, are they not?

Mr. CHASE. Yes, sir.

Mr. RAINEY. I have a statement here as to those mills. I find that in 1909 they made a stock dividend of 25 per cent. At that time they were paying 6 per cent, and they have continued to pay 6 per cent just the same after watering their stock in this way. I find, also, that in 1907 the Davis mills made a stock dividend of 25 per cent, and continued to pay 6 per cent, and they still continue to pay this same amount.

Mr. CHASE. The Davis mills?

Mr. RAINEY. Yes.

Mr. CHASE. Do you find any account there where they reduced their capital stock \$500,000, and that they had to put in new capital on account of the losses they made?

Mr. RAINEY. No, sir; I do not find that.

Mr. CHASE. That is true.

Mr. RAINEY. When did they do that?

Mr. CHASE. I could not tell you.

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Mr. RAINEY. According to this statement that was never done. They still have \$1,250,000 capital.

Mr. CHASE. You get all of these good stories, but I can tell you a lot of the other sort, where mills have lost half their capital and all of it.

Mr. RAINEY. Your mills are the King Phillip Mills?

Mr. CHASE. Yes, sir.

Mr. RAINEY. Let us see if they have that correct. I know you will know about that.

Mr. CHASE. I can tell you a very good story about that.

Mr. RAINEY. In 1906 you watered your stock 50 per cent.

Mr. CHASE. We never watered it at all.

Mr. RAINEY. You made a stock dividend.

Mr. CHASE. Yes, but it wasn't watered. It is not capitalized now for what it is worth.

Mr. RAINEY. You gave the option of either cash or stock?

Mr. CHASE. Yes, sir.

Mr. RAINEY. Most of them took stock, did they not?

Mr. CHASE. Yes, sir.

Mr. RAINEY. That was in 1906? In 1902 you paid a dividend of 16 per cent, did you not?

Mr. CHASE. Yes, sir; one year.

Mr. RAINEY. After you had paid this large dividend in 1906, which they all took in stock, you continued to pay 6 per cent right down to date?

Mr. CHASE. Yes, sir.

Mr. RAINEY. They have you right then?

Mr. CHASE. Yes, sir; that is right.

Mr. RAINEY. Are the Laurel Lake Mills in Fall River too?

Mr. CHASE. Yes, sir.

Mr. RAINEY. Do you know anything about those mills?

Mr. CHASE. Not very much.

Mr. RAINEY. They say here that it made a stock dividend of 100 per cent in 1907, and in 1905 they paid 5½ per cent; in 1906 they paid 11 per cent; then, in order to keep down their apparent earnings, they issued a stock dividend of 100 per cent; and then in 1907, much to their surprise, they paid 14 per cent on the watered stock.

Mr. CHASE. There, again, you are off your base. The Laurel Lake mill got into financial difficulties and had half of their capital, or more than half of it, wiped out. I guess perhaps none of the gentlemen here can give me the exact figures, but they had to put in fresh money; and when they got on their feet they gave the stockholders that dividend to square up with them; and that is all they did do.

Mr. RAINEY. When did they get on their feet?

Mr. CHASE. They got on their feet when they had good times—in 1906 and 1907.

Mr. RAINEY. In 1907 they paid 14 per cent and in 1908 13 per cent?

Mr. CHASE. Nobody will question that in 1906 and 1907 the cotton mills of this whole country had the most prosperous period in their entire history.

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Mr. RAINEY. Were they not just as prosperous in 1908?

Mr. CHASE. No, sir; 1908 was a hard year.

Mr. RAINEY. Those mills which you say were in such financial difficulties in 1908 paid 13 per cent.

Mr. CHASE. They probably made it in 1906 and 1907. We paid 6 per cent this last year and lost \$50,000. If you go by that, you would say that we made money; but we did not.

Mr. RAINEY. Are you familiar with the Merchant's Co. in Fall River?

Mr. CHASE. Yes, sir.

Mr. RAINEY. They made a stock dividend in 1907 of 50 per cent and have increased their dividends every year since that time in spite of the fact that they watered their stock 50 per cent. That is correct, is it not?

Mr. CHASE. I know a little something about the Merchant's Manufacturing Co., because I own some stock in it, and the statement that they have increased their dividends every year since 1907 is not true. I do not know where you got it, but it is not true.

Mr. RAINEY. I did not say that they had increased every year over the preceding year. But in 1907 they paid 5½ per cent, when they had not paid that much since 1901, and since this watering of their stock they have increased their dividends to 6 per cent and pay it now on their watered stock. That is correct, is it not?

Mr. CHASE. No, sir; it is not correct; they did not pay any 6 per cent last year that I know of.

Mr. RAINEY. They paid it in 1910?

Mr. CHASE. In 1910 I do not know.

Mr. RAINEY. They did according to this statement. And they paid it in 1909.

Mr. CHASE. I can not tell you about that. I know they have not paid any 6 per cent. I know they ran down to 4 per cent for quite awhile.

Mr. RAINEY. When did they run down to 4 per cent?

Mr. CHASE. I can not tell you; I can not give you dates. I know when you say they have paid 6 per cent right along that they have not done it.

Mr. RAINEY. They paid 6 per cent for three years after they watered their stock, is not that so?

Mr. CHASE. I do not know what they paid.

Mr. RAINEY. Do you know the Pocasset mills there?

Mr. CHASE. I know there is such a mill.

Mr. RAINEY. I see they paid a stock dividend of 100 per cent in 1907, and in 1907 they paid 6 per cent cash dividend; after watering their stock in 1908 they still paid 6 per cent; in 1909 they paid 6 per cent, and in 1910 they paid 6 per cent. They did pretty well, did they not?

Mr. CHASE. They have done very well, I think, so far as I know.

Mr. RAINEY. Do you know the Richard Borden mills? They are in Fall River.

Mr. CHASE. Yes, sir.

Mr. RAINEY. In 1907 they paid a stock dividend of 25 per cent, and in the same year they paid a 20 per cent dividend in cash; in

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the next year they paid 13 per cent in cash. That is right. The next year, 1909, they paid a dividend of 8 per cent and in 1910 a dividend of 10 per cent. That is correct as to their history?

Mr. CHASE. I do not know. As to some of those mills, I do not know.

Mr. RAINEY. You know of the Tecumseh mills there in Fall River?

Mr. CHASE. Yes, sir.

Mr. RAINEY. Have you any interest in it?

Mr. CHASE. Yes, sir; I am a stockholder.

Mr. RAINEY. They paid a stock dividend in 1906 of 50 per cent, did they not?

Mr. CHASE. They made it some time; I think somewhere around there.

Mr. RAINEY. And the same year they paid 6 per cent on their capital stock, did they not, including water, and the very next year after that (this is 1907) they paid 14½ per cent on their capital stock, water and all, did they not?

Mr. CHASE. I think so.

Mr. RAINEY. Yes, they did.

Mr. CHASE. I can not remember the figures.

Mr. RAINEY. And in 1908 they paid 9½ per cent.

Mr. CHASE. I know they paid some extra dividends.

Mr. RAINEY. In 1909 they paid 6 per cent and in 1910 6 per cent. What did they pay last year?

Mr. CHASE. Six per cent.

Mr. RAINEY. Just the same?

Mr. CHASE. Yes.

Mr. RAINEY. They have done pretty well?

Mr. CHASE. Yes.

Mr. RAINEY. Do you know the Troy mills, there in Fall River? They are not so large; they have only 50,000 spindles. But you know about them, do you not?

Mr. CHASE. Yes.

Mr. RAINEY. They paid a 100 per cent bond dividend in 1909; they distributed that to their stockholders? Have you any interest in those mills also?

Mr. CHASE. No, sir.

Mr. RAINEY. And in that year they paid also a 13 per cent dividend. The next year they paid 12 per cent in dividends, and also paid interest on the bonds, which they distributed gratuitously. They have paid as high as 20 per cent in dividends, which was paid in 1906. That is true, is it not?

Mr. CHASE. Yes, sir; I presume it is true.

Mr. RAINEY. I have gone through only a portion of these Fall River mills, but do you not think on a showing like this we could reduce the tariff on their products considerably and not give them an excuse for paying the laborers in their mills less money than they now pay them?

Mr. CHASE. What you have said may all be true history. As to some of them I do not know anything; as to some others I do.

Mr. RAINEY. I think it is all true.

Mr. CHASE. I have remarked before that in 1906 and 1907 we had a most extraordinary situation. Mr. Sparkley related it this morning

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in regard to his own business, and he did not want to see such times again, because we have been suffering the inevitable reaction from those extreme prices.

Mr. RAINEY. These do not seem to have reacted much.

Mr. CHASE. We are quite willing to admit we have had a protective tariff, and when goods have shot up to high prices there have not been foreign goods coming in to spoil the profit that we got on them.

But go back with me to 1903, 1904, and 1905; there was a condition of things then which was deplorable. There was a strike in the city of Lowell that lasted for six weeks; there was a strike in the city of Fall River which lasted for six months, and not a spindle turned on account of the great depression in business and inability of mills to pay the operatives the wages they demanded. As the inevitable reaction they had a tremendous curtailment of production, because, bear in mind, Fall River is the largest cotton manufacturing city in this country. Not a spindle turned there for six months, a great vacuum was created in the market, and we had the most extraordinary period of prosperity during 1906 and 1907 following.

We admit there were great profits made at that time. Some of these mills which had debts upon their plant, incurred during the building of the mills, paid off those debts and capitalized the profits by these stock dividends that you speak of.

Mr. RAINEY. But those conditions did not prevail in 1902, when the King Phillip mill paid 16 per cent?

Mr. CHASE. No.

Mr. RAINEY. Under all these circumstances, do you not think you could get along with less profits and not cut down the wages of your laborers, if we took off some of this tariff which you have been enjoying so long?

Mr. CHASE. We can get along with less profits than we have made in some of those periods of prosperity, of course.

Mr. RAINEY. And you can still pay your laborers just as much as you are paying them?

Mr. CHASE. I have not asked you to keep the tariff where it is.

Mr. RAINEY. No; and we do not intend to do it.

Mr. CHASE. I have not asked that. You seem to be arguing with me as if I was asking you to keep the tariff up.

Mr. RAINEY. Do you want it lowered?

Mr. CHASE. I would just as soon have it lowered; yes, sir. I do not think it makes much difference, if you do not lower it too much.

Mr. RAINEY. Then, what are you protesting against?

Mr. CHASE. I am protesting against what it is in the so-called Underwood bill; and I did not like the Parker bill that was put in here this morning, as to the extent of the reduction; and I do not like, as I said in the first place, the ad valorem duty.

Mr. RAINEY. If the Underwood bill is adopted, will you have to lower the wages of your laborers?

Mr. CHASE. I could not answer that question, because I do not know.

Mr. RAINEY. Would you have to decrease your profits?

Mr. CHASE. I think we would.

Mr. RAINEY. You are sure of that?

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Mr. CHASE. I think so; quite sure of it.

Mr. RAINEY. That is all.

Mr. PETERS. What is your attitude, Mr. Chase, toward the duty on textile machinery?

Mr. CHASE. I suppose I have got to plead guilty to being a general all-around protectionist. I do not think, however, I am a very rabid one, an extreme one. But I think that textile machinery should have the same treatment that the cotton-goods people have, or anyone else that is manufacturing in the United States.

Mr. PETERS. About how much of the total purchase of machinery by our mills in the course of a year is imported machinery?

Mr. CHASE. I do not think a great deal now.

Mr. PETERS. You think it is a very small proportion?

Mr. CHASE. I think so.

Mr. PETERS. Would you say that the duty of 45 per cent added substantially to the cost of an American mill?

Mr. CHASE. Oh, undoubtedly.

Mr. PETERS. Could you give the difference in cost say between a No. 40 revolving flat card here and the same card purchased in England, which would be used in manufacturing the same class of goods?

Mr. CHASE. I am not familiar with prices in either country at present; I have not had anything to do with them.

Mr. HARRISON. Are you a member of the Arkwright Club?

Mr. CHASE. Yes, sir.

Mr. HARRISON. Would you mind telling this committee what is the purpose of that club, in its relation to the cotton industry?

Mr. CHASE. That club has a great many purposes. It is an association of manufacturers for mutual benefit.

Mr. HARRISON. In what way does it benefit the manufacturers?

Mr. CHASE (continuing). For legislation just like this proposed legislation, and also legislation in the Legislature of Massachusetts. They get together and discuss things relating to their business and affairs. It is partly social. They have a dinner once a month. They meet together to confer as to the general good of the business. I do not know as I can express it in any better terms than that. I have not attended a meeting there for several years myself, so I do not really know what is going on these days.

Mr. HARRISON. What kind of matters used to be discussed at the Arkwright Club in relation to the cotton industry at the time when you used to frequent it?

Mr. CHASE. We used to have a great many matters connected with freight transportation that used to take up about as much time as anything in the last meetings that I attended there, which was a good while ago—dealing with the railroads, getting rates on freight right, and as to the routing of cotton, looking after cotton claims; we have had a great deal of trouble in that way by cotton getting lost.

Mr. HARRISON. This club is composed, is it not, of the leading men in the cotton industry in New England; the heads of the great corporations?

Mr. CHASE. I think a great proportion of them belong, so far as I know.

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Mr. HARRISON. And they would usually meet at luncheon and discuss the conditions of trade?

Mr. CHASE. Yes, sir.

Mr. HARRISON. Do you recognize this description of a club meeting [reading]:

These business men get together and have their luncheon, and they sit around the table and have their oysters and other things and talk with each other. There is no order about it, and just as soon as the cigars are lighted and the servants retire the president stands up and says, "The secretary will read the records."

I will say that I am reading this from the testimony of the secretary of the club, Mr. Stanwood, a couple of years ago, before the Committee on Expenditures in the Department of Justice.

After the cigars are lighted and the servants retire, do the gentlemen of the Arkwright Club ever discuss reducing wages of the laboring men in the cotton mills in Massachusetts?

Mr. CHASE. I have never heard them do so, to the best of my recollection.

Mr. HARRISON. You did not happen to attend the meeting of February 19, 1908, did you?

Mr. CHASE. I could not tell you now; that is a good while ago. But I do not think I did, because for years I have been to very few meetings there.

Mr. HARRISON. Mr. Stanwood, the secretary, reading from the minutes of a meeting on that date, read as follows:

The question of the expediency of further curtailment of production by the cotton mills represented by members of the club and of the necessity of an early reduction of wages was discussed at length by many members. Informal votes disclosed the fact that the sentiment of the members present was unanimous that both steps are necessary.

It was thereupon voted that the committee appointed on the subject of curtailment at the last meeting of the club, held on December 18 last, be requested to consider the two questions of further curtailment and of reduction of wages, and to report at a special meeting of the club to be called by the president.

And Mr. Stanwood, the secretary, further said:

It was given out to the Boston News Bureau and the Associated Press for the purpose of letting the employees of the different mills throughout New England understand that a reduction of wages was impending, and that the condition of the trade was such that it would be necessary to make a reduction in wages.

Now, 1908 was a year of great labor disturbances in the cotton mills in New England, was it not?

Mr. CHASE. It was a year of great depression, following the panic.

Mr. HARRISON. There was an agitation constantly among the workmen, was there not, and a demand for higher wages?

Mr. CHASE. I do not so recollect; no, I think not.

Mr. HARRISON. My impression is that there were more strikes in New England in that year than in any of the years immediately preceding it.

Mr. CHASE. If you will allow me I will tell you, as far as our town is concerned, just what happened.

Mr. HARRISON. If you will permit me to continue this line of inquiry I will ask you—

Mr. CHASE (interposing). I do not know anything about what you are talking of there.

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Mr. HARRISON. That was not the year you happened to attend the sessions of the Arkwright Club?

Mr. CHASE. I was not there, and heard nothing about that action whatever.

Mr. HARRISON. 1908 was one of the years in which you have heard of the large dividends described by Mr. Rainey? Were wages actually reduced in the cotton mills of New England in the year 1908?

Mr. CHASE. Yes, sir.

Mr. HARRISON. You say they were reduced?

Mr. CHASE. Yes, sir.

Mr. HARRISON. Do you know how much they were reduced?

Mr. CHASE. I know how much they were reduced in our town; that is all.

Mr. HARRISON. What were they reduced in your town?

Mr. CHASE. I say I know, but I think it was seventeen and a fraction per cent. I want to tell you how they were reduced, now, because it is nothing more than fair.

Mr. HARRISON. I do not wish to interrupt your testimony, but I want to get these facts on the record in relation to one another.

The wages in New England were reduced 17½ per cent, in your town, and the general effect, as I understand it, was to reduce the wages of mill operatives in New England in a sum equaling over \$80,000 a week?

Mr. CHASE. I do not know about that.

Mr. HARRISON. That was in the year 1908. It appears, then, that you do not wait for tariff reductions, do you, to reduce wages?

Mr. CHASE. I want to explain that matter to you, and it will show itself very clearly so far as it affects our town.

Mr. HARRISON. I will be very glad to have you make an explanation.

Mr. CHASE. We had an agreement with our operatives lasting through some years there, based on what was called a sliding scale.

When the price of print cloths was so and so and the price of the raw material was so and so, wages would be so and so, on what we called a margin. That is, there is a margin for labor between the cost of the material and the selling price for the goods.

An agreement was entered into because we had not had peaceful relations. We had a very harmonious agreement, that wages should rise and fall in accordance with that margin. When the panic in the fall of 1907 took place things all went to pieces in the prices of goods, and the wages automatically were reduced. There was no request on our part for a reduction. They were reduced automatically by this agreement. Nothing was said. The operatives accepted the working of the agreement just the same as they had accepted it on going up. Previously to that wages had been extremely high, the highest known in the history of this country.

Mr. HARRISON. You confine that remark to your own town, do you not?

Mr. CHASE. That was true of Fall River, and nowhere else, so far as I know.

Mr. HARRISON. You do not know whether this meeting of these gentlemen at the Arkwright Club, on February 19, 1908, at which the heads of the industry resolved to curtail their output and reduce

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the wages of labor, had anything whatever to do with the fact that the wages of labor were reduced \$80,000 a week throughout Massachusetts?

Mr. CHASE. I do not know anything about the rest of Massachusetts. I do not know who reduced and who did not.

I know that our wages had nothing to do with any meeting of the Arkwright Club, because it was an automatic local agreement between the trade-unions and the manufacturers.

Mr. HARRISON. Just one other inquiry, if you please, in relation to this Arkwright Club.

What effect, if any, upon the industry had the resolutions of the club from time to time about curtailing the production of the cotton mills?

Mr. CHASE. That I can not tell you.

Mr. HARRISON. Did you ever attend any one of these meetings at which the secretary testified they agreed to curtail production?

Mr. CHASE. I do not think I did. I do not recall any such.

Mr. HARRISON. I suppose, of course, you are willing to accept the statement as appears upon this record to that effect.

Mr. CHASE. Surely. If it is a matter of record it is undoubtedly true.

Mr. HARRISON. What was the purpose of the vote of the gentlemen of the Arkwright Club to curtail production?

Mr. CHASE. I presume the idea was that there was a great accumulation of unsalable goods; they could not go along any longer, and they would agree voluntarily to curtail the production.

Mr. HARRISON. Were they afraid the public might possibly be able to buy cotton goods a little cheaper?

Mr. CHASE. Oh, no.

Mr. HARRISON. You think that had nothing to do with it.

Mr. CHASE. No man would think of stopping a cotton mill if it was possible to keep it going. It costs too much money to stop it.

Mr. HARRISON. Even though he had to sell at what he considered a loss in the cost of production?

Mr. CHASE. Surely.

Mr. HARRISON. He would still keep on manufacturing and selling?

Mr. CHASE. He would at a slight loss; that has been done many a time.

Mr. HARRISON. Do you know, as a matter of fact, when these circulars in favor of curtailment were sent around among members of the Arkwright Club and agreed to by them, a curtailment was ever actually put in operation?

Mr. CHASE. So far as I know, no curtailment was put in operation by general agreement.

Mr. HARRISON. Here is what the secretary of the club said:

The president added that the vote for curtailment in 1907 was almost unanimous; that those who were reluctant to approve the movement ultimately curtailed the full time, and during the late winter and early spring 10,000,000 out of 13,000,000 spindles in New England and New York reduced their products at least 10 per cent. He also cited the resolution of the American Cotton Manufacturers' Association and the agreement to stop one day or more in each week until the goods advanced to a parity with the price of cotton, to become effective on the assent of 60 per cent of the spindles represented in the association and the action of the international association.

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So it appears from the official minutes of the meeting of the Arkwright Club that the purpose of those votes for curtailment was to raise the price of their output, so that they could keep up this 10, 12, and 16 per cent dividend, even though cotton was a little higher than usual that year?

Mr. CHASE. That is a very nice way for you to put it, perhaps, for effect upon people who are listening, but it is not so.

Mr. HARRISON. It seemed to work out that way, did it not?

Mr. CHASE. They have never curtailed production to raise the price of goods so long as goods would bring the cost, that I have ever heard of.

Mr. HARRISON. I have just read you the statement of the secretary in which he said it was for that purpose.

Mr. CHASE. For the purpose of raising the price of goods; yes. I say if the goods were at cost, if the goods could be sold at cost, they would never curtail to raise the price, but when they get to below cost they would curtail. Anybody would.

Mr. HARRISON. In other words, they were afraid the public could buy cheaper cotton goods, even though they did cut into these 16 per cent dividends.

Mr. CHASE. Would you run a mill right along and lose money?

Mr. HARRISON. Speaking from a consumer's point of view, I would be very glad to buy cotton goods cheaper, even if it reduced your dividends below 12 and 16 per cent.

I will say that the Arkwright Club seems to have taken the opinion of one of the leading counsel of New England to the effect that these agreements did not contravene the Sherman anti-trust law, and it was only after they received that opinion that these curtailment agreements were circulated and agreed to.

The CHAIRMAN. Are there any further questions?

Mr. HILL. The importations, as I understand it, to total consumption are 1.79 per cent, or so reported by the Tariff Board in the cotton industry. Sitting here for the last two weeks the impression is irresistible—in fact, it has been stated in words—that it is necessary in order to raise revenue to make these rates competitive in these various industries, and the figures of 25 and 33½ per cent of the American production would have to be surrendered, or importations to that extent practically made.

The CHAIRMAN. Wait a minute. If you are making that statement, referring to this side of the committee, I want to correct you.

Mr. HILL. I will refer the chairman of the committee to his own statement on the night that Mr. Topping was here in relation to the steel industry.

The CHAIRMAN. Wait just one minute. I do not want any misstatement to go into the record. I do recognize and have stated very often that there must be a reduction in these rates to a reasonable competitive basis. To say that I have ever said it should be 25 or 30 per cent of American consumption taken away from American manufacturers; is absolutely untrue. I wish that to be of record.

Mr. HILL. I refer to the statement made the night that Mr. Topping was here. Whether 25 per cent, 10 per cent, or 33½ per cent, what would be the effect upon the cotton industry of the United

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States to surrender to foreign producers such a portion of the industry as would give a largely increased revenue to the United States Treasury?

Assume that it was 10 or 15 or 20 or 25 per cent, whatever it may be. What effect would 25 per cent have?

Mr. CHASE. The effect would be, of course, to make business hard for the American mills.

Mr. HILL. Would you hold competition down as long as you could?

Mr. CHASE. Certainly.

Mr. HILL. Just as Mr. Topping said they would do in the steel industry?

Mr. CHASE. Surely.

Mr. HILL. Would it not necessarily compel a very severe reduction in wages when it would become impossible for the industry to meet the foreign competition on any other basis?

Mr. CHASE. I think that would necessarily be a result under those conditions.

Mr. HILL. In view of the fact that the Tariff Board states that many of the products of the cotton industry are now sold for less than the English product by a considerable percentage in a number of cases, would not that intensify the difficulty in passing that point and then securing revenue after that? In other words, is it possible, in your judgment as president of the Cotton Manufacturers' Association of this country, for any committee to fix a tariff rate which will establish a certain amount of competition and stop there, without imperiling the whole industry?

Mr. CHASE. I do not think so.

Mr. HILL. You do not think it possible?

Mr. CHASE. I do not think so. Nobody knows where that point is, either.

Mr. HILL. That is it exactly. I fully agree with you.

The CHAIRMAN. You recognize the fact we are going to get revenue from this tariff? We have to have a reasonable competitive rate somewhere and there is no reason why you should not stand your proportion of that reasonable competitive rate, as well as the other fellow.

Mr. CHASE. I expect to.

The CHAIRMAN. And all we are trying to do is to bring about a parity. The present tariff bill is written like a mountain range with some high peaks and low valleys. Some fellows are standing the competition coming through the low valleys, and others are having the advantage of the high peaks. We are trying to equalize you, and I am sure you will agree with me that if we can succeed in doing that, you ought to stand your share, as well as the other fellow.

Mr. CHASE. I think this, Mr. Chairman, in all candor, that even from your own point of view, you are not going to accomplish what you think you are as far as the American consumer is concerned. You may get some revenue for the Government.

We have heard a good deal about the high price of cotton and gentlemen have said a good deal about large dividends that have been paid by certain corporations in years gone by. I sold a lot of goods to a retailer. This is a matter of record and can be proved. There were about forty or fifty thousand yards. I put them up in pieces

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and shipped them to his store. The expense on a yard from my mill to his store was practically nothing; there was no use to consider it as anything. My price for those goods was $8\frac{3}{4}$ cents. He refused to buy them at that price. At any rate, he came back with a bid of $8\frac{1}{2}$ cents.

I could, at $8\frac{1}{2}$ cents, get possibly a little over a cent a yard profit, but I sold the goods. The man hurried me a good deal for delivery. I went to the city where the merchant did business a short time afterwards and went into the store and wandered around, until I came to the counter and recognized the goods that I had made. I asked the clerk how much it was, and I found it was then selling for 25 cents a yard.

The CHAIRMAN. I recognize of course the great difference between the wholesale price and the retail price, but this committee can not adjust that. We do hope to relieve the consumer in some places, but if we are wrong about that and you are right, and we do not succeed in doing that, if we equalize these duties so that they are reasonably competitive all along the line, at least we will give more revenue to the Government and the other people through the Government will get some benefit from this tax, which they do not get when it is a prohibitive tax. You recognize that?

Mr. CHASE. I recognize the revenue feature.

The CHAIRMAN. And I think you will agree that we ought to make the effort.

Mr. CHASE. But when it comes to the consumer I do not believe you are going to do anything.

The CHAIRMAN. But at any rate, we will give the people the benefit of getting some portion of the tax that is left. But I do not think you will disagree that that is a commendable purpose, if we do it in moderation.

Mr. CHASE. If you will be careful, I have nothing to say. [Laughter.]

Mr. LONGWORTH. Is there any class of cotton goods with the manufacture of which you are familiar that the statement made in the circular quoted by Mr. Palmer would be a true statement?

Mr. CHASE. I think there are cotton goods made in this country where the tariff would not make a particle of difference; that is, you would hardly know the difference whether there is a tariff or not. The amount of labor employed would be so little, with goods made as they are now, with automatic machinery, that it would cut hardly any figure.

Mr. LONGWORTH. Does it apply to any goods you manufacture yourself?

Mr. CHASE. No; it does not apply to anything made in our town, either, so far as I know.

Mr. LONGWORTH. Or made in Fall River?

Mr. CHASE. No.

Mr. FORDNEY. You stated a minute ago you sold a certain grade of goods to a certain merchant for $8\frac{1}{2}$ cents per yard and later on, those goods were being retailed at 25 cents a yard.

Mr. CHASE. That is true.

Mr. FORDNEY. In reference to reducing the cost of the article to the consumer, I can give an illustration in another way which would

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be just as fair, as to reducing the duty on manufactured articles which we produce.

In the State of Michigan to-day, in which State I have the honor to live, a bushel of potatoes can be purchased for 40 cents. The other morning when leaving for Washington, I stepped into a dining car and paid 15 cents for one baked potato. [Laughter.]

The duty on a bushel of potatoes is 25 cents, and in order to reduce the value or the cost of that baked potato to the consumer that duty of 25 cents on a bushel of potatoes must be distributed. [Laughter.] That is a fair illustration, is it not?

Mr. CHASE. As far as the consumer is concerned it is. I have not any more question about it than I stand here that, as far as concerns the duties on cotton goods or the general duties on articles of consumption that are levied in the customhouse, the consumer does not know anything about it. They do not cut any figure worth mentioning.

I am not trying to whack the people who retail goods. They are doing a legitimate business, and Mr. Parker touched upon that. The cost of distribution in this country is something that is a perfect scandal; there is no question about it.

We have made money in our business at times—big money at times. I am not here to deny that. All these statistics that have been poked at me most of them are true, I guess. But if you take 25 years instead of going back three or four or a half dozen or 10 they will tell a different story. The average has not been so big. We have had these periods when we have made money. I have known a mill to make 40 or 50 per cent in one year when they had not been making any for five or six years, to speak of, but perhaps had lost money. That is the nature of the business.

But if you are going to help out the consumer you have to get at something else besides the tariff. If you are going ahead to get some revenue for the Government, that is another matter.

COTTON GOODS—BRIEF OF S. B. CHASE.

An impression prevails that the tariff on cotton goods has been largely advanced by the so-called Payne-Aldrich bill. This is not the case so far as it applies to 80 to 90 per cent of the cotton goods produced or consumed in this country.

Except in the very highest schedules, which do not apply to any considerable proportion of goods consumed in this country, the rates are identical with the Wilson bill.

The Wilson bill reduced the rates of duty on cloths made from coarse yarns from $33\frac{1}{2}$ to 50 per cent, on medium goods from 22 to $33\frac{1}{2}$ per cent, and on cloths made from fine yarns from 11 to $22\frac{1}{2}$ per cent.

Previous to the Wilson bill no element for classification was taken into consideration in fixing the rates of duties excepting the count of the threads per square inch.

It was proven to the satisfaction of the framers of the Wilson bill that duties to be just and fair should be based also upon the fineness of the yarns used in the construction of the cloth and the so-called Fall River schedule was adopted. While that schedule was not perfect from the standpoint of high tariff or low tariff men, both schools of thought regarded it as the most perfect and scientific ever enacted. Subsequent tariff bills have retained this principle, and, as before stated, but few changes have been made. We appreciate the fact that there is an apparent demand for a further revision of tariff schedules and do not propose to offer objections to a reasonable modification of rates. We are willing to try to adapt our business to such rates as will afford us an opportunity to compete with our foreign rivals. We do not believe this committee or the people of the country at large will require us to

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do business on a basis that will not afford a decent living to those engaged in the industry according to the American standard.

Public sentiment and legislation is making every effort to eliminate child labor, to shorten the hours of work, to provide compensation for accidents, and to increase in many ways the obligations of the employer to the employees. Progress in these lines has already largely increased the cost of production.

We feel that the approach toward lower duties should be made with great care and moderation. Drastic action in that direction may, and we think will, lead to demoralization and suffering among a large body of people whose wages may be lowered or whose employment may be utterly taken away.

While making no objection to a reasonable reduction of rates, we think it should be done by slow and successive steps.

We wish to point out the difficulties and dangers attending the method of ascertaining the numbers of yarns contained in a fabric and of the ad valorem system. Yarns in the finer numbers especially are subject to great variation in size even when spun upon the same machine. A slight variation in the diameter of rolls on a mule or frame owing to unavoidable difference in thickness of roll covering will cause a variation of as much as 20 per cent. For instance, cloths made from No. 100 yarn will have individual threads as coarse as No. 90 and as fine as No. 110, and we doubt if any expert at the customhouse would be able to properly classify a fabric by sizing the yarns.

A simple method of evading an ad valorem duty will be the consignment by foreign manufacturers of goods to a sales agent in this country, he putting an estimated nominal value upon the merchandise which may enable him to evade a large fraction of the duty intended to be collected.

Respectfully submitted.

S. B. CHASE,

Treasurer King Philip Mill, Fall River, Mass.

**TESTIMONY OF F. B. SHIPLEY, OF F. B. SHIPLEY & CO.,
NEW YORK CITY.**

Mr. Chairman and gentlemen, because of the signal service rendered by him to the cause of honest textile tariff legislation I dislike exceedingly to take issue with Mr. Parker upon a question of fact. But, feeling that in some measure something is due to the consuming public, I feel it my duty to do so. I came in in the midst of Mr. Parker's testimony. I did not hear it all, and did not know all the rates provided for in his schedule until just this minute, but I did hear Mr. Parker say—and, mind you, it appears that from the other standpoint Mr. Parker is regarded by his colleagues as a very radical downward revisionist—that he wanted 5 per cent additional duty upon jacquards, because jacquards were a luxury. This was so at variance with my common knowledge that during the recess for the lunch hour I went to a department store in Washington and there bought four samples of jacquards probably within four minutes.

The first one, according to my best judgment, seems to have been made in England, and the retail price at the store at which I bought it was 25 cents. It is mercerized as well as jacquard. Twenty-five cents a yard at retail, in view of the figures of retail profits which have been quoted to us, is not a high price.

Mr. HARRISON. Into what kind of articles does that material go?

Mr. SHIPLEY. This particular cloth seems to be a bleached, mercerized fabric, with a jacquard figure, and containing an extra thread. It embodies a great many of the complex classifications of the present law.

Mr. HARRISON. For what purpose is it used?

Mr. SHIPLEY. It is used for waists and dresses; as an ordinary dress material. It is neither the cheapest nor the dearest, but

PARAGRAPHS 315-320—COTTON CLOTH.

a fair average of the character of fabric that an average woman in moderate circumstances would buy. Remember that Mr. Parker, who I admit is at least as great an authority and as competent a man as exists in the trade, classifies all jacquards as luxuries. I purchased the finest and highest priced jacquard waisting of that nature that I could find, in the brief period I was in the store, at 25 cents a yard retail. Within my common knowledge I do not mind admitting that the price—this seems to be an English cloth—in England does not vary far from 11 to 11½ cents.

Mr. PALMER. Then it is more of a luxury here than it is over there?

Mr. SHIPLEY. Yes. I regret, Mr. Chairman, that it is not possible to go through the 6,000 or 8,000 examples of specific cases that would be necessary to show the side of the consumer in this matter.

The next sample I bought is also a jacquard, mercerized waisting in common use. This [indicating] is the sample. I purchased this at 19 cents, the same character of goods. That is made in America.

Mr. HARRISON. For what purpose is that used?

Mr. SHIPLEY. For the same purpose, Mr. Chairman, that dress and waist material are commonly used.

Finally, Mr. Chairman, I purchased another jacquard waisting in the same store for 15 cents a yard. It is not merely jacquard, but it is mercerized, and I think—while I have no means of exactly knowing what this particular sample cost—I think it is not an overstatement to say that it cost not more than 9½ cents a yard, with terms which would bring the cost to that store down to about 9 cents.

Mr. PALMER. You say these goods are used for ladies' waists?

Mr. SHIPLEY. They are goods which are absolutely in common and general use. Within the last year or two fashions have changed a little more toward plainer things.

Mr. PALMER. Do you mind telling what store you were in?

Mr. SHIPLEY. Not a bit. I bought it at S. Kann Sons & Co., commonly known as the "Busy Corner." Then, we bought another character of jacquard cloth which would probably be termed an imitation flannel, about the cheapest and lowest priced cloth of this sort which a consumer can buy, for the purpose of making dressing gowns and sacks, bath robes, and similar things, which are not ordinarily characterized as luxuries.

Bear in mind always that it has been stated to you—this [indicating] is jacquard also, and it cost 29 cents a yard. If time permits I shall have something to say later on about the particular mill that produced this particular cloth.

Mr. DIXON. You mean the retail price is 29 cents?

Mr. SHIPLEY. The retail price is 29 cents. I do not know the wholesale price. This particular mill sells direct to the consumer, and I presume its price is in the neighborhood of 20 cents.

Mr. Chairman, in so diverse a subject the case of the consumer and the distributor is exceedingly difficult to present within narrow limits. In our brief I try to state the general principles of the case in such a manner as would enable the layman to understand at least the lowest rate of duty which would not materially affect the American manufacturer.

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Through all this argument it seems to be admitted that the wages cost is not greater per yard in the United States than abroad, although in the 10 or 15 years that I can remember about textile tariff agitation the wages cost has always been the crux of the matter, the turning point, the issue. It has always been the high wages that have been paid to the American workingman. But now, since we have had a Tariff Board—and I am not here to defend the report of the Tariff Board, but to praise it in some respects, to a moderate degree—since we have had a Tariff Board we have been able to find out what at least four years of effort on my part and the whole history of the trade has never shown.

It was perfectly possible for you gentlemen when Mr. Chase, for instance, was on the stand here to-day, to say "Mr. Chase, what was the output of your mill last year?" If he had said a million dollars you could then have said to him "What were the total wages paid by you?" and if he said \$200,000 no figuring would help you to show that the percentage was greater than 20. That is what I have been contending all along, that not only was the total wage percentage insufficiently great to be a factor when worked out in the yard prices and percentages of cost, but it was in the great masses of goods of America less than it was abroad. That point seems to be conceded.

Mr. Parker, than whom no one better knows the conditions, says that to-day the great mass of cotton fabrics are cheaper in America than they are in England, the chief competing nation. He says the undertone of all this has been that you could not do much for the consumer because other conditions prevented it. I want to show you that you can do something for the consumer. I have in my hand a sample—I do not know which it is until I examine it—a certain kind of Scotch gingham of a particular construction. It is made in literally hundreds of designs. This particular gingham was woven in Lancashire, in the north of England, and finished in Scotland. It is the character of cloth that is made in checks and stripes and various classifications specially covered by Mr. Parker's schedule, as I just this minute learn. The mill price of those goods in England and in Scotland range normally from what they call 4 pence farthing to perhaps 5 pence, at the very outside and extreme. The normal price averaged from that would be about 9 cents in American money. The duty is 5 cents a square yard. The cost of bringing a yard of these goods from the mill in England or Scotland to New York would be about seven-tenths of a cent a yard. A quick calculation will show you that to land these goods in New York would cost approximately 15½ cents. Adding to that an importer's gross profit of 10 per cent you will readily see that this cloth can not be sold and is not sold by the importer at less than 17½ cents per yard.

Mr. Chairman and gentlemen, goods of this nature of lower grade are made satisfactorily and cheaply in America at prices not higher especially than the corresponding in Great Britain, but in a medium grade like this there is a little art of finish—some things to learn. In consequence, I have found another cloth made in Pawtucket, R. I. I have analyzed it to the best of my ability. I have found no essential difference in count, in weight, or in construction. There is a

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slight difference in these designs, but each have matching designs. I was unable to get the exact duplicate.

The total wages cost involved in cloth of this character, according to the Tariff Board, is approximately 35 per cent. This particular mill at Pawtucket, R. I., which has, I understand, managers and foremen and workmen that were imported some time or other from the very locality in which these goods were made and finished. This mill has produced a cloth which simulates the finish of the goods that I first showed you. They sell this cloth to-day throughout the United States for 15½ cents, and do, as I understand, a large and successful business.

Mind you, I am speaking now of one case only—

Mr. RAINEY. Is that the mill price?

Mr. SHIPLEY. This is the mill price, sir. The natural result, because of these dividing lines and fixed retail prices, is that the retailer can not pay 15½ cents for the domestic cloth and sell it for 19 cents. He is obliged to put it in the next classification, and he therefore sells either of these cloths that he may choose to buy for 25 cents. The ordinary retailer is naturally tempted by this slight difference in price to give the benefit to this particular cloth—give the benefit to the domestic cloth—and the net result is that, whichever way she goes, the consumer pays 25 cents a yard for this cloth. But if you will calculate backward, calculate the reverse proposition, and take the mean Scotch price of 9 cents a yard, you will readily see that without duty those goods could be brought over here with an importer's profit and sold to the consumer for 15 cents. But if there were a reasonable duty, such as I hope is going to be put on, the natural result would be that this piece of goods, paying perhaps 20 per cent, could come over here and go to the consumer at 19 cents a yard. And I submit to you that if that be true it follows that the consumer is going to save 6 cents a yard.

I do not know, and I believe even the Tariff Board has been unable to find out, what it costs this particular mill to make these goods. I understand that their doors were closed to examiners. I do not know that as a matter of fact, but it is a matter of common gossip in the trade.

I am going to pass to another case under which it seems to me that the consumer might benefit, and I am naturally taking cases that are pointed and to some extent extreme, but I assure you that there are hundreds of them. And if this matter becomes an issue, which I hope it will not, I shall endeavor to see that Congress is furnished with illustrations of many cases.

This case is the matter of the so-called Scotch hollands. They are goods that originated near Glasgow, and as near as I can tell, and even in the opinion of the learned courts, after due contest on the part of the domestic interests, they are ordinary cotton goods. They are even coarse cotton goods, and they have some special old-fashioned machinery near Glasgow which finishes these goods very suitably for window shades, so that the fabric is so softened that it runs smoothly up and down while it remains flat. As far as I know, and at least in the Dingley law, these goods were regarded as ordinary cotton goods, and paid duties that would apply to them as ordinary cotton goods,

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namely, about 25 or 30 per cent. The goods under the Payne law were singled out by name, and the words "window hollands" were written into the law, among some other things, so that it was not readily seen, but the words were and are there, with the net result that the average duty was raised from 25 or 30 per cent to last year approximately 46 per cent of their value. The Tariff Board report shows that the total wage cost entering into the production of these goods in the gray is $11\frac{6}{10}$ per cent, if I remember correctly. I personally investigated the finishing cost in Scotland. I found there that they were done on these old-fashioned beetling machines, exceedingly slow, cumbersome, and expensive, and the result was that the average cost in Scotland—there were 117 different widths and colors, so that it was difficult to get any one figure—but the average cost of finishing these goods in Scotland with these old-fashioned machines as against the patent beetling machines used by the two concerns making them in America was about two and one-fourth times. In other words, gentlemen, we know that in the gray cloth the total wage cost is only 11 per cent, and that the finishing cost is actually less in America, and we find the goods especially singled out to be protected by a tariff of 46 per cent.

Mr. KITCHIN. Supposing that would be put on the free list, if it were made cheaper here than abroad, how would that help the consumer? Could they bring it over here at all?

Mr. SHIPLEY. Yes, sir; the goods could be brought over here, and they were brought over here last year to the extent of about \$700,000. They will always be brought over here. I believe that those curtains hanging in this room are Scotch goods, made—

Mr. KITCHIN. Yet the cost here is a great deal less than the cost abroad?

Mr. SHIPLEY. The cost here is a great deal less than the cost abroad.

Mr. KITCHIN. Why is that? That our people want more profits?

Mr. SHIPLEY. Yes, sir; if you could examine these goods you would find that while they are as like as two peas, that you would not ordinarily be able to tell them, yet at the same time there is some peculiarity of local conditions around in this particular spot near Glasgow that enables them to finish these goods, that they lie flat at the window and when they roll them up they do not pucker and wrinkle, and the American goods, while an excellent imitation, are not so good. And I say to you that they have tried to imitate this particular finish in other parts of Great Britain without success, and if we had free trade in these goods the price of the domestic goods would, in my opinion, come down still to somewhat less than the foreign goods.

I have the price list issued by the only two manufacturers of these goods, so far as I can learn. I am speaking of Scotch hollands. There are only two manufacturers, so far as I can find, of these particular goods. They have a price list which was used by both of them in 1909. It covers a great many different widths and colors, and these prices of the two particular manufacturers, the sole manufacturers in America, are identical and have remained identical, and if you will take the corresponding prices of the Scotch goods, add the duty, and you will find that width by width and straight through

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this complicated price list the domestic prices of these two mills, one in Wilmington, Del., and the other in Pawtucket, R. I., these prices are just under the prices at which it is possible to import the goods. And I say to you that if that duty were substantially reduced and window hollands were taken out of a special classification and put into the classification of ordinary cotton goods, which is what they are, the consumer of cotton goods would benefit to some degree, at least.

Mr. Chairman, my time being short—

The CHAIRMAN. Your time has really expired, as Mr. Harrison has put it down here. How much more time do you want?

Mr. SHIPLEY. I would like a week.

The CHAIRMAN. Will five minutes do you?

Mr. SHIPLEY. I will try to finish in that time.

The CHAIRMAN. You may proceed.

Mr. SHIPLEY. I am going to pass up a great many illustrations that I had here, illustrations of particular mills which I think I could show you were built up directly on an excessive tariff, and mills which are protected by a tariff in five or six times the total amount involved by any possible difference in wages, or any possible difference in the cost of production. And to show you that these mills have been made possible and have increased their dividends and profits directly since this act, permit me to say one thing quickly, that I take issue with Mr. Parker as to his statement that the English mills are making money.

Shortly after he said that I dug out Mr. Tattersall's circular—Tattersall's trade circular. Mr. Tattersall, you will remember, is the authority on cotton mills in Lancashire, and I find here a total of 73 spinning mills for some 24 years, showing an average dividend on all of them for 24 years of $5\frac{1}{100}$ per cent per annum.

Mr. DIXON. What were they for last year?

Mr. SHIPLEY. They were high for last year, I will admit. They were not so high as the dividends paid in 1907 by American mills.

I wish to point out just one or two things, and I wish I had time to exhibit or read to the committee such things as this [indicating]—the advertisement from the Drapers' Record of London, the leading dry-goods trade journal of the world, an advertisement of the Pacific Mill in Lawrence, Mass., in which they state—and there are more of them, and through all of them runs the same thing—that they are actively and successfully engaged in selling their product in England, and not selling it to England to be exported, then, as other cotton goods, you know, but they are actually engaged in the home trade there, and not upon cheap goods, but fancy and fine goods.

Mr. RAINEY. What kind of goods do they make?

Mr. SHIPLEY. This Pacific Mills Co. makes a great mass of different kind of goods. They started their advertising in Great Britain on a particular kind of crepe, as it is called. They go through here and give a list of seven classes of goods which they say they are carrying in stock, and doing an extensive business.

Mr. PALMER. Will you put that in the record, giving the names of those different classes of goods?

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Mr. SHIPLEY. Yes; I will be very glad to file that with the committee.

I might say that if Mr. Rainey will look at his list and see the figures of the Pacific Mills, he will find that it is and has been for many years an exceedingly prosperous concern. Its surplus is twice its total capitalization. And measured by the value which it puts upon its machinery and real estate—or did, at least last year; they have some new arrangement which I do not understand, by which it appears they are going to increase their stock \$9,000,000, or 300 per cent, which I admit I do not understand—but prior to this change a few months ago you will find that this mill has earned 30 to 40 per cent on the valuation which it puts upon its plant. And I beg you gentlemen in considering these alleged dividends and earnings of these mills to inquire into the capitalization and cost of erecting these plants, to find out whether this large capitalization is the result of honest investment or the result of stock manipulation for the last 20 years.

HON. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives.*

SIR: The act of 1909 provides 133 classifications for ordinary cotton cloth, each classification bearing a different specific rate of duty. Each of these classifications is multiplied because of gradations of value; that is to say, a given specific rate is applied to cloths of a given character under a value range covering different cloth values and therefore operating to provide different ad valorem equivalents. As the dutiable values of imported cloths are calculated upon foreign moneys, less varying discounts, the result expressed in American currency is an indeterminable multiplicity of rates. The duties applicable under paragraphs 315 to 319, inclusive, are further complicated and multiplied by qualifying provisions contained in paragraph 321, which provides additional cumulative specific duties upon cloth containing threads other than the ordinary warp and filling threads, or cloths which have been, in whole or in part, mercerized. This, of course, results in still more and different ad valorem equivalents. Under other paragraphs given, cotton cloths are singled out and provided for by name, such as cotton table damasks, window Hollands, Jacquard figured upholstery goods of a given weight, and velveteens. Cloths that may have escaped these provisions are cared for by paragraph 332, which covers anything which may have been overlooked, such as bed sheets, at 45 per cent ad valorem.

The minimum rate of duty provided is (under paragraph 316) $1\frac{1}{2}$ cents per square yard upon a bleached cloth valued at 9 cents, or 16.55 per cent ad valorem. The maximum rate is upon a given cloth, valued at 4 cents, which is assessed (under paragraph 316) $4\frac{1}{2}$ cents plus (under paragraph 323) 1 cent for mercerization plus 2 cents for extra threads, a total duty of $6\frac{1}{2}$ cents upon a value of 4 cents, or 162.5 per cent ad valorem.

It will thus be seen that under the present law the variation in duties provided is 148.84 per cent, or, in other words, the maximum rate of duty is nearly 12 times the minimum rate. It is the practice of the customs authorities to calculate foreign values to the third decimal, from which it will be seen that, expressed in ad valorem equivalents, the present law makes provision for 148,840 different rates of duty.

The importations of ordinary cotton cloth covered by paragraphs 315 to 319, inclusive, for the fiscal year 1911, amounted to \$8,832,612, upon which a total duty of \$3,797,449 was collected, or 42.99 per cent ad valorem. It should be borne in mind, however, that the average ad valorem rate thus shown does not show the average ad valorem rate provided by the law, because the higher rates are more rigidly prohibitive and importations have naturally gravitated toward the lower rates.

Other cotton cloths coming under other paragraphs of the law bring the grand total of importations for the year 1911 to \$10,023,856, which annual volume has varied but slightly in any year of the operation of the present law. The exports of cotton cloth for the same year totaled \$24,387,099, but in considering the ratio of imports to exports it should be noted that the figures given by the Bureau of Statistics are undoubtedly much less than the actual amount. On page 100 of its report the Tariff Board says:

“Our exports of cotton cloth * * * are probably understated, as our export figures are far from being accurate. This is due to the fact that our present regulations are not sufficiently stringent to compel shippers of merchandise going to foreign

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ports to report the figures as accurately * * * as is required in the case of imported merchandise. * * * Manifests when filed frequently contain no information as to the quantity and value of the merchandise, the manifest simply reading so many cases of dry goods * * * without stating either weight or value.

"In such cases the forwarding agent sometimes guesses at the value, or where he fails to do so the shipment in question is not reported at all to the Bureau of Statistics."

To illustrate this, the Tariff Board shows that in the case of exports of cotton cloth to Canada for the years 1909-1911, for instance, the value reported by the Bureau of Statistics is \$666,597, while the Canadian Government places the value of the same shipments at \$1,028,397, showing an obvious understatement of American exports of over 50 per cent. In any event, it is clear that our exports of cotton cloth are several times greater than our imports.

Bearing in mind that our annual imports are approximately \$10,000,000, we now find that the value of the total production of cotton cloths manufactured in the United States is given at \$421,237,839 for the year 1909. Adding to this the average percentage of increase of the 10 previous years, and adding 10 per cent because of increased values, the census figures for 1911 may be conservatively estimated at \$550,000,000; so that it will readily be seen that under official statistics the ratio of importations to domestic production is less than 2 per cent. These figures do not, however, convey a correct idea of the conditions. The value of importations under the law is rigidly construed to be the ordinary wholesale market value, and therefore include the foreign mill's cost, the foreign mill's profit, bleaching, dyeing, and finishing costs, and frequently the profit of a foreign intermediary.

On the other hand, the figures for domestic production represent almost invariably either the mill's cost or the mill's selling price for goods in the unfinished state, and that, as a rule, before the wholesale value can be ascertained it is necessary to add the finishing costs—the broker's commission and the converter's profit. All of this amounts to not less than 20 per cent, showing conclusively that in the year 1911 the ratio of imports to domestic production did not greatly exceed 1½ per cent.

Supplementing these figures, the importations for the year 1900 were 3.5 per cent of the production reported by the Census of 1900, and the importations for the year 1910 were 2.3 per cent of the value of cotton cloths reported by the Census of 1910, but under the misleading system of calculation above referred to, these percentages are doubtless overstated. But even admitting that the importations have been between 2 per cent and 3 per cent, it is obvious that at no time during these 11 years have importations of cotton cloth been of sufficient volume to materially affect the American cotton manufacturing industry as a whole, and it is therefore clear that both the Dingley tariff of 1897 and the Payne tariff of 1909 are, as a whole, substantially prohibitive.

It will be instructive to ascertain why there have been any importations under these laws. Because of the diversity of cloths and conditions, it is not practicable to fully analyze the reason for importations in detail. The large and growing exportations to neutral markets is conclusive proof that upon many classes of cotton goods the American manufacturers are able to compete with foreign competitors upon even terms, creating the presumption that many classes of cloth would not be imported into the United States under ordinary conditions, even if there were no tariff at all. Though it can not be proven by any statistics available, it is a matter of common knowledge among those qualified to know that it is, and for many years has been, possible to import cotton cloths into America only when the foreign cloths possess some peculiar merit of quality, finish, design or novelty, or when imported for the purpose of being copied at home, or when American manufacturers are unable to supply the demand, or when American prices are so much higher than foreign prices as to render importation profitable. As these conditions more or less constantly prevail, there will always be some small percentage of foreign cotton cloths imported.

In considering the effect upon importation of any rate of duty, it must always be remembered that foreign goods are already handicapped by the cost of ocean transportation (which has more than doubled within a few years) as well as the natural disadvantage and expense of buying and selling at long range. A careful analysis of this phase shows the average cost to be not less than 8 per cent.

It is admitted by both advocates and opponents of a prohibitive duty that upon many classes of staple goods American prices are as low as the foreign, in ordinary times. It is, however, a matter of certain record that there have been frequent periods when the prices of such goods have been advanced far beyond the foreign prices, even when the relative costs of production did not materially differ. For example, in the year 1907, the prices of American staple cloths, within a few months, were advanced an average of not less than 30 per cent, although there was no material

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increase in the cost of production. On the other hand, it is clearly a matter of common knowledge in the trade that certain other classes of both plain and fancy cotton goods are materially higher in the United States than abroad. An investigation will show that such cloths are generally made in mills or finished by finishing works having special facilities or competence. The special merits of such cloths give these American producers advantages that eliminate the ordinary conditions of American competition. For example, in gingham, which are extensively used as dress material, the prices of the lower grades are on a par with foreign prices. But as the qualities improve, the discrepancy in prices increase until they represent approximately the cost of the foreign cloths plus the cost of importation. To make a specific illustration, there is commonly produced in England and Scotland a medium grade dress gingham of a certain construction. The mill price in Great Britain is normally 9 cents.

This cloth has been copied by one cotton mill at Pawtucket, R. I., and the American cloth is so slightly different from the foreign cloth that the difference can be detected only by experts. The duty on the foreign cloth is 5 cents a yard, and, with the expense of importation, costs ordinarily about 15½ cents to import. Adding an importer's gross profit of 10 per cent, it will be seen that this cloth can not be sold at wholesale for less than 17 cents. The price of the domestic cloth is 15½ cents, at which price the American mill is doing a large business. The Tariff Board's report places the total American labor cost for weaving goods of this class at 31.28 per cent. The finishing cost is slightly less in America than in Great Britain. In such a case, it is evident that the American manufacturer is enabled by the high tariff to obtain a price approximately 60 per cent higher than the foreign price. A similar condition exists in the case of so-called Scotch window Hollands. These goods are, in fact, plain cotton cloth, finished suitably for window shades, and were always so regarded until they were singled out by the Payne law and provided for at a special rate greatly in excess of the Dingley rate. The average duty collected on the Scotch window Hollands in 1911 was 46 per cent. The Tariff Board fixes the total American labor cost in the manufacture of the unbleached cloth at 11.6 per cent. The cost of finishing these goods in Scotland is more than twice the domestic finishing cost, because of difference in machinery. The American manufacture of these goods is in the hands principally, if not entirely, of two companies, one in Providence, R. I., and the other in Wilmington, Del. It has been publicly charged and never refuted that the costs of these American "Scotch" Hollands is actually less than the foreign costs. In spite of this it appears that for many years these two American mills have maintained prices uniform with each other, adjusted just below the prices at which the Scotch goods could be imported.

In this case, it appears that the tariff is being used for the benefit of what is substantially if not actually a monopoly. Space does not permit of detailing further examples, but it is a matter of common knowledge that on many cloths in common use American prices are materially higher than the foreign prices for equivalent goods and maintained at prices slightly under those at which the foreign goods could be imported.

An analysis of the Tariff Board's report shows that American wages, while somewhat higher on the average than in Great Britain (the principal competing country), are fully offset on the average by greater per capita production. It appears further, however, that the cost of erecting and equipping a cotton mill is less in Great Britain than in the United States. This difference varies in every case, but from such figures as can be calculated, the average seems to be about one-third less in Great Britain than in the United States. But this appears to be largely offset by the greater efficiency of American looms and the greater number of looms tended per operative. But in considering this item it should not be forgotten that this greater equipment cost works out into a very small percentage of the selling price of the product—not more than 1 per cent or 2 per cent at the outside. Thus, if a given mill in England cost \$500,000 and a corresponding mill in the United States cost \$750,000, the difference to be offset would be \$250,000. If 10 per cent per annum were set aside to care for this extra cost, it is obvious that the American mill would be handicapped at the rate of \$25,000 a year, if the capacity of such a mill were \$2,500,000 per annum, so that it will be seen that 1 per cent of the value of the product would be sufficient to offset the additional cost of such a mill. This element would of course vary slightly more or less in all cases.

To sum up, it appears certain that there is ordinarily no economic reason either in labor or in mill cost to justify materially greater production costs here than abroad. But, as it does appear that these costs frequently are greater, the reason must lie in some causes other than those ordinarily assigned. It is our belief that these reasons can be found in excessive capitalizations, less economical financial management, and the need for greater profit in good times to offset the periods of dullness conse-

PARAGRAPHS 315-320—COTTON CLOTH.

quent upon the limitations of the home market. It is undoubtedly true that certain of the finer classes of cotton goods can be manufactured more economically in Europe than in America. This is due to favorable climatic conditions, to temperamental differences of the operatives, who are more thorough and painstaking, and to the larger and more diverse market enjoyed by Great Britain and Germany. Another reason is that the value of cloths other than staple cloths is largely dependent upon design and the vagaries of fashion. Many designs can be produced advantageously only in large quantities. The foreign manufacturers can afford to take the risks of large quantities, knowing that if the demand falls off in one part of the world the goods can still be sold in another part, while the American manufacturer of such goods, because of the artificial price standard obtaining, is limited to the home market.

The processes of finishing, that is, of bleaching, dyeing, printing, and mercerizing, are less in America than abroad. This is a matter of common knowledge readily verified and is confirmed by the Report of the Tariff Board.

We oppose specific duties on cotton cloth because they operate to assess rates, the ad valorem equivalents to which are deceptive, irregular, and without necessary relation to values or other conditions of manufacture.

We oppose the so-called "scientific stepping stones of value," because this system provides arbitrary dividing lines in rates which bear no systematic relation to values. For example, under the present law a given cloth valued at 20 cents is dutiable at 8 cents, while the identical cloth under a rise in market value of one one-hundredth of 1 cent is dutiable at 11½ cents. Thus this difference in value of one one-hundredth of 1 cent is assessed 3¼ cents, or 32,500 per cent. The ranges of value provided in the various "stepping stones" operate to provide materially different ad valorem equivalents. Thus under paragraph 317 a given cloth valued at 0.1601 cent is assessed at 8 cents, or approximately 50 per cent, while a similar cloth valued at 20 cents bears the same specific rate of 8 cents, or only 40 per cent. We oppose the arbitrary dividing lines provided in the present law, dependent upon the number of threads to the square inch, because this system imposes greatly different rates of duty upon cloths substantially identical and differing but slightly in value. For instance, a given cloth counting 100 threads is dutiable under paragraph 315 at 3¾ cents, while the identical cloth containing 101 threads is thrown into another classification and is dutiable under paragraph 316 at 5¼ cents. Thus this difference of one thread, costing less than 1 per cent, is assessed a specific rate 40 per cent higher than the substantially identical cloth covered by paragraph 315, the net result of which is that this additional value is taxed over 4,000 per cent. Further, under the method used by the customs authorities in determining the number of threads to the square inch the exact count necessarily varies and can not exactly be determined. For example, in the same piece of cloth a given square inch may contain 98 threads, while another square inch a few inches away may contain 102 threads. The conditions of weaving, dyeing, and finishing render this variation inevitable.

We oppose the system in the present law providing a given duty upon unbleached cloth, a higher duty upon the same cloth if bleached, and a still higher duty on the same cloth if dyed, because this system operates to provide disproportionate rates upon the processes of bleaching and dyeing. For instance, a given unbleached cloth valued at 4 cents pays under paragraph 316, 2 cents or 50 per cent, while the same cloth bleached at a cost of one-half cent pays 3 cents or 66⅔ per cent, and the same cloth dyed, at a cost of 1 cent, pays 3¾ cents, or 75 per cent. By this it will be seen that the cost of bleaching bears a duty of 200 per cent and the cost of dyeing a duty of 175 per cent, in spite of the conceded fact that these processes are cheaper in the United States than abroad.

We oppose the cumulative provisions of paragraph 323, because they operate to assess ad valorem equivalents which are widely disproportionate to the values of the elements upon which these cumulative duties depend. For instance, a given cloth under paragraph 315 valued at 11 cents is assessed 3¾ cents, or 25 per cent, while the same cloth into which one or more mercerized colored threads have been introduced at a cost of, say one-half cent per yard, is then not only thrown into the colored class and assessed at 3½ cents, but must also bear an additional 1 cent for mercerization and a still additional 2 cents for extra threads, making a total duty of 6½ cents, or 56 per cent ad valorem. Thus this additional 1½ cent in value is assessed an extra duty of 3¾ cents, or 750 per cent.

We favor a system of straight ad valorem duties, because such a system obviously would operate to provide a given rate of duty upon all cotton cloths of the same general class, and incidentally, the same rate upon each element entering into its manufacture.

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We recognize that there is some justice in the claim that a higher rate of duty on fine yarn goods is necessary to equalize a lower rate of duty on coarse yarn goods.

We recognize that climatic conditions in certain parts of Europe render it possible to spin fine yarns more economically than in the United States, and to equalize this disadvantage we favor a slightly higher ad valorem for cloths composed of fine yarns than the rate for cloths composed of coarse yarns. A further reason for this distinction and for opposing the present system is that the number of threads per square inch is not necessarily proportionate to the fineness of the yarn.

In the Sixty-first Congress the reason assigned for changing the basis of duties on cotton cloth from ad valorem to specific was that it would remove the incentive to undervaluation, but we find that the system obtaining in the present law has increased this incentive for the reason that great differences in actual duty result from slight differences in value, with the result that an undervaluation of a minute fraction of 1 cent will frequently throw the cloth into a lower classification saving as much as $3\frac{1}{4}$ cents a yard. Thus, an undervaluation of one-fourth of a cent may result in the saving of 13 times the undervaluation, whereas under an ad valorem rate, say, of 20 per cent, the gain from undervaluation could not be more than 20 per cent of the amount undervalued.

The conditions of manufacturing nearly every character of cotton cloth are such as to render it readily possible to ascertain approximately the exact foreign market value at any given time, and under the ad valorem system it is improbable that any considerable undervaluation would be attempted. However, we recognize that on many kinds of cotton cloth the value is frequently dependent upon slight differences of finish and design, and that in such cases it is practically impossible for the customs authorities, with the limited means at their disposal, to detect undervaluations. To prevent this in the interest of collecting full revenue and in justice to both honest importers and American manufacturers, we recommend the creation of a special board for the purpose of ascertaining and fixing for customs purposes the foreign values of textiles.

A competent and properly organized board would have the cooperation of reputable foreign manufacturers, and by keeping in touch with market conditions abroad could readily ascertain the exact foreign values of textiles from day to day. Such a board could eliminate undervaluation not only in cotton cloths, but in linen and woolen cloths as well, and would undoubtedly more than pay for itself in saving the expense to the Government of litigation in undervaluation cases.

We believe that the peculiarly favorable climate of certain parts of Europe, and the essentially different temperament of foreign labor, will for many years prevent the American manufacturer from successfully competing with certain classes of fine goods. We believe that those American manufacturers who have been tempted by the high prices obtainable under the present high tariff to undertake the manufacture of such goods are doing so under so great a disadvantage that the additional cost to the American public so resulting is so great as to be in operation an unreasonable tax, which does not find its way into the public treasury, but is surely paid for the support of a comparatively small number of mills.

We find in general no truth in the frequent claim that these excess prices are paid as extra wages to the operatives in American cotton mills.

Taking into consideration the costs and inconveniences of importation, we believe that any tariff in excess of 10 per cent on coarse goods, of 15 per cent on medium goods, and 20 per cent on fine goods, would in the main be prohibitive. But that such rates would undoubtedly admit of the larger importation of goods not now successfully made at home and that this might readily result in importations of two or three times the present volume. But when it is considered that even under such an increase the imports would not exceed 6 per cent or 8 per cent of the home production it will readily be seen that it would not materially affect the industry in America beyond creating a moderate and regulative competition.

We believe that such a reduction would result in a considerable saving to the consuming public on many classes of goods and would tend toward establishing the cotton industry in America upon a less artificial basis.

We believe that with the natural advantage of proximity to the source of raw material, with the greater energy of American labor, and with the great efficiency of American mechanical methods that American cotton manufacturers will ultimately dominate the markets of the world in ordinary cotton cloth and should be content to buy from other countries those few classes of cotton cloths which can not advantageously be made at home.

Respectfully submitted.

FREDERIC B. SHIPLEY.
PHILIP F. TIMPSON.

PARAGRAPHS 315-320—COTTON CLOTH.

[Advertisement extracted from the supplement of the Drapers' Record, Sept. 16, 1911.]

IMMEDIATE AND IMPORTANT.

(Of interest to retailers.)

The past six months have demonstrated thoroughly the fact that serpentine crêpe is a prime factor in English retailing. So encouraging have been the sales of this world-famous fabric that we are now starting a systematic publicity campaign of much larger proportions than heretofore. Besides the leading English fashion and ladies' publications we shall use such papers as the London Daily Mail, the London Daily Mirror, and other advertising media of recognized worth. This will still further acquaint the consumers with the peculiar, original, superior merits of serpentine crêpe, and thus create a demand for this popular fabric, unparalleled in the annals of cotton crêpe. Remember, the genuine and only original

SERPENTINE CRÊPE

was originated and is made only by the Pacific Mills, the largest makers of printed cotton goods in the world. It is guaranteed by the Pacific Mills trade-mark and by the words "Serpentine crêpe" on the selvage, every yard. It is the most profitable cotton crêpe to handle; it gives the most satisfaction to the wearer; the crinkle is absolutely permanent—neither washes out, stretches out, nor wears out; the newest patterns are in colorings appropriate for early fall and winter wear.

Now is the time to stock the latest designs of serpentine crêpe in order to reap the full benefit of our publicity campaign. You can not lose. For we create the sales and help the retailer by our publicity aids—such as show cards, advertising printed matter, illustrated leadlets for mailing, color-type pattern books, fashion imprints, with the dealer's name and address printed on them; also, electrotypes for use in catalogues, etc., free of charge to the retailer.

Our London agent carries a large stock and complete assortment, ready at all times for immediate delivery. Better communicate with him at once.

PACIFIC MILLS,
*Boston, U. S. A., Agent for Great Britain, Australia,
 New Zealand, South Africa, India, and Other Colonies.*

Address all correspondence to London Stock Warehouse, Frank Speake, 48 Newgate Street, E. C. Telegraphic address: "Serpentine, London."

[Advertisement extracted from the Drapers' Record, Dec. 28, 1912.]

PACIFIC MILLS FABRICS.

The entire extensive collection of printed and dyed lines of cotton dress goods, crêpes, muslins, cambrics, shirtings, curtain etamines, cretonnes, and furnishing fabrics manufactured by Pacific Mills will be shown, in new quarters, on January 1, by us as sole selling agents for Pacific Mills.

London stock of many important lines will be carried throughout the season for prompt delivery to retailers and makers-up.

Among the lines thus stocked will be the well-known Serpentine crêpe, new designs and colors produced specially for the British market.

Acacia crêpe: An original and attractive crêpe weave in beautiful plain shades.

Crêpe chiffon: A dainty crêpe fabric, in plain shades and designs of surpassing beauty.

Pamilla cotton: A newly advertised wash fabric of exceptional quality, woven from fine yarns of high-grade cotton, in printed designs and plain colors of warranted fastness, finished by a special process.

Galatea cloth: Another newly advertised wash fabric—one of sturdy construction and proved worth as to durability and general excellence.

Panier mull: A dainty mercerized wash fabric in floral designs of great beauty.

Storm serge: A remarkable cotton dress fabric, rivalling worsted serge in appearance and wear. Made in plain colors of the prevailing fashion and in duplex-printed designs, showing exactly the same on face and back, giving the effect of woven designs.

PARAGRAPHS 315-320—COTTON CLOTH.

We shall be pleased to make appointments to show the entire collection of Pacific Mills Fabrics on and after January 1, at the convenience of buyers.

LAWRENCE & Co.,
Selling Agents for Pacific Mills.

New address: 1 and 2, Oat Lane and 10 Noble Street, with Albert Godde, Bedin & Co., London, E. C.

Telephones: 9510 City, 11956 Central. Telegraphic address: "Serpentine, London."

SUPPLEMENTAL BRIEF OF F. B. SHIPLEY, OF F. B. SHIPLEY & Co., NEW YORK, N. Y.

The CHAIRMAN AND MEMBERS OF THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

SIRS: The purpose of this supplementary brief is to show that the rates of duty upon cotton cloth suggested by the American Cotton Manufacturers' Association and known as the Parker rates, would in practice be higher than the Underwood rates, as well as higher than the Dingley rates.

Broadly speaking, the low ad valorem provided in the Parker schedule apply to cloths which are not susceptible to importation in any event. That is to say, cloths which are made as cheaply or more cheaply in America than abroad. The higher rates are arranged so as to be substantially as prohibitive as the rates of either the Dingley law or the Payne law, and in many cases more so.

For the sake of brevity and simplicity this analysis has eliminated consideration of gray cloths, because the importation of such in recent years has been so small as to be inconsiderable. During the past 17 years the total importations of gray cloths have been but 5.22 per cent of the total importations of cotton cloth, or in other words only about one-eighth of 1 per cent of the home consumption.

The lowest rate in the Parker schedule deserving any attention is 17½ per cent upon plain cloths advanced in any way from the gray state, and containing yarns not finer than from No. 10 to No. 19. Possible importations of such cloths are practically nil. Therefore the practicable starting rate of the Parker schedule is 20 per cent for plain cloths containing yarns the highest number of which is the No. 20 to No. 39. This, it should be noted, applied to strictly plain cloths only. When any other character of weave (except Jacquard) has been introduced, the rate becomes 30 per cent; and when the Jacquard weave has been introduced the rate becomes 35 per cent. Therefore the average practicable minimum rate of the Parker schedule is 28.3 per cent. But even this minimum applies to cloths of so cheap and common a nature that there is no likelihood of any considerable importation under it under ordinary conditions.

In considering possible foreign competition, there must be added to this rate, as to all others, the cost of importation which, because of advancing ocean freight charges has increased until its average is not less than 8 per cent. It is therefore obvious that even this minimum rate, applying as it does to coarse cloths, is prohibitive.

It should not be forgotten that yarns of widely divergent sizes are ordinarily used in the same cloth. That is to say, the warp is one size and the filling another. Even coarse cloths usually contain some proportion of relatively fine yarn. Yarns can not be considered fine in the trade or labor cost senses until they approach No. 60 or No. 80. Broadly speaking, cloths which can be manufactured more cheaply abroad than at home almost invariably contain yarns at least as fine as No. 60, and the average is probably between No. 80 and No. 100.

In consequence of the foregoing, the really applicable rates of the Parker schedule will be seen to begin not under the fourth yarn classification provided, namely, that which covers yarns from No. 40 to No. 59. The rates for these classifications are 25 per cent for strictly plain cloths, 35 per cent for cloths of other ordinary weaves, and 37½ per cent for cloths of Jacquard weaves. Thus considered, and eliminating the other inapplicable rates, the arithmetical average of the Parker schedule is 39.16 per cent.

From this classification to the next there is a sharp advance, namely, on strictly plain cloths, from 25 to 35 per cent; on other ordinary weaves from 35 to 40 per cent, and on Jacquard weaves from 37½ to 45 per cent. No one who has studied the character of cotton cloth importations in the last decade can doubt, therefore, that all of the applicable rates of the Parker schedule are prohibitive of any foreign competition, except such as would come in any event.

PARAGRAPHS 315-320—COTTON CLOTH.

Certain minor defects of the Parker schedule deserve consideration. For instance it provides one set of rates for gray cloths and another higher set of rates for cloths which have been bleached or dyed, although it is now established that these processes are less expensive in America than abroad.

Again, under class 2, it provides a still higher set of rates for weaves which, though ordinary, are not strictly plain weaves, than for strictly plain weaves. For example, a plain woven dress gingham containing a No. 40 yarn, such as Exhibit A (on file), hereto attached, would pay 25 per cent, while a cloth illustrated by Exhibit B (on file), identical in every respect, except that two colors have been introduced, thereby forming a stripe, would pay 35 per cent. There is no appreciable difference between the cost of these two exhibits.

Again, under class 3, a still higher set of rates is provided for cloths of Jacquard weave. For instance, a given plain cloth in class 1 would pay 25 per cent, while a cloth of the identical quality the yarns of which have been manipulated by the Jacquard process so as to form a design, would pay 37½ per cent. The Jacquard process in ordinary cotton cloths is but very slightly more expensive than the plain process and is of course correspondingly more expensive abroad, so that in consequence this cost would be proportionately covered by the same ad valorem duty. To illustrate how unimportant is this extra cost it may be stated that a liberal average cost of preparing a Jacquard card would be \$5. So that under a production of \$1,000 this initial cost would become only one-half of 1 per cent. This percentage, however, would be slightly increased by the higher cost of the Jacquard loom and by its slightly lower productive capacity, but in no ordinary case can the Jacquard process be considered sufficiently more expensive to warrant any higher rate of duty.

In class 2 of the Parker schedule no good purpose seems to be served by the specification (for the purposes of assessing higher rates) of such descriptions as "stripes," "checks," "drills," "twills and kindred weaves." All of these apply to cloths which are substantially plain cloths and to weaves which are ordinary weaves. Nor does there seem to be any reason for the insertion of the words "terry pile weaves." This provision covers mainly if not exclusively Turkish towels and Turkish toweling used for the manufacture of bath robes. Both of these articles are made from coarse yarns and manufactured as cheaply in America as abroad. Indeed Turkish towels are exported from the United States to Canada in spite of the preferential duty in favor of Great Britain.

The minute subdivisions of yarn sizes provided in the Parker schedule are of a nature calculated to produce great difficulty and confusion in classification and administration. It is not practicable ordinarily to accurately determine, for instance, whether a yarn is No. 19 or No. 20, or whether it is No. 59 or No. 60, or whether it is No. 99 or No. 100, since there is an inevitable variation of one or two numbers either way. These subdivisions are placed, either intentionally or accidentally, at precisely the usual dividing lines. For instance, it is customary to use No. 20, but never to use No. 19. The same applies to No. 60 and No. 59 and to No. 100 and No. 99. While the yarn size classification seems to be the only practicable and proper measure of distinction between different rates of duty, yet the six classifications provided as they are in the Parker bill are too closely drawn to be practicable.

On the contrary the subdivisions in the Underwood bill are practicable and would create no doubt in the minds of either the manufacturers or the customs officials, except when yarns closely approach the dividing lines of No. 50 and No. 100. Further, these Underwood subdivisions are more closely in accord with the general distinctions in labor costs.

To see that the Parker rates are generally higher than the Dingley rates it is not necessary to analyze particular cloths. An arithmetical comparison clearly shows this.

The contingent specific rates provided by the Dingley law cover so vast a number of ad valorem equivalents that a detailed comparison is not possible. Some of these specific rates work out to ad valorem equivalents higher than the Parker rates. But as the accepted belief is that such unduly high specific rates were surreptitiously inserted into the law without the full knowledge of Congress this element may be properly eliminated for comparative purposes.

For convenience we have appended hereto a table comparing the maximum ad valorem rates of the Dingley law by paragraphs with the Underwood and Parker rates. In all of these 77 classifications the Parker rates are higher than the Dingley rates, and of course higher than the Underwood rates. It is only fair to say that many instances were found where the Dingley rate and the Parker rate were identical. But where the Parker rates were found to be less than the Dingley rates the cloths to which these

PARAGRAPHS 315-320—COTTON CLOTH.

eductions applied were almost invariably such as could not be imported except under extraordinary conditions.

We have also attached hereto 40 samples upon which the three several rates of duty applicable have been calculated. In all of these cases the Parker rates have been found to be higher than either the Dingley or the Underwood rates.

In considering these samples it is fair to remember that there is the greatest difficulty in ascertaining the exact sizes of yarns after cloths have been finished. And that we have been prevented by lack of time and immediate information from providing illustrations covering every character of cloth susceptible to importation. However, it is quite clear that this number can be multiplied ad infinitum. Enough ground has been covered to prove the contention.

Incidentally we point out that in the figures presented to the Ways and Means Committee by Mr. Parker himself illustrating the applicable rates on 82 cloths, 14 of these cloths by his own figures show increases over either the Dingley law or the Payne law, or both. A very large percentage of the other cloths in his list which show decreases are cloths of a nature which could not be imported in any event, such as cheese cloth, sheetings, cheap shirtings, print cloths, sateens, etc.

Respectfully submitted.

FREDERIC B. SHIPLEY.

NEW YORK, February 8, 1913.

Comparison of the Dingley maximum ad valorem rates, by paragraphs, with the Underwood and Parker rates.

BLEACHED CLOTHS.

Dingley paragraph.	State.	Finest yarn.	Parker class.	Dutiable value over—	Dingley rate.	Underwood rate.	Parker rate.
				<i>Cents.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
304	Plain.....	60 to 99.....	1	7	25	25	35
304	do.....	100 and over.....	1	7	25	25-30	40
304	Fancy.....	20 to 39.....	2	7	25	20	30
304	do.....	40 to 59.....	2	7	25	20-25	35
304	do.....	60 to 99.....	2	7	25	25	40
304	do.....	100 and over.....	2	7	25	25-30	45
304	Jacquard.....	1 to 9.....	3	7	25	20	30
304	do.....	10 to 19.....	3	7	25	20	32½
304	do.....	20 to 39.....	3	7	25	20	35
304	do.....	40 to 59.....	3	7	25	20-25	37½
304	do.....	60 to 99.....	3	7	25	25	45
304	do.....	100 and over.....	3	7	25	25-30	50
305	Plain.....	60 to 99.....	1	9	25	25	35
305	do.....	100 and over.....	1	9	25	25-30	40
305	Fancy.....	20 to 39.....	2	9	25	20	30
305	do.....	40 to 59.....	2	9	25	20-25	35
305	do.....	60 to 99.....	2	9	25	25	40
305	do.....	100 and over.....	2	9	25	25-30	45
305	Jacquard.....	1 to 9.....	3	9	25	20	30
305	do.....	10 to 19.....	3	9	25	20	32½
305	do.....	20 to 39.....	3	9	25	20	35
305	do.....	40 to 59.....	3	9	25	20-25	37½
305	do.....	60 to 99.....	3	9	25	25	45
305	do.....	100 and over.....	3	9	25	25-30	50
306	Plain.....	do.....	1	11	35	25-30	40
306	Fancy.....	60 to 99.....	2	11	35	25	40
306	do.....	100 and over.....	2	11	35	25-30	45
306	Jacquard.....	40 to 59.....	3	11	35	20-25	37½
306	do.....	60 to 99.....	3	11	35	25	45
306	do.....	100 and over.....	3	11	35	25-30	50
307	Plain.....	do.....	1	11	35	25-30	40
307	Fancy.....	60 to 99.....	2	11	35	25	40
307	do.....	100 and over.....	2	11	35	25-30	45
307	Jacquard.....	40 to 59.....	3	11	35	20-25	37½
307	do.....	60 to 99.....	3	11	35	25	45
307	do.....	100 and over.....	3	11	35	25-30	50
308	Fancy.....	do.....	2	15	40	25-30	45
308	Jacquard.....	60 to 99.....	3	15	40	25	45
308	do.....	100 and over.....	3	15	40	25-30	50
309	Fancy.....	do.....	2	16	40	25-30	45
309	Jacquard.....	60 to 99.....	3	16	40	25	45
309	do.....	100 and over.....	3	16	40	25-30	50

PARAGRAPHS 315-320—COTTON CLOTH.

Comparison of the Dingley maximum ad valorem rates, by paragraphs, with the Underwood and Parker rates—Continued.

DYED, PRINTED, MERCERIZED, COLORED, OR "OTHER PROCESSES NOT SPECIALLY OTHERWISE PROVIDED FOR."

Dingley paragraph.	State.	Finest yarn.	Parker class.	Dutiable value over—	Dingley rate.	Underwood rate.	Parker rate.
				Cents.	Per cent.	Per cent.	Per cent.
304	Plain	60 to 99	1	7	30	25	35
304	do.	100 and over	1	7	30	25-30	40
304	Fancy	40 to 59	2	7	30	20-25	35
304	do.	60 to 99	2	7	30	25	40
304	do.	100 and over	2	7	30	25-30	45
304	Jacquard	10 to 19	3	7	30	20	32½
304	do.	20 to 39	3	7	30	20	35
304	do.	40 to 59	3	7	30	20-25	37½
304	do.	60 to 99	3	7	30	25	45
304	do.	100 and over	3	7	30	25-30	50
305	Plain	60 to 99	1	12	30	25	35
305	do.	100 and over	1	12	30	25-30	40
305	Fancy	40 to 59	2	12	30	20-25	35
305	do.	60 to 99	2	12	30	25	40
305	do.	100 and over	2	12	30	25-30	45
305	Jacquard	10 to 19	3	12	30	20	32½
305	do.	20 to 39	3	12	30	20	35
305	do.	40 to 59	3	12	30	20-25	37½
305	do.	60 to 99	3	12	30	25	45
305	do.	100 and over	3	12	30	25-30	50
306	Plain	60 to 99	1	12½	35	25-30	40
306	Fancy	40 to 59	2	12½	35	25	40
306	do.	60 to 99	2	12½	35	25-30	45
306	Jacquard	10 to 19	3	12½	35	20-25	37½
306	do.	20 to 39	3	12½	35	25	45
306	do.	40 to 59	3	12½	35	25-30	50
306	do.	60 to 99	3	12½	40	25-30	45
306	do.	100 and over	3	12½	40	25	45
307	Fancy	40 to 59	2	12½	40	25-30	45
307	Jacquard	10 to 19	3	12½	40	25	45
307	do.	20 to 39	3	12½	40	25-30	50
307	do.	40 to 59	3	12½	40	25-30	45
308	Fancy	40 to 59	2	17½	40	25-30	45
308	Jacquard	10 to 19	3	17½	40	25	45
308	do.	20 to 39	3	17½	40	25-30	50
309	Fancy	40 to 59	2	20	40	25-30	45
309	Jacquard	10 to 19	3	20	40	25	45
309	do.	20 to 39	3	20	40	25-30	50

COTTON CLOTHS.

[The samples attached to descriptions are in the files of the committee.]

Sample No. 1 (36-inch bleached rep): Count, over 100, but not over 150 threads; finest yarn content No. 70; dutiable value 10.72 cents; Dingley duty, 2½ cents per square yard, 23.3 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 2 (27-inch jacquard bleached fleecy-back piqué): Count, over 100 but not over 150 threads; finest yarn content, No. 30; weight, over 4 ounces per square yard; dutiable value 10.80 cents per square yard; Dingley duty, 2½ cents per square yard, equals 23.1 per cent; Underwood rate, 20 per cent; Parker rate, class 3, 35 per cent.

Sample No. 3 (27-inch bleached striped dress fabric): Count, over 100 but not over 150 threads; finest yarn content, No. 90; dutiable value over 16 cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 4 (27-inch bleached checked dress fabrics): Count, over 150 but not over 200 threads; finest yarn content, No. 70; dutiable value over 12 cents per square yard; Dingley duty, paragraph 307, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 5 (27-inch bleached mercerized jacquard waisting): Count, over 100 but not over 150 threads; finest yarn content, No. 80; English converter's price, 4½d. less 2½ per cent, equals 0.081675, giving it a square yard dutiable value of 0.1089; weight, 3.046 ounces per square yard; Dingley duty, at 3½ cents per square yard, equals 32.1 per cent; Underwood rate, 25 per cent; Parker rate, class 3, 45 per cent.

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Sample No. 6 (28-inch fancy bleached voile): Count, over 50 but not over 100 threads; finest yarn content, No. 80, 3-ply; dutiable value over 9 cents per square yard; Dingley duty, paragraph 305, 25 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 7 (white drill, 27-inch): Count, over 200 but not over 300 threads; finest yarn content, No. 60; weight, 5.4 ounces; dutiable value 11.70 cents per square yard; Dingley duty, 5 cents per square yard, 3.75 cents per linear yard, equals 32 per cent; Underwood rate, 25 per cent; Parker rate, 35 per cent.

Sample No. 8 (27-inch bleached checked dress fabric): Count, over 150 but not over 200 threads; finest yarn content, No. 80; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 307, duty, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 9 (bleached jacquard dress material): Count, over 100 but not over 150 threads; finest yarn content, No. 70, 2-ply; dutiable value over 11 cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 3, 45 per cent.

Sample No. 10 (jacquard bleached waisting): Count, over 150 but not over 200 threads; finest yarn content, No. 70; dutiable value over 12 cents per square yard; Dingley duty, paragraph 307, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 3, 45 per cent.

Sample No. 11 (27-inch bleached checked dress fabric): Count, over 100 but not over 150 threads; finest yarn content, No. 100; dutiable value over 11 cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 30 per cent; Parker rate, class 2, 40 per cent.

Sample No. 12 (28-inch fancy bleached dress cloth): Count, over 150 but not over 200 threads; finest yarn content, No. 80, 2-ply; dutiable value over 12 cents per square yard; Dingley duty, paragraph 307, 35 per cent; Underwood duty, 25 per cent; Parker duty, class 2, 40 per cent.

Sample No. 13 (26-inch fancy white dress goods): Count, over 100 but not over 150 threads; finest yarn content, No. 60, 3-ply; dutiable value, 7.56 cents per linear yard; Dingley duty, paragraph 306, 35 cents per square yard or 2.52 cents per linear yard, 33½ per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 14 (27-inch bleached checked dress fabric): Count, over 150 but not over 200 threads; finest yarn content, No. 80; dutiable value over 12 cents per square yard; Dingley, paragraph 307 duty, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 15 (27-inch bleached striped dress fabric): Count, over 100 but not over 150 threads; finest yarn content, No. 90; dutiable value, over 16 cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 16 (jacquard mercerized cotton table damask): Finest yarn content, No. 40; Dingley duty (specially provided for par. 321), 40 per cent; Underwood rate (specially provided for par. 14), 25 per cent; Parker rate, class 3, 37½ per cent.

Sample No. 17 (bleached voile, width 24 inches): Count, over 100 but not over 150 threads; finest yarn content, No. 100, 2-ply; dutiable value, over 12½ cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 45 per cent.

Sample No. 18 (jacquard bleached waisting): Count, over 150 but not over 200 threads; finest yarn content, No. 60; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 307, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 3, 45 per cent.

Sample No. 19 (28-inch bleached jacquard waisting): Count, over 150 but not over 200 threads; finest yarn content, No. 140; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 308, 35 per cent; Underwood rate, 30 per cent; Parker rate, class 3, 50 per cent.

Sample No. 20 (27-inch bleached checked waisting): Count, over 100 but not over 150 threads; finest yarn content, No. 100; dutiable value, over 11 cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 30 per cent; Parker rate, class 2, 40 per cent.

Sample No. 21 (27-inch bleached checked dress fabric): Count over 150 but not over 200 threads; finest yarn content, No. 70; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 307, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 22 (28-inch bleached fancy dress cloth): Count, over 200 but not over 300 threads; finest yarn content, No. 120; dutiable value, over 15 cents per square

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yard; Dingley duty, paragraph 308, 40 per cent; Underwood rate, 30 per cent; Parker rate, class 2, 45 per cent.

Sample No. 23 (38-inch bleached crepe): Count, over 100 but not over 150 threads; finest yarn content, No. 120, 2-ply; dutiable value, over 12½ cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 30 per cent; Parker rate, class 2, 45 per cent.

Sample No. 24 (29-inch white imitation charmeuse): Count, over 150 but not over 200 threads; finest yarn content, No. 80; dutiable value, over 12 cents per square yard; Dingley duty, 35 per cent; Underwood rate, 20 per cent; Parker rate, 40 per cent.

Sample No. 25 (36-inch dyed rep, twill weave): Count, over 100 but not over 150 threads; finest yarn content, No. 40; dutiable value, 12.375 cents per square yard; weight, 4½ ounces per square yard; Dingley duty, 3½ cents per square yard, equals 28.2 per cent; Underwood rate, 20 per cent; Parker rate, class 2, 35 per cent.

Sample No. 26 (36-inch jacquard all-cotton flannel): Count, over 50 but not over 100 threads; finest yarn content, No. 30; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 305, 30 per cent; Underwood rate, 20 per cent; Parker rate, class 3, 35 per cent.

Sample No. 27 (jacquard all-cotton imitation wool blanket): Count, over 50 but not over 100 threads; finest yarn content, No. 30; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 305, 30 per cent; Underwood rate (specially provided for par. 15), 25 per cent; Parker rate, class 3, 35 per cent.

Sample No. 28 (36-inch dyed rep, twill weave): Count, over 100 but not over 150 threads; finest yarn content, No. 60, 2-ply; dutiable value, over 12½ cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 29 (dyed Jacquard dress material): Count, over 100 but not over 150 threads; finest yarn content, No. 70, 2-ply; dutiable value, over 12½ cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 3, 45 per cent.

Sample No. 30 (32-inch colored corded shirting): Count, over 100 but not over 150 threads; finest yarn content, No. 40; weight, 2.93 ounces per square yard; dutiable value, 10.89 cents per square yard; Dingley duty, paragraph 306, 3½ cents per square yard or 3.01 cents per linear yard, 27.6 per cent; Underwood rate, 20 per cent; Parker rate, class 2, 30 per cent.

Sample No. 31 (27-inch mercerized grenadine): Count, over 50 but not over 100 threads; finest yarn content, No. 80; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 305, 30 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 32 (32-inch Jacquard colored dress gingham): Count, over 200 but not over 300 threads; finest yarn content, No. 80; dutiable value over 17½ cents per square yard; Dingley duty, paragraph 308, 40 per cent; Underwood rate, 25 per cent; Parker rate, class 3, 45 per cent.

Sample No. 33 (36-inch Jacquard dyed sateen): Count, over 150 but not over 200 threads; finest yarn content, No. 90; dutiable value over 12 cents per square yard; Dingley duty, paragraph 307, 40 per cent; Underwood rate, 25 per cent; Parker rate, class 3, 45 per cent.

Sample No. 34 (28-inch dyed fancy voile): Count, over 50 but not over 100 threads; finest yarn content, No. 80 3-ply; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 305, 30 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 35 (28-inch dyed Jacquard waisting): Count, over 150 but not over 200 threads; finest yarn content No. 140; dutiable value, over 12½ cents per square yard; Dingley duty, 40 per cent; Underwood rate, 30 per cent; Parker rate, class 3, 50 per cent.

Sample No. 36 (colored voile, width 24 inches): Count, over 100 but not over 150 threads; finest yarn content, No. 100, 2-ply; dutiable value, over 12½ cents per square yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 45 per cent.

Sample No. 37 (27-inch fancy dress material): Count, over 50 but not over 100 threads; finest yarn content, No. 60; dutiable value, over 12 cents per square yard; Dingley duty, paragraph 305, 30 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 38 (40-inch dyed cotton moreen): Count, over 100 but not over 150 threads; finest yarn content, No. 80, 3-ply; dutiable value, 19.10 cents per square

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yard; Dingley duty, paragraph 306, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2, 40 per cent.

Sample No. 39 (27-inch corded poplin colored): Price, 5½d.; count, over 100 but not over 150 threads; finest yarn content, No. 70; dutiable value over 12½ cents per square yard; Dingley duty, 35 per cent; Underwood rate, 25 per cent; Parker rate, class 2 40 per cent.

Sample No. 40 (37-inch Jacquard dyed lining sateen): Count, over 200 but not over 300 threads; finest yarn content, No. 110; dutiable value, over 17½ cents per square yard; Dingley duty, paragraph 308, 40 per cent; Underwood rate, 30 per cent; Parker rate, class 3, 50 per cent.

Sample No. 41 (32-inch Jacquard colored Scotch shirting): Count, over 200 but not over 300 threads; finest yarn content, No. 80; dutiable value, over 17½ cents per square yard; Dingley duty, paragraph 308, 40 per cent; Underwood rate, 25 per cent; Parker rate, class 3, 45 per cent.

TESTIMONY OF ALBERT F. BEMIS, BEMIS BRO. BAG CO., BOSTON, MASS.

The witness was duly sworn by the chairman.

Mr. BEMIS. I should like to speak on paragraphs 315, 316, and 332. I appear here as an individual, and as a member of the National Association of Cotton Manufacturers—a member of the American Cotton Manufacturers' Association—and informally representing the manufacturers of this country of cloth bags.

The recommendations I desire to make are as follows: I recommend no changes in classification or descriptive phraseology in Schedule I, or other schedules of the tariff, which would result in putting bags or sacks made in whole or in chief part of cotton on the free list, and especially that the raw material for such bags which is cloth described in paragraphs 315 and 316 be left upon the dutiable list.

That is my chief recommendation, Mr. Chairman, and the reason for making it is this: By the provisions of the so-called farmers' free list bill, passed about 18 months ago, H. R. 44013, Sixty-second Congress, I believe your committee proposed putting upon the free list various articles, including burlap and bags or sacks, composed wholly or in part of jute or burlap, or other material suitable for bagging or sacking agricultural products. In other words, you propose putting upon the free list bags or sacks composed wholly or in part of materials suitable for bagging or sacking agricultural products.

Gentlemen, it is not clear whether in the wording of this bill you had in mind to put cotton bags upon the free list, but the result of the passage of that bill; that is, had it become a law the result would have been that practically all the cotton-cloth bags made in this country would have been admitted free of duty. And in so far as all duty levied on the raw material—that is, the cloth out of which these bags are made, described in paragraphs 315 and 316, requires a duty of approximately 35 per cent to equalize the difference in cost of production in this country and Europe—you thereby would have established a premium to the foreign manufacturer for making those bags in foreign countries.

In support of my contention on this point I would refer you to decision of the Board of General Appraisers in the Treasury Department and to court decisions—the United States Court of Appeals and the United States Supreme Court—in which they have several times interpreted the meaning of the words "suitable for." The

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most notable cases are the *Chew Hing Lung v. Collector* case, and the one which is the most illuminating in this regard is the *Kahlen* case, Treasury Decision 3147, in which it describes the words "suitable for" as meaning "actually, practically, and commercially fit."

It is not necessary, I think, to go any further in that line to prove that practically all the cotton-cloth bags made in this country are actually, practically, and commercially fit for bagging or sacking agricultural products.

The CHAIRMAN. Will you let me ask you a question right there?

Mr. BEMIS. Yes.

The CHAIRMAN. Are there any agricultural products sacked, as a rule, in cotton bags now?

Mr. BEMIS. \$25,000,000 worth, nearly, sir.

The CHAIRMAN. What are they?

Mr. BEMIS. Flour.

The CHAIRMAN. That is not an agricultural product. That is a manufactured product.

Mr. BEMIS. Has that been determined by a court decision?

The CHAIRMAN. It is apparent that it is not an agricultural product.

Mr. BEMIS. It occurs in the agricultural products schedule of the tariff.

The CHAIRMAN. Agricultural products are, as applied in that bill, related to products of the farm, not the factory or the mill.

Mr. KITCHIN. Are wheat, corn, rye, and barley packed in these cotton bags?

Mr. BEMIS. Yes, sir; they are.

Mr. PALMER. \$25,000,000 worth of bags of that kind?

Mr. BEMIS. No, sir. If flour, meal, and products of that nature are not agricultural products there would not be \$25,000,000 worth of cotton bags used for packing agricultural products. But even so, sir, according to various decisions of the Board of General Appraisers and the United States courts the use of that word is so broad that if bags are suitable for that purpose, even though they are not brought in to be used exactly for that purpose, they would be considered to come under that classification and be admitted free.

The CHAIRMAN. I would suggest a change in the word, that instead of using "suitable for" we would say "for."

Mr. BEMIS. I should say—

Mr. KITCHIN. It says "suitable for and commonly used."

Mr. BEMIS. I would say, sir, that it would not be a proper thing to put upon the free list cotton-cloth bags or cotton bags at all, provided you do not at the same time put upon the free list the raw material or the cloth out of which they are made.

The CHAIRMAN. Let me ask you, in these cotton bags is there any material number of cotton bags used for putting in strictly agricultural products?

Mr. BEMIS. Yes, sir.

The CHAIRMAN. What are the agricultural products that are put in those sacks?

Mr. BEMIS. The gentleman has just pointed out that cotton bags are used in a small degree for sacking wheat and barley—more for seed purposes than otherwise.

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The CHAIRMAN. How many cotton bags are used for that purpose?

Mr. BEMIS. Offhand I really could not say.

The CHAIRMAN. It is a small percentage of the cotton bags that are produced, is it not?

Mr. BEMIS. Specifically for grains untreated in any mill I should think it might be.

The CHAIRMAN. Then if it is only used—of course, that was the purpose of the committee, not to apply it to flour or meal or things of that kind, but strictly to products of the farm.

Mr. LONGWORTH. Oats and bran and things of that sort. Are those cotton bagged?

Mr. BEMIS. No; very little. They are used—that is a point that I should like to bring out; that there is a considerable quantity, sir, of cotton-cloth bags that are used for bran, if that is an agricultural product.

The CHAIRMAN. I should say it is not an agricultural product. It was not the intent of the committee, of course, to go that far. If there is any trouble in the language used, we will be glad to alter it according to the suggestion. There is no controversy between the committee and yourself upon the question of these products that are the manufacture of a mill that manufactures flour, but the purpose of the committee was to give an opportunity to the farmer to have the bagging, if possible, to sack his agricultural products. What I wanted to know was whether they were actually used for a large proportion of the output?

Mr. BEMIS. I would say that the farmer uses but a very, very small quantity of cloth bags of any description for the sacking of his product.

The CHAIRMAN. That is what I thought.

Mr. BEMIS. That is, directly.

The CHAIRMAN. If the language of the act was held strictly to agricultural products, there would not really be any serious proposition here, would there?

Mr. BEMIS. I think it would be a very unjust thing in principle, sir, to put upon the free list any finished product, leaving the raw material dutiable.

The CHAIRMAN. That is done very often in these schedules.

Mr. BEMIS. Do you favor the principle, sir?

The CHAIRMAN. Not as a rule; no. There are some exceptions to all rules, though.

Mr. BEMIS. But hardly to so fundamental a principle as this.

The CHAIRMAN. For instance, take fine gun barrels in the present law, admitted free of duty. It is just an instance that happened to come into my mind. And yet the steel and the products out of which the gun barrel is made to bear a duty. You will find a great many instances of that kind if you will run them down.

Mr. BEMIS. There is another objection to such a law in that it is unnecessary, it seems to me, to so radically change a classification as to adopt or establish an entirely new classification which has not been interpreted through a long series of years of importations and trade uses. You open a pretty wide gap, or the possibility of a pretty wide gap, in the goods that would come in under a new phraseology.

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The CHAIRMAN. If we were placing these on the free list, and it seriously endangered your industry by putting them there, brought about a serious amount of competition on these particular cotton bags, I think there would be something in your argument that would require our consideration. But if it is only a very limited amount that are used for that purpose or could be used if they were imported, I do not think it is a serious proposition to you.

Mr. BEMIS. Mr. Chairman, it seems to me that the matter can be covered without introducing this illogical condition, even if it applies to but a small quantity, at first sight.

The CHAIRMAN. We should be glad to have your suggestion as to how you would cover it.

Mr. BEMIS. I can not make a suggestion without knowing what you are proposing to do, sir.

The CHAIRMAN. I stated that the purpose of the committee was clearly to limit the free bags directly to agricultural products of the farm, and you state that there is not very much of the cotton bagging used for that purpose, and therefore—

Mr. PAYNE. There is a large quantity of them that are suitable for that purpose, are there not?

Mr. BEMIS. I think there are, sir.

Mr. PAYNE. For the bulk of the business the bags are suitable for that purpose?

Mr. BEMIS. I should think so.

The CHAIRMAN. We will change the language so that it will guard against any illegitimate use of the power.

Mr. BEMIS. In my judgment, that would have admitted free to this country \$25,000,000 worth of cotton bags free. There would have been no revenue resulting. It would have taken the value of the raw material, which is, we will say, \$20,000,000 or \$21,000,000 or \$22,000,000, away from the cotton mills of this country.

The CHAIRMAN. As I understand the suggestion you are making, you are not complaining about the use of that small number of bags, but you do not want the language where they could be used for some other purposes?

Mr. BEMIS. Yes, so far as cotton bagging is concerned.

The CHAIRMAN. We will try to guard against that.

Mr. KITCHIN. Do you represent any manufacturing company that makes bags out of other material than cotton?

Mr. BEMIS. I appear here not representing them, no, sir; I appear here as an individual. I believe later on the bag manufacturers are to appear under Schedule J.

Mr. KITCHIN. Their raw material was put on the free list by that bill, was it not?

Mr. BEMIS. By that bill. We hope to submit a brief on that later; that is, the manufacturers of bags intend to do so.

Mr. KITCHIN. How many bag manufacturers are there in the United States?

Mr. BEMIS. I am very glad you asked that question, because I believe people do not understand how large an industry it is. There are in the United States, according to the census figures, or there were in 1909, 109 factories.

Mr. KITCHIN. How many factories are there now?

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Mr. BEMIS. But there are not many large ones.

Mr. KITCHIN. How many are there now?

Mr. BEMIS. I could not say. I do not know how those 109 were made up, but I can say, sir, that there are principal factories, there are important factories engaged in this line of industry, one or more in 21 of the States. Every member of this committee, sir, except your chairman comes from a State in which there are factories.

Mr. KITCHIN. Who are the big manufacturers?

Mr. BEMIS. Is this on the cotton schedule?

Mr. KITCHIN. No; I am talking of bags not of cotton now. Then I am going to get down to the cotton.

Mr. BEMIS. Who are they?

Mr. KITCHIN. What other large manufacturer of bags not made of cotton are there?

Mr. BEMIS. That matter, I think, will be submitted later in a brief.

Mr. KITCHIN. Are you going to come down and help them at the hearing when we get to Schedule J?

Mr. BEMIS. I expect to come.

Mr. KITCHIN. I wish you would look it up and see about Collins, and other manufacturers of bags not made of cotton.

Mr. BEMIS. I will try to find out about it before Schedule J comes up.

Mr. KITCHIN. You say you do not know much about the bag manufacturing business that uses other materials than cotton?

Mr. BEMIS. I did not say that. I said that I was appearing as an individual, and not representing them to-day.

Mr. KITCHIN. Now, there are some other manufacturers of bags not of cotton. Can you name some of them without looking at your papers?

Mr. BEMIS. Certainly, sir.

Mr. KITCHIN. Just name them.

Mr. BEMIS. Do you mean those who make no cotton bags, but make other bags?

Mr. KITCHIN. Yes, sir.

Mr. BEMIS. Make no cotton bags?

Mr. KITCHIN. Yes.

Mr. BEMIS. Unless I went into the paper end of it, I could not. I do not believe, sir, I could name any.

Mr. KITCHIN. Let us come down to cotton. What other large cotton-bag manufacturers are there?

Mr. BEMIS. There is the Fulton Bag & Cotton Mills, of Atlanta, Ga.

Mr. KITCHIN. What is the largest one?

Mr. BEMIS. Bemis Bro. Bag Co.

Mr. KITCHIN. Where is that located?

Mr. BEMIS. Its home office is in St. Louis.

Mr. KITCHIN. Are you a bag manufacturer? Do you manufacture bags, or are you interested in a company or companies that manufacture bags?

Mr. BEMIS. I am.

Mr. KITCHIN. What is your company?

Mr. BEMIS. The Bemis Bro. Bag Co.

Mr. KITCHIN. Is that the largest one?

Mr. BEMIS. I think it is, sir.

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Mr. KITCHIN. That is located where?

Mr. BEMIS. The company is incorporated in Missouri.

Mr. KITCHIN. What kind of bags do you make—sugar bags and flour bags mostly?

Mr. BEMIS. All kinds. They are used for all purposes.

Mr. KITCHIN. What are they used for mostly?

Mr. BEMIS. I should think for flour.

Mr. KITCHIN. What is the annual output in dollars and cents in bags a year?

Mr. BEMIS. You mean in this country?

Mr. KITCHIN. Yes—you.

Mr. BEMIS. In this country, I will have to refer to the Census report.

Mr. KITCHIN. About how much?

Mr. BEMIS. I should think it was something like \$60,000,000.

Mr. KITCHIN. Sixty million cotton bags?

Mr. BEMIS. No; \$60,000,000 of all kinds of cloth bags.

Mr. KITCHIN. Sixty million dollars of all kinds of cotton bags?

Mr. BEMIS. I should think so. Not all kinds of cotton bags—all kinds of cloth bags.

Mr. KITCHIN. Let us get at the cotton bags.

Mr. BEMIS. I have given you that previously. I think it is about \$25,000,000.

Mr. KITCHIN. How much does your company make of that? How large was the output of your company last year, say, in dollars and cents, about?

Mr. BEMIS. I really do not know. It would be merely an estimate.

Mr. KITCHIN. What office do you hold in that company?

Mr. BEMIS. I hold the office of president, sir.

Mr. KITCHIN. President of the company; and you have no idea how many dollars' worth a company turns out of which you are president?

Mr. BEMIS. I did not say that I had no idea. I said—

Mr. KITCHIN. Tell me about how much—make a good guess.

Mr. BEMIS. I should think something like \$8,000,000—perhaps \$9,000,000.

Mr. KITCHIN. Just think again; and do you not on reflection think that you make about 50 per cent—your company?

Mr. BEMIS. No, sir.

Mr. KITCHIN. Where are the branches of your company? In how many States have you branches?

Mr. BEMIS. We have branches in Indiana—I think about eight States.

Mr. KITCHIN. And they are under different incorporations, are they not?

Mr. BEMIS. No, sir.

Mr. KITCHIN. All under the same corporation?

Mr. BEMIS. Yes, sir.

Mr. KITCHIN. Your stockholders own stock in other incorporated companies that make bags of this kind, do they not?

Mr. BEMIS. You mean other mutual—other stockholders in the Bemis Bros. Bag Co. that own stock in another company that makes bags of the same nature?

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Mr. KITCHIN. Yes, sir.

Mr. BEMIS. That does occur in one case, sir.

Mr. KITCHIN. Where is that case?

Mr. BEMIS. That is in Houston, Tex.

Mr. KITCHIN. What is that company in Houston, Tex., named?

Mr. BEMIS. That is the Texas Bag & Fiber Co.

Mr. KITCHIN. That company is supposed to be competing with your Missouri company in Texas, is it not?

Mr. BEMIS. I would not say so, sir.

Mr. KITCHIN. It is not supposed to be? The people generally think they are competing down there?

Mr. BEMIS. I do not know, sir.

Mr. KITCHIN. I know that you know whether they are competing, but I mean the people generally?

Mr. BEMIS. Well, sir, that is a condition which is perfectly clear. I mean it is a condition which exists in innumerable cases throughout this country.

Mr. KITCHIN. I know. When did you organize your company in Texas? When was that company organized?

Mr. BEMIS. I do not remember exactly. Probably four or five years ago.

Mr. KITCHIN. Since the investigation of the Waters-Pierce Oil Co. and Standard Oil Co. down there; since the laws against monopoly?

Mr. BEMIS. Yes.

Mr. KITCHIN. About four or five years ago you organized there; since this Waters-Pierce Oil Co. and Standard Oil Co. investigation down there, when Texas made more stringent laws against trusts and monopolies, did you not?

Mr. BEMIS. I think it was prior to that.

Mr. KITCHIN. It was in the last six years, was it not?

Mr. BEMIS. I do not remember whether or not it was prior to that, sir.

Mr. KITCHIN. It was in the last six years, was it not?

Mr. BEMIS. I do not remember whether or not it was prior to that.

Mr. KITCHIN. Do you not know that you just organized there in the last six or seven years?

Mr. BEMIS. I can not state the date of it; I do not remember.

Mr. KITCHIN. Did you not organize a new company there in order to avoid the antitrust or antimonopoly laws of Texas?

Mr. BEMIS. When we considered opening—the stockholders, understand, are not the same. Some are the same.

Mr. KITCHIN. I know—

Mr. BEMIS. When that factory was opened the question came up the same as it would come up in any case—

Mr. KITCHIN. I am not criticizing you, understand.

Mr. BEMIS (continuing). Under what conditions that plant should be organized. An examination of the laws was entered into, as would be done in the case of starting any company.

Mr. KITCHIN. So you thought it was safer to organize a new company with a new name after these stringent antitrust or antimonopoly laws were put on the statute books of Texas, did you not?

Mr. BEMIS. Well, I do not know—

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. KITCHIN. That might not have been the moving cause, but that was one thing you people discussed before you organized, is it not?

Mr. BEMIS. I should imagine it would naturally be.

Mr. KITCHIN. Can you not recall another company that you organized somewhere else than in Texas? In fact, Texas had about the most severe and strict antitrust laws that you have been able to find in the United States, did it not?

Mr. BEMIS. Well, it has that reputation.

Mr. KITCHIN. Yes, sir; and you formed this other company—what is the next largest company that competes with yours?

Mr. BEMIS. I do not know. I really do not know.

Mr. KITCHIN. Name two or three large competing companies.

Mr. BEMIS. The Fulton Bag & Cotton Mills, Atlanta, Ga., and I should say there was H. & L. Chase, which is not a corporation, at St. Louis, Mo., the Cleveland-Akron Bag Co.

Mr. KITCHIN. What territory does the Georgia company sell in?

Mr. BEMIS. They sell all over the country, so far as I know.

Mr. KITCHIN. Do they sell in Texas in the same territory that your Houston company sells?

Mr. BEMIS. What plant that those interested have in Texas I do not know. I do not know whether it is a separate corporation or not.

Mr. KITCHIN. You do not know whether they go down as far as Texas or not, do you?

Mr. BEMIS. You mean from Atlanta?

Mr. KITCHIN. Yes.

Mr. BEMIS. I do not know.

Mr. KITCHIN. Your Texas concern sells to Texas, Oklahoma, and that section of the country, does it not?

Mr. BEMIS. Yes; I should think so.

Mr. KITCHIN. And the Georgia concern sells up in North Carolina and South Carolina, Alabama, and Mississippi, does it not? I mean this Georgia competing concern.

Mr. BEMIS. Those markets are nearer the company.

Mr. KITCHIN. And your company in Missouri does not sell much in Georgia, South Carolina, North Carolina, and Alabama, does it?

Mr. BEMIS. We do if we can get the business.

Mr. KITCHIN. But I mean you do not do it. You do not get the business, do you?

Mr. BEMIS. We can not get it.

Mr. KITCHIN. Is it not a fact that your competing concerns—for instance, this Georgia concern and your company—have an agreement parceling out the territory?

Mr. BEMIS. Absolutely not, sir.

Mr. KITCHIN. Do you mean to say that the Georgia concern can undersell you and run you out of Virginia, North Carolina, South Carolina, and Alabama, when you make over one-third of the total output?

Mr. BEMIS. I do not put it so radically as you do.

Mr. KITCHIN. How would you put it—conservatively?

Mr. BEMIS. I would say absolutely without question that a factory—and the factory located in Atlanta, Ga., can and does undersell us right near its own home.

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. KITCHIN. In these States that I have mentioned?

Mr. BEMIS. Yes.

Mr. KITCHIN. You say there is one up in Maine?

Mr. BEMIS. Maine?

Mr. KITCHIN. That other company that you mentioned.

Mr. BEMIS. No; there is no factory in Maine.

Mr. KITCHIN. You mentioned another company besides yours?

Mr. BEMIS. There are the cotton seamless bags made in Maine, but that is not one of the companies that I mentioned.

Mr. KITCHIN. The Georgia company is the next biggest one to yours? What is the next biggest to the Georgia, and where is that located?

Mr. BEMIS. I can not speak with certainty, and I do not wish to be quoted as saying.

Mr. KITCHIN. So you do not know anything about your competitors?

Mr. BEMIS. Just a minute——

Mr. KITCHIN. You make so much of it yourself that you do not know about your competitors?

Mr. BEMIS. I do not know about their concerns. These companies, gentlemen, are and always have been what you would consider private companies. There has been no interchange of information regarding their capital used in the business, and that sort of thing. And I can not tell you with positiveness regarding the relative size of the companies. The other companies that I mentioned, the Cleveland-Akron Bag Co., of Cleveland; the H. & L. Chase Co.

Mr. KITCHIN. Really, this Chase Co. is a part of your company, is it not?

Mr. BEMIS. Which company?

Mr. KITCHIN. The Chase Co.?

Mr. BEMIS. No; absolutely not.

Mr. KITCHIN. Does your company and that company sell in the same territory?

Mr. BEMIS. We do.

Mr. KITCHIN. From what kind of cloth do you make most of your bags?

Mr. BEMIS. Do you mean cotton bags?

Mr. KITCHIN. Yes; cotton bags?

Mr. BEMIS. We make it from numbers averaging about 20.

Mr. KITCHIN. Do you make the cloth yourself or buy the cloth?

Mr. BEMIS. Both.

Mr. KITCHIN. You manufacture this right from the yarn, do you not?

Mr. BEMIS. Some.

Mr. KITCHIN. Do you not know that you do most of it?

Mr. BEMIS. I do not wish to make a statement which is not going to be correct.

Mr. KITCHIN. I know. I want to get at the facts. What per cent of the bags that you produce do you make from yarns and not from cloth purchased?

Mr. BEMIS. Very roughly, about half.

Mr. KITCHIN. Do you not think you make a little more than half?

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. BEMIS. That is just merely a rough estimate. It is as close as I could give it offhand.

Mr. KITCHIN. Now, the other half, the other per cent you buy, what kind of cloth is that?

Mr. BEMIS. The same.

Mr. KITCHIN. What does that cloth sell for? What do you have to pay for that cloth by the yard? You say it is from the number 20's. What did it cost you last year?

Mr. BEMIS. It is almost impossible to answer such a broad question.

Mr. KITCHIN. You know what that class of goods sells for, do you not? Of course you buy it in big quantities and get it as cheap as anybody does.

Mr. BEMIS. You mean how much per pound?

Mr. KITCHIN. Yes; how much per pound?

Mr. BEMIS. At the present time?

Mr. KITCHIN. Well, say at the present time; yes, sir?

Mr. BEMIS. We use all the way from No. 8's to No. 32 or 34's.

Mr. KITCHIN. You told me that you used all about No. 20. I want to see how this tariff on your raw material you are talking about affects you. I wish to find out how much tariff you pay now. You say it would not be right to put your bags on the free list, when the raw material is not on the free list, that you have to pay such a big price for that. I wish to see what kind of cloth you use and what is the tariff on that cloth.

Mr. BEMIS. I see. On No. 20 cotton, for instance, do you mean?

Mr. KITCHIN. You are president of the company. Do they not let you know anything about what the cloth costs that they purchase?

Mr. BEMIS. They do not put it up to me in this particular way.

Mr. KITCHIN. Are you the business president, or are you what they call the lobbying president of the company?

Mr. BEMIS. That is for you to judge, sir, I think.

Mr. KITCHIN. What size bags do you make? Perhaps we can get at it in that way.

Mr. BEMIS. We make bags of all sizes, from a salt pocket to a bag to carry 220 pounds of flour.

Mr. KITCHIN. You say you manufacture your own cloth? What do you estimate, in manufacturing your own cloth, that cloth costs you per yard?

Mr. BEMIS. The 20's?

Mr. KITCHIN. Well, say 20. You say you make most of them out of the 20's?

Mr. BEMIS. Well, in reading over the report of the Tariff Board—

Mr. KITCHIN. You do not want any Tariff Board. They do not know what it costs you. I am asking you about what it costs you, not what the Tariff Board says.

Mr. BEMIS. I think I can answer your question best that way.

Mr. KITCHIN. Answer it that way, and then I will come down to what it costs you.

Mr. BEMIS. I looked up the cases which they cited in regard to the cost of production and the cost of the finished product in comparison with our costs, and it seemed to me that they represented very accurately the cost of the product in the United States, and our mills were quite similar to that.

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. KITCHIN. Of course, that is perfectly plain to you, but it really does not give me the information, because I would have to go through that tariff report and sift it out and then know as little about the cost of your cloth as you appear to know.

Mr. BEMIS. It varies so much. I do not know how I can give it to you any better.

Mr. KITCHIN. I imagine you ought to know very much more about the cost per yard of your cloth than the Tariff Board would know, when they never examined it or your factory. Did the Tariff Board ever send an expert, or one of their men, to this mill to see what it cost you to manufacture this cloth? If they did send a man there I would ask it, but since they did not send a man there, I thought I would ask the president of the company, who ought to know more than a man who had never been there. Can you not give any idea of what you estimate this manufactured cloth cost you?

Mr. BEMIS. You mean at 12 cents a pound for cotton?

Mr. KITCHIN. Well, 12 for cotton. Anything to get the information from you.

Mr. BEMIS. On No. 20 yarn. It would be approximately 21 or 22 cents net per pound, I should think.

Mr. KITCHIN. Well, 21 cents, then. You do not buy the cotton and spin the yarn, do you?

Mr. BEMIS. Yes.

Mr. KITCHIN. You even buy cotton and spin the yarn, and then make it that way, right from the raw cotton? There is no tariff on raw cotton, is there?

Mr. BEMIS. None, as far as I know.

Mr. KITCHIN. You do not use long-staple cotton, do you? There is not tariff even on that.

Mr. BEMIS. Well, it is not taxed very much.

Mr. KITCHIN. You say it costs you about 22 cents a pound to manufacture it, when cotton is 12 cents?

Mr. BEMIS. I did not say it cost 22 cents. I said that was the finished cost at 12 cents a pound for cotton—just about the finished cost.

Mr. KITCHIN. That is, when cotton is 12 cents, and you buy your cotton and spin it into yarns and then make it into this cloth out of which you make your bags, you estimate that that cloth costs your company 22 cents a pound?

Mr. BEMIS. Approximately.

Mr. KITCHIN. How many yards in a pound?

Mr. BEMIS. Five yards.

Mr. KITCHIN. How much is the tariff on that cloth that is worth 22 cents a pound—five yards to the pound?

Mr. BEMIS. I think I can tell you by looking it up, sir.

Mr. KITCHIN. Four and one-half cents to the yard it cost you. How much would the tariff be on that? Would it be as much as one-fourth of a cent? So, the truth about the business is that your plea about the tariff, about paying the tariff on your raw material, on cotton cloth, cuts very little figure in this matter, does it, when you come right down to the facts?

Mr. BEMIS. I would say this on that subject, that just at the present time apparently we could satisfactorily compete with England.

PARAGRAPHS 315-320—COTTON CLOTH.

But, if you are referring to England, I would say that it would be a gross injustice to any industry to put the finished product on the free list, with the raw materials dutiable, and furthermore—

(Here Mr. Bemis unfolded a large paper of statistical data.)

Mr. KITCHIN. I know, but I am trying to bring it out from you that this tariff item is not even a fraction of the cost of your finished product. What part of your finished product is represented by labor? What part of the bags—the finished product—say a dollar's worth of the bags, would be labor?

Mr. BEMIS. Are you referring to what might be called the cloth bag converting department of our business?

Mr. KITCHIN. Let me make myself plain. Suppose that you have bags costing you \$100 to produce. What per cent of that would constitute your labor; 50 per cent, 60 per cent, or 25 per cent of it?

Mr. BEMIS. Would the raw material be raw cotton or cloth?

Mr. KITCHIN. That has not anything to do with it.

Mr. BEMIS. I can not answer otherwise.

Mr. KITCHIN. What part of it is labor?

Mr. BEMIS. Would we start with the amount—would we sow the seed—put in the labor for raising the cotton?

Mr. KITCHIN. Do you raise your own cotton also?

Mr. BEMIS. No, sir; we do not.

Mr. KITCHIN. You are the most modern cotton manufacturer of whom I ever heard, if you raise your own cotton.

Mr. PAYNE. You want to explain to them that you do not make it out of the raw cotton at once. You would put it into cloth first?

Mr. BEMIS. He has already brought out the fact, Mr. Payne, that we do make some that way.

Mr. KITCHIN. If you have \$100 of finished product, what per cent of that is labor? All manufacturers can tell that. We have had perhaps 150 down here and all could tell. Why can you not tell?

Mr. BEMIS. From one point of view the whole thing is labor.

Mr. KITCHIN. That is, you are including the labor of the men who make the cotton, then the labor of the fellow who raises the mule, then the labor of the fellow who makes fertilizer. We are not talking about that kind of labor. We are talking about the proportion of labor cost to the cost of the finished product in bags. When you have turned out \$100 worth of bags, cost value, how much have you paid out for labor on them?

Mr. BEMIS. It would make a difference which bag it was. If it was a bag—

Mr. KITCHIN. Whether it is a little or a big one?

Mr. BEMIS. Yes; whether it is a little one or a big one, and whether the bag has been made by us from raw cotton or made by us from cloth.

Mr. FORDNEY. Mr. Kitchin, I wish to get the information you are going into. You do not seem to understand each other, it seems to me.

Mr. KITCHIN. Brother Fordney, I have put that question to every practical manufacturer, or some of us have, that has been before us for the last two weeks, and every one of the others understood what it meant and gave it, and all these briefs here show it. I have read dozens of them. I thought he would understand it. Why can't he answer?

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. **FORDNEY**. What he means is, that about half the bags he produces he makes out of goods which he buys manufactured and the other half he makes from the raw material.

Mr. **KITCHIN**. The half, the 50 per cent for which you buy the cloth and make into bags; what part of \$100 worth of that finished product would be labor—the wage earnings?

Mr. **BEMIS**. Yes; I understand what you mean now. Please understand that I am answering only approximately. I did not expect to have to reply to all these questions.

Mr. **KITCHIN**. Do the very best you can. Of course, being president of the company, you would have to guess?

Mr. **BEMIS**. That is correct; I should say about 5 per cent.¹

Mr. **KITCHIN**. Ninety-five per cent is raw material?

Mr. **BEMIS**. No; 95 per cent—

Mr. **KITCHIN**. Oh, I understand.

Mr. **BEMIS**. Ninety-five per cent is not raw material.

Mr. **KITCHIN**. Ninety-five per cent is the overhead charges and salaries of the president and other officers, and the profits?

Mr. **BEMIS**. The president of the particular company that I am interested in is—

Mr. **KITCHIN**. What I am going to say is, that if only 5 per cent of your product is labor, then you need not talk to us about this cheap, pauper labor of India, Japan, and China. You have got it in your factory.

The **CHAIRMAN**. Mr. Bemis, I do not like to interrupt your statement, but if you desire to finish in the morning you can do so, and then we will go on with the other witnesses.

Mr. **BEMIS**. I have finished, sir.

Mr. Bemis also furnished the following brief:

BOSTON, *January 20, 1913.*

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: The undersigned respectfully submits the following petition and recommendation as a member of the National Association of Cotton Manufacturers and also of the American Cotton Manufacturers' Association, and as a manufacturer of bags or sacks.

PARAGRAPHS.

The paragraphs of the present tariff law referred to in this brief are Nos. 315, 316, and 332.

RECOMMENDATIONS.

I recommend that no change in classification or descriptive phraseology be made in Schedule I or other schedules of the tariff which would result in putting bags or sacks, made in whole or chief part of cotton, upon the free list, especially should the raw material for such sacks (cloth described in paragraphs 315 and 316) be left upon the dutiable list.

I recommend further that the present relation be maintained between the duties assessed at present upon cotton goods and competing fabrics.

¹ Mr. Bemis later sent the following written explanation of this estimate: "It is figured from the present goods market, which is comparatively high, that 5 per cent covers only 'productive labor.' Nonproductive labor and all other costs equal 7 per cent, making total conversion cost about 12 per cent.

PARAGRAPHS 315-320—COTTON CLOTH.

FARMERS' FREE-LIST BILL.

By the provisions of H. R. 4413, Sixty-second Congress, we believe your committee proposed putting upon the free list " * * * gunny cloth, and all similar fabrics, materials, or coverings, suitable for covering and baling cotton, composed in whole or in part of jute, * * * , or any other materials or fibers suitable for covering cotton; and burlaps and bags or sacks composed wholly or in part of jute or burlaps or other materials suitable for bagging or sacking agricultural products."

It is not clear whether, in framing this bill, you really had in mind to put cotton bags upon the free list. However, the classification or description quoted above would undoubtedly, if passed, have put practically all cotton bags upon the free list. The cotton bag manufacturing industry then would have been in the condition of having its finished product upon the free list and raw material dutiable at varying rates of duty, but approximately 35 per cent. In so far as this 35 per cent is justified by the difference in cost of manufacture in this country and abroad, the passage of the farmers' free-list bill would have established a premium of about 35 per cent in favor of the foreign manufacturer for the entire manufacture of these cotton bags (both cloth and finished bags) in foreign countries. This certainly you could not have intended doing, as it would have been a gross injustice not only to the bag manufacturing industry but to the manufacturers of goods classified under paragraphs 315 and 316.

LEGAL INTERPRETATION "SUITABLE FOR."

That the foregoing statement that the farmers' free-list bill would have given free entry to bags or sacks made of cotton cloth and other materials or fabrics is clear from a study of decisions regarding the use of the descriptive term "suitable for" in the present and previous tariff laws. There have been numerous legal interpretations of this term, not only in the form of rulings of the Board of General Appraisers and Treasury Department, but also in the form of decisions by the court of appeals and the Supreme Court of the United States. Probably the most famous case was that known as *Chew Hing Lung v. Collector* (176 U. S., 156). One case covering the suitability of materials not previously used was the *Hatters' plush case* (T. D., 32253). The case, which is probably the most illuminating in the present instance, was the *Kahlen case* (T. D., 31947), in which the interpretation of "suitable for" was given as "actually, practically, and commercially fit."

"Agricultural products" are clearly such things as grain, vegetables, flour, meal, starch, sugar, etc. Not only are bags made of materials described in paragraphs 315 and 316, and various materials in other schedules, used to-day chiefly for "bagging and sacking agricultural products," but still other materials on the dutiable list might become "suitable for" or "actually, practically, and commercially fit" for bagging or sacking agricultural products, should bags of such materials be admitted free.

At present the value of cotton bags produced in the United States is approximately \$25,000,000 annually. At present this product if imported would come under paragraph 332. "Goods not specially provided for." The quantity of cotton bags imported is negligible, and, as long as the United States continues to be the principal producer of raw cotton, bags made of such cotton probably will all continue to be made in this country unless a premium, such as you propose, be established for their manufacture in foreign countries.

DATA REGARDING CLOTH-BAG INDUSTRY.

The following describes the condition of the cloth-bag industry of the country in 1909 and is taken from the census reports of 1910. It is not clear what portion of the industry is engaged in the manufacture of cotton bags, but it is a substantial portion. The statistics are three years old, but are the latest available:

Number of factories.....	109
Salaried employees.....	798
Wage earners (average number).....	7,968
Total.....	8,838
Salaries.....	\$1,068,000
Wages.....	\$2,942,000
Primary horsepower.....	6,855
Capital.....	\$24,625,000
Cost of materials.....	\$46,364,000
Value of products.....	\$54,882,000

PARAGRAPHS 315-320—COTTON CLOTH.

It is useless to make any statement as to the effect upon the revenue of the Government that would result from the passage of such a law as the farmers' free-list bill. There certainly would be no increase of revenue to the Government. On the other hand, there would be a very material loss of business, both to the manufacturers of coarse-cotton goods and the manufacturers of cotton bags. Undoubtedly the manufacture of most of the cotton bags and the cloth out of which they are made would be transferred from the United States to Canada, England, or other foreign country.

COMPETING ARTICLES.

In framing any revision of the tariff upon articles covered by Schedule I or other textile schedules, the classification and descriptive phraseology should be so carefully drawn and rates so correlated that the present relation between cotton goods and competing materials made from other fibers may not be materially disturbed. At present the coarsest grades of cotton goods compete successfully to some extent with burlaps. If the latter were admitted free, they would displace a considerable quantity (25,000,000 to 50,000,000 yards annually as a very rough estimate) of such cotton goods.

Respectfully submitted.

ALBERT F. BEMIS,
40 Central Street, Boston, Mass.

At a later date Mr. Bemis submitted the papers that follow:

EASTERN OFFICE BEMIS BRO. BAG CO.,
Boston, Mass., February 8, 1913.

HON. OSCAR W. UNDERWOOD,
House of Representatives, Washington, D. C.

DEAR SIR: Inclosed please find:

1. Copy of my letter of January 27, the original of which was mailed to you in care of Mr. Roper, clerk of the Committee on Ways and Means. The original may have miscarried in the mails, as I have not received an acknowledgment of receipt of it.
2. Further data regarding the cloth-sack manufacturing industry of the United States.

When I appeared before the Committee on Ways and Means January 22 you asked me to make a suggestion regarding phraseology in order that sacks used by farmers might be admitted free, leaving sacks for other purposes dutiable. I could make no offhand suggestion at that time, and, after a comprehensive study of the subject, I am thoroughly convinced that such a plan would not be practicable or desirable for reasons which I think are clearly brought out in document No. 2, which I trust will receive your serious consideration in connection with the briefs already submitted by me and referred to therein.

I am taking the liberty of sending to Mr. Payne what is virtually a duplicate of document No. 2 in partial reply to questions regarding the industry which he has asked me. I would be glad to furnish copies for all other members of the committee and write each one a line personally on the subject, if that would be of the slightest assistance to you.

With best regards and again thanking you for your kindness to me while in Washington, believe me,

Very sincerely, yours,

ALBERT E. BEMIS.

[Inclosure.]

JANUARY 27, 1913.

SCHEDULE 1—HEARING OF JANUARY 22, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: One reply made by me during the cross-examination of Mr. Kitchen I should like to explain, as I did not have the opportunity to do so at that time. That reply is my estimate of 5 per cent as being the cost of the labor of converting cotton cloth into a finished bag of average size and quality and expressed in percentage of

PARAGRAPHS 315-320—COTTON CLOTH.

the cost of the finished product. The estimate as given was 5 per cent. It is figured from the present goods market, which is comparatively high. Five per cent covers only "productive labor." Nonproductive labor and all other costs would equal 7 per cent, making a total conversion cost of about 12 per cent. The conversion cost expressed in percentage of the cost of finished product will necessarily vary with variations in the cloth market; also, with the size and character of the bag. However, to cover what Mr. Kitchin evidently had in mind, 12 per cent would not be far wrong for an average-sized cotton bag. Under present market conditions this estimate is low, if anything.

The accuracy of this statement and of my reply made to Mr. Kitchin may be checked very roughly by reference to the brief submitted to the committee by me January 22. Note the extract from the census reports of 1910 regarding the cloth-bag industry. Expressed in percentage of the value of products there given, the labor cost figures about 5.36 per cent; total conversion cost, about 15.5 per cent. Of this, according to the wording of the statistics, 1 or 2 per cent may be profit. In the figures that I have given you above, showing our own conversion costs, no profit whatever is included.

Further cost figures.—Within the next week or two I hope to submit further data regarding the cost of production in this and foreign countries (even if such information proves to be tardy) in the hope that the same may be of use to your committee in its present and prospective work.

With best regards and many thanks for your kindness to me while in Washington, I remain,

Yours, truly,

A. F. BEMIS.

[Inclosure 2.]

BOSTON, MASS., February 7, 1913.

Paragraphs 332, 352, and 354, present tariff law.

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: This letter is sent with the purpose of supplementing the information supplied by the brief filed with the committee under Schedule I, and printed on pages 3220 and 3221 of Tariff Schedules No. 14, Hearings, etc., and under Schedule J, pages 3512 to 3516, Tariff Schedules No. 16, Hearings, etc., also in the hope of clarifying the following points regarding the tariff on cloth sacks that were left indefinite at the hearings before your committee January 22 to 25, inclusive:

- A. Selling methods.
- B. Use of cloth sacks by farmers.
- C. Comparative manufacturing costs, United States and elsewhere.

POINT A.

There is no "trust" or combination of any kind, either for the purchase of raw material or selling of finished product, among the cloth sack manufacturers of the United States. There is no "water" in the capitalization of this industry. In the distribution of the product there are no middlemen. Ninety-nine per cent of the product is sold by the sack manufacturers direct to consumers.

POINT B.

Consumption of new sacks by farmers.

COTTON SACKS.

Produced and sold annually in the United States.....	600,000,000
Used directly for sacking agricultural products (1 per cent).....	6,000,000
"Commercially suitable" for sacking agricultural products.....	500,000,000

It is clear from the above that there would be no material benefit to the farmer from placing cotton sacks on the free list, even if it were possible to do so without gross injustice to the manufacturers of cotton cloth and sacks.

PARAGRAPHS 315-320—COTTON CLOTH.

JUTE SACKS.

Estimate of burlap sacks manufactured in United States and imported annually; also classification of same as to use.

MADE AND IMPORTED.

Burlap sacks manufactured annually in the United States.....	470,000,000
Burlap sacks imported annually, chiefly from India.....	55,000,000
Total burlap sacks consumed annually in the United States.....	505,000,000

CLASSIFICATION OF USE.

Factory products:	
Bran and other mill stuffs.....	200,000,000
Fertilizer.....	50,000,000
Flour (mostly export).....	28,000,000
Sugar.....	23,000,000
Packing-house products.....	10,000,000
All other factory products.....	69,000,000
	<hr/>
	380,000,000
Farm products:	
Wheat, corn, and oats (domestic sacks).....	35,000,000
Wheat (foreign sacks).....	50,000,000
All other farm products (domestic sacks).....	35,000,000
All other farm products (foreign sacks).....	5,000,000
	<hr/>
	125,000,000
Total factory and farm products.....	505,000,000

The following table gives the production in 1912 of the three principal cereal crops of the United States, the rate of protective duty on each under the present law, and the approximate amount of each crop sacked:

It is clear from this table that over 95 per cent in volume of the three principal cereal crops of the United States is handled without sacking—only 2¾ per cent being handled in sacks of domestic manufacture, and 1½ per cent in sacks of foreign manufacture.

Proportionately less of these cereals each year is sacked. It will probably be but a short time before 99 per cent of the three principal cereal crops of the United States is handled in bulk.

Fully 99 per cent of the "agricultural products" of this country which are handled in sacks (whole grains, seeds, potatoes, nuts, onions, etc.) is dutiable under the present tariff at a rough average of 25 per cent ad valorem.

Inasmuch as only 5 per cent of the agricultural products of the United States is sacked and inasmuch as those products that are sacked have the benefit of a 25 per cent protective duty, wherein is a reasonable competitive duty on sacks any burden to the producer of agricultural products?

The sack manufacturers of this country should be given the same measure of protection or competitive rates of duty as may be granted any other manufacturers.

Crops.	Bushels.	Pro- tected by duty of—	Estimated amount sacked.	Per cent sacked.
Corn.....	3,124,746,000	<i>Per bush.</i> \$0.15	<i>Bushels.</i> 4,000,000	0.13
Wheat.....	730,267,000	.25	96,000,000	13
Oats.....	1,418,337,000	.15	125,000,000	8.8
Total.....	5,273,350,000	.....	225,000,000	4.26

PARAGRAPHS 315-320—COTTON CLOTH.

POINT C.

COMPARATIVE MANUFACTURING COSTS, UNITED STATES AND ELSEWHERE.

There were one or two inaccurate and very general statements made orally at the hearings on January 24 and 25 regarding the cost of manufacturing burlap sacks in this country and the chief competing country, India. Below find a statement of costs, the correctness of which we would be glad to prove if desired:

Actual cost of making in the United States during the past year 89,835,000 plain, unprinted burlap sacks.....	per 1,000..	\$5. 49
Average charge by Calcutta mills over the cost of the burlap cloth for making burlap sacks, as per quotations and purchases of June 8, 1910, Aug. 2, 1910, July 18, 1911, and Oct. 24, 1912.....	per 1,000..	\$1. 60
Difference against United States manufacture.....	do.....	\$3. 89
This difference equals.....	per bag..	\$0. 39
This difference equals approximately.....	per pound..	\$0. 52
This difference (at lowest market price) equals (ad valorem maximum), per cent.....		10
This difference (at highest market price) equals (ad valorem minimum), per cent.....		5
This difference (at average market price) equals (ad valorem average), per cent.....		7½

It is clear from the above that the present differential of about 6 per cent ad valorem, or three-eighths cent per pound specific, is the minimum which would enable the manufacturer in this country to compete with India. Especially would this be true should a comparison be made between the necessarily high labor cost of manufacturing on our Pacific coast, where the manufacturers of this country are at a very much greater disadvantage in competing with India and need a differential of 12 per cent. The figures given above as the cost in the United States are an average between factories operating in several different parts of the country.

SUMMARY OF ARGUMENT AND CONCLUSIONS.

1. The cloth-sack industry of the United States is properly conducted, and is as much entitled to fully competitive rates as any other industry.

2. Only about 1 per cent of the cotton-cloth sacks is used for sacking the direct products of the farm, and not more than 25 per cent of the burlap sacks.

3. Practically all farm products that are sacked are dutiable, and only 5 per cent of such products is sacked. The present duties on burlaps and burlap sacks are in no sense a burden to the farmer.

4. The present differential between burlaps and burlap sacks is the minimum permissible as figured from the average cost of manufacturing in this country and the cost in foreign countries.

The above data, in our judgment, still further support the rates recommended in the brief of the bag manufacturers' committee, found on pages 3512 to 3516, Tariff Schedules No. 16, Hearings, etc. (1 cent per pound on burlaps under paragraph 352 and 1½ cents per pound on sacks, paragraph 54), and we further urge your favorable consideration of those recommendations.

Very respectfully submitted.

ALBERT F. BEMIS,
President Bemis Bro. Bag Co.

TESTIMONY OF CHARLES M. HOWARD, REPRESENTING THE WINDSOR PRINT WORKS, NORTH ADAMS, MASS.

Mr. HOWARD. Mr. Chairman, this is the first time that I have ever appeared before a committee like this, and if I show any embarrassment it will be entirely due to diffidence. I shall be glad to answer any questions that may be put to me.

I am here speaking for the cotton-print business, and especially to the proposition that you are putting on bleached goods the same duty that you are putting on printed goods, which we think is not proper.

PARAGRAPHS 315-320—COTTON CLOTH.

This memorandum is submitted for the reason that in the recently proposed tariff bill there is a difference of but 5 per cent between the proposed duty on gray or unbleached cloths and the proposed duty on the same cloth bleached, dyed, printed or otherwise treated.

I want to say here that we buy most of our cloths. Some mills make them, but we buy ours.

We shall endeavor to show that a still further distinction should be made between the duties of these fabrics bleached and these fabrics dyed or printed, as contrary action would not only seriously injure and handicap the cotton-printing industry, but by this handicap react upon the cotton-cloth mills of both the North and South of whom the cotton printers or finishers are the largest customers.

Without burdening your committee with unnecessary details, and speaking as a representative of a typical cotton printing mill, the Windsor Print Works, merchandising its own products, located in North Adams, Mass., representing an investment of \$1,600,000, having 14 printing machines, employing 750 hands, with an annual production of exclusively printed and dyed cotton fabrics of fifty to sixty million yards, approximately valued at \$4,000,000. Let me say right here that of the \$1,600,000, \$1,000,000 is common stock and \$600,000 preferred stock.

According to the latest figures available, 1911, there are in the United States about 29 establishments equipped to do cotton printing, ranging from 2 to 25 machines, the United States Finishing Co. having 50 machines. These mills operate a total of 392 machines, and we estimate the average daily product of each machine to be 250 pieces of 50 yards each. We have a daily consumption of cloth of 98,000 feet, or per working year of 300 days 29,400,000 pieces, or 1,470,000,000 yards. This is printed material alone, and does not include dyed cotton fabrics. These figures give you an idea of an industry the magnitude of which deserves serious consideration.

The cotton-printing industry is progressive and develops from a low quality of goods, ranging from 4½ to 6 cents a yard to finer and higher grades, selling as high as 60 cents. It needs encouragement. We can now produce workmanship equal to that of any country in the world, due to a protection, the withdrawal of which would undoubtedly bring in foreign competition that would destroy the progress made for reasons which we shall show.

In England a few years ago the large printers formed a trust called the "Calico Printers' Association." There are a few independents, but the business is largely controlled by this association. They group the products in the different mills to cheapen production. I understand they are very autocratic, not printing or selling to anyone who does not give them all of their printing business.

There is no lack of domestic competition in this field. It is persistent and keeps prices down to the lowest point. The production of our cotton printing mills when running full would more than supply any domestic demand for our products. Business has been poor for the last few years, but the outlook for the future, if undisturbed, is more hopeful. It has been very difficult in the last few years for printers to make any money.

PARAGRAPHS 315-320—COTTON CLOTH.

We must not overlook the fact that the foreigner has and is seeking the markets of the world and can handle them owing, aside from manufacturing advantages, to their shipping and banking connections. The American cotton printer keeps his cost of printing down only by the efficiency of organization, large runs for patterns, and consequent greater production per machine.

It might be well to note here that this is one of the mills visited by the Tariff Board, and their report is in the book.

To give you an example of the English printing, if they get an order for home trade of 5,000 yards, 12 colorings, that is considered a good order. I took an order the other day from one man, two patterns, one coloring, of 300,000 yards each pattern, making 600,000 yards. That is the only way we can bring down our costs.

I think the tariff board shows that the cost per yard is about the same here as in England, but that is due to the small runs they make. I visited a mill in Manchester a short time ago, and they had 45 machines. They told me their product was just half of the product we make on 14 machines. That was because of the small runs with a great many colorings. Our mill is running slack, and in January we will lose money.

In the actual factory cost of cotton printing, labor, drugs, and coal are the principal items. Approximately, labor is 50 to 55 per cent, drugs 24 per cent, and coal about 6 per cent. Owing to the variety of products, it is impossible to do other than generalize in the above estimations. Our labor is paid much more than that of Great Britain. I have taken Great Britain as that is the most available comparison. Germany, I think, is about the same. In nine branches the increase ranged from 50 per cent to 250 per cent. The following table will give an idea as to these higher wages in more detail:

(1) Average wages paid in domestic cotton-printing establishment to the operatives in nine divisions. We give nine only for the reason that these were the only divisions available in the cotton-printing establishment of Great Britain for comparative purposes.

(2 and 3). For checking-up purposes we have incorporated as far as possible, unfortunately in four instances only, the average hourly and average weekly wages per week of 54 hours as obtained by the government investigators and incorporated in the report of the tariff board on Schedule I, table 205.

(4) The average wages paid similar operatives in cotton-printing establishments in Great Britain. These are the only figures we could obtain, and we believe they are accurate.

(5) The per cent of increase in wages paid over here over those paid in Great Britain. In determining this per cent we have placed our minimum against their maximum.

PARAGRAPHS 315-320—COTTON CLOTH.

Class of labor.	General New England wages.	Report Tariff Board, Table 205, per hour.	Report Tariff Board, Table 205, per week of 54 hours.	Great Britain, wages.	Per cent Increase United States over Great Britain.
Foreman in print room.....	\$45-\$60	.....	.....	\$25.00	80
Machine printer.....	28- 33	\$0.4960	\$26.78	12.50	124
Sketcher.....	25- 30	.4805	25.92	7.50-12.50	100
Machine engraver.....	24- 30	.4550	24.57	10.00	140
Hand engraver.....	24- 30	.....	.....	10.00	140
Plate cutter.....	24- 26	.4701	25.38	7.50- 9.00	166½
Assistant colorist.....	40	.....	.....	7.50-12.50	220
Overseers.....	35	.....	.....	10.00	250
General help.....	9- 12	.....	.....	5.00- 6.00	50

The English labor is generally considered more efficient than ours for the reason that the occupation has been a family trade, the father and grandfather having followed it before.

Here on this side, outside of our very skilled help, we have to take anything we can get.

Mr. FORDNEY. One of the gentlemen yesterday stated that our labor was more efficient in the cotton mills in this country than in Europe. Do you agree with him?

Mr. HOWARD. We do not spin or weave at all, and I know nothing about that; but I know in our work the skilled labor, like the overseers and men like that are more efficient because they push up on account of production. But the common labor, we have to take anything we can get. I know at our works we have a great deal of trouble. They come in one day and go out the next. They are very independent and when you call them down for making errors, they say "If you don't like us, get somebody else."

Mr. FORDNEY. The predominating part of your labor is that common labor, is it not?

Mr. HOWARD. Yes; that is the predominating part of our labor.

In the matter of dyes, we have here an element in our processes, in the dye stuffs particularly, that will presumably receive protective consideration. The foreign printer therefore, being able to purchase dyes at a lower cost, would have considerable advantage over us in this direction.

Coal is a very important and expensive item. Outside of its use for the generation of power, steam is used extensively in many processes. To-day, in our mill, outside of the development of colors, the mill is run absolutely by electricity. We have to use it to keep up a great amount of steam that is necessary to be used in the work in the development of colors, etc.

We estimate the cost of this item is double that of Great Britain, not only on account of its initial cost due to the short hauls, etc., but also on account of the superior quality of the English coal for the purposes of this industry. Over there, I understand, their mines are very near their works, and in some cases almost right next to their works, where we have this long haul, which, as you know, enters very largely into the cost. Then, besides, on account of the superior quality of their coal they can get more steam out of it and it is much better than ours.

PARAGRAPHS 315-320—COTTON CLOTH.

Now with regard to the relation of bleached to dyed and printed fabrics. In figuring our costs 21 processes are treated separately. The other manufacturers may divide this differently, but the processes still exist. We have a regular system of costs and at the end of every month we know every operation that our goods have gone through. This is tabulated and sent down and is also kept by the works. We figure it very closely. As I say, other manufacturers may divide it differently, but I am speaking only for the Windsor Co.

The CHAIRMAN. Your time has expired, but the committee will be very glad to have you finish your paper.

Mr. HOWARD. Of these 21 operations, 6 only are borne by the process of bleaching, and 2 of these are folding and packing. This leaves at least 15 operations exclusively cotton printing or dyeing. You gentlemen can readily see why we feel that there should be a still further distinction by additional protection to dyed and printed cotton fabrics over those bleached. There is the difference. You might compare this room with the Congressional Library in decoration.

We can not start the operation of printing until the cloths are bleached. It costs us more to bleach, because we are not rigged to do bleaching exclusively, and which, in itself, is a comparatively simple operation. We figure a bleachery turning out our production could do so at about 25 per cent of our cost. In Canada they have a duty of 10 per cent more for printing than for bleaching, and it seems to me that we ought to have that on account of so many processes. I will not read all of these processes, but I will just tell you of two, and that is designing, which is very expensive, and also the engraving, which is very expensive. We have to carry a great many hundred thousand pounds of copper rolls. Then, we have the sampling, which is very expensive. We figure that cost at from \$40,000 to \$50,000 a year just for samples which we make and deliver to our customers without cost to them for their selling purposes. This expense the bleachers do not have. They make the plain white, and it is always the same. Ours is constantly changing. In most instance a 5 per cent increase on dyed and printed goods over the rate on gray goods is not sufficient for the reason that raw material represents a very large proportion of the cost of gray goods, and the cost of finishing is largely labor and protected supplies and is often equal to the labor cost of the gray goods alone. Referring to the testimony given by Mr. Shipley yesterday in regard to Pacific Mills advertising goods in England, I would like to say they are advertising in London a special fabric made of print cloth yarns, for which they get more over there than they do in this country. That will be found in the tariff report there. I know they sell a great deal in Canada.

I want to present to you some samples of our goods.

The CHAIRMAN. This same paragraph that you are speaking to was spoken to yesterday by gentlemen representing the American Cotton Association, and they introduced a schedule here.

Mr. HOWARD. They presented a schedule on the weaving and then added 5 per cent for the bleaching and printing. You can see that that seems hardly fair.

PARAGRAPHS 315-320—COTTON CLOTH.

The CHAIRMAN. Do not a number of the mills of that association print cloth?

Mr. HOWARD. No, sir; not at all. All of the printing works are in New England. There is a distinction. They make goods in which they weave a stripe, called "shirting." That is nothing compared with ours. It is an entirely different process. Ours is much more complicated. It is the most complicated and scientific business I know of. I have been in it all my life, and I think that any man running a print works successfully should have a monument and that his family should be pensioned.

Mr. HULL. What is the percentage of the cost of printing to the cost of the article?

Mr. HOWARD. Do you mean the cost above the gray cloth?

Mr. HULL. Yes. What is the percentage of that as compared with the value of the articles?

Mr. HOWARD. For instance, we buy cloth at 7 cents, and the average cost, I think, is about 2 to 2½ cents for printing.

Mr. HULL. You mean by that that the cost would be about 30 to 40 per cent of the value?

Mr. HOWARD. Of the gray cloth?

Mr. HULL. Yes.

Mr. HOWARD. I should judge about 30 per cent. I should think that would cover it. Of course there are some fine goods that would cost a very great deal more. We have some goods that cost up as high as 4½ cents to print, and on others the cost is as low as a cent and a quarter.

Mr. HULL. Where cloth is bleached, mercerized, printed, and dyed those different items of cost would constitute a great deal more—

Mr. HOWARD (interrupting). No, sir; mercerizing costs more than ordinary bleaching.

Mr. HULL. Mercerizing costs more than ordinary bleaching?

Mr. HOWARD. We first have to bleach the cloth and then we have to mercerize it. We do not mercerize all of our goods.

Mr. HULL. It is only about 5 per cent of the value of the article, is it not?

Mr. HOWARD. It costs more than that. The lowest goods I have cost half a cent. Of course on the higher grades of goods it would be more. In the lowest grades we make we figure the mercerizing costs about half a cent. I am not absolutely positive about that. If you want me to, I can tell you exactly, by letter.

We are not doing much of that at the present time, and it does not seem to be so much in taste as it was before.

Mr. HULL. If I understand you, the cost of printing of the class of goods you spoke of is about 30 to 40 per cent of their value in their finished state.

Mr. HOWARD. I am not much of a figurer, but I do not think it would be quite as much as that in the finished state. It would be on some goods; it would be more than that on some. On the lower grades of goods it may be 25 per cent, and on the still lower grades, lower than the kind we make, it may be less than that. All of our work is labor, drugs and coal and things like that.

Mr. HULL. Does bleaching cost more or less than mercerizing?

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. HOWARD. I could not state that authoritatively. I understand bleaching can be done as low as half a cent. As I said in my brief, it costs us more, because a bleaching works rigged up for nothing but bleaching can do it cheaper than we can. We figure about three-quarters of a cent a yard for bleaching.

Mr. HULL. The cost of mercerizing in this country and other countries is practically the same, is it not?

Mr. HOWARD. That I can not answer; I do not know.

Mr. HULL. But you think there is a difference in the cost of bleaching?

Mr. HOWARD. I know there is. The goods have to be bleached first, and then after they are bleached they are mercerized.

Mr. FORDNEY. How many men are employed in the industry which you represent?

Mr. HOWARD. I could not say. I know we have about 750 men and 14 machines.

Mr. FORDNEY. You could not give an estimate of the approximate number?

Mr. HOWARD. I could not; no, sir.

Mr. FORDNEY. What is the average wage paid in your mills?

Mr. HOWARD. I could not give you the average, but it ranges from 50 to 200 per cent in increase over Great Britain.

Mr. FORDNEY. The difference that you pay in wages over wages paid in Great Britain for the same class of labor is from 50 to 200 per cent?

Mr. HOWARD. Yes, sir. I think the Tariff Board showed that our cost of printing is approximately the same as theirs, but they make so few goods. They make small runs. I asked a gentleman in Paris how small a quantity they would take and they said four pieces, that is, 6, 7, or 8 colors—and that is what brings up their cost on account of the small runs. That mill in Manchester that I spoke of, where they have 45 machines, and where their product was just half of our product made on 14 machines, when I told them they said nothing, but they evidently did not believe me. They sent one of their men over a year or two years ago and he told me they thought I was telling fairy tales, and he also said that I did not put it strong enough. That is the only reason we can make goods as low as we can on account of the volume.

Mr. FORDNEY. On account of the volume of business?

Mr. HOWARD. Yes, sir. We use domestic cotton and we export no goods. I have tried to do it once or twice, but in England and Germany they would send over for a case of goods of 27 different styles, and each style of a different coloring, and we could not do that under 4 cents a yard. We sell our goods here, and we will have 5 or 6 colorings in a case; that is, there will be a blue, a helios, and a pink and something like that in the same pattern but in different colors. Most of the printing in England is what they call job printing. We do not do that. We do a regular corporation printing; we buy our cloth and print ahead for the wants of the trade. That is at a very large risk, because the styles are changing all the time, while with the bleached goods it is always the same and there is no change at all. In view of that fact, we think that we really ought to have more protection than 5 per cent.

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. FORDNEY. Your labor cost is a very large proportion of your cost?

Mr. HOWARD. It is 55 to 60 per cent for labor alone.

Mr. KITCHIN. I believe you were in favor of the Tariff Board, were you not?

Mr. HOWARD. Yes, sir; entirely so.

Mr. KITCHIN. You were in favor of it at the time it was established and you were in favor of it until it made their report, were you not?

Mr. HOWARD. I have been in favor of it all the time. They came to our works and went through them.

Mr. KITCHIN. They made a report on the cost of printing here and abroad, did they not?

Mr. HOWARD. Yes, sir.

Mr. KITCHIN. Did not a representative of the Tariff Board examine your industry?

Mr. HOWARD. Yes, sir. They went through our mills. They examined three mills and ours was one of them.

Mr. KITCHIN. They examined your mills and others and then examined the English mills that came in competition with you and the tariff board reported that it cost you on an average less to mercerize and bleach and dye and print than it does in England, did they not?

Mr. HOWARD. As I remember, they said it was about the same.

Mr. KITCHIN. You do not mind my reading to you?

Mr. HOWARD. No.

Mr. KITCHIN. "Finishing includes the processes of bleaching, printing, dyeing, mercerizing, etc. It is the general rule in England that the finishing of cotton fabrics is carried on in establishments separate and distinct from the weaving mills. This is also true in a large measure in the United States. Since the converter or the weaving manufacturer must pay the actual commission charges, the comparison of these finishing charges in England and the United States is adequate to show the relative cost of finishing in the two countries.

"A comparison of 16 specific samples for which finishing data were obtained shows that in most cases the differences between the charges in the two countries were slight, but that the American charges were slightly lower on most of the samples."

Mr. HOWARD. If you will pardon me, they included in that bleached goods and printed goods and took the average.

Mr. KITCHIN. They also took the printed goods separately, too.

Mr. HOWARD. I understood, I could not state positively—

Mr. KITCHIN (interposing). You really think, now, with your knowledge of the business, that they did not get the correct information?

Mr. HOWARD. I do not think they got it correct on the printed goods, although, as I said—

Mr. KITCHIN (interposing). They have the data correct on all these other businesses except yours?

Mr. HOWARD. I would say that, because they probably went into this very thoroughly. I know they did with us; but, as I stated to the gentleman on my right, the difference between England—I have

PARAGRAPHS 315-320—COTTON CLOTH.

taken England as the point, you know, and I presume it is the same in Germany—it is on account of their small products.

Mr. KITCHIN. Really, if we were to write this bill according to the Tariff Board's report, we would not allow you any duty at all on the printed goods, would we? I do not say that we are going to do it, but if we did do it we would not allow you any duty.

Mr. HOWARD. I do not know, but I think you would.

Mr. KITCHIN. You are not so much in favor of the Tariff Board now as you were before they made this report, are you?

Mr. HOWARD. Yes, I am; I believe in having a tariff board. I am sure we would be very glad to have them do it.

Mr. KITCHIN. After making that report, do you want us to write a bill in accordance with that report?

Mr. HOWARD. I want you to write a bill and give us protection, because if you do not they will come over here and do all the business.

Mr. KITCHIN. When the Tariff Board reports that you do not need protection upon a certain specific article, do you think that the Tariff Board is wrong, and that Congress really should give protection whether they say it needs it or not?

Mr. HOWARD. I have not read the report. Undoubtedly they know more about it than I do. But I know we need protection, and if we do not get it—

Mr. KITCHIN (interposing). But the Tariff Board says that you do not need protection.

Mr. HOWARD. Then in that they are wrong.

Mr. KITCHIN. That is the point I am trying to make.

Mr. FORDNEY. Let me say to the witness that the gentleman from North Carolina read the report of the Tariff Board and he was so displeased with it that he refused to vote for any further funds to continue the Tariff Board in existence.

Mr. KITCHIN. That was after the Underwood bill, which showed that we did not need that extra expense of maintaining a tariff board, because the Ways and Means Committee was a sufficient tariff board to write proper tariff bills. The Tariff Board report vindicated the Underwood bill.

Mr. HOWARD. If they are going to talk that way I must say that I won't be in favor of it.

Mr. KITCHIN. That is all.

Mr. HOWARD. I would like to make this statement: Yesterday you were speaking of this being for revenue for the Government. I can not get it through my head why in order that we may get a few million dollars' worth of revenue we should have to put up millions that go abroad for them to use instead of keeping it in this country for the industries of this country to make prosperity and increase the purchasing power. That is a question that I can not get through my head.

The CHAIRMAN. If I should answer that question fully I might bring on a political controversy, because my friends at the other end of the table would not agree with me. If they will let me state to you what our purpose is without bringing on a political controversy I will be glad to answer your question. As I stated yesterday, and believe, the primary purpose of taxing the American people is to

PARAGRAPHS 315-320—COTTON CLOTH.

raise revenue for the Government. If you get protection out of levying those taxes, it is only an incident, whereas the man who believes in the protection theory believes that protection is the purpose and the revenue that flows in is an incident to it. Believing that primarily the purpose of levying the tax is to raise revenue for the Government, we can not consent and allow taxes to be so high that they prohibit importation, and where the taxes all go to the benefit of the manufacturers, while none of it goes into the pockets of the Government. Therefore, when we find a schedule blocked, we feel it our duty to open it to an extent where the Government will get some proportion of the tariff.

Mr. HOWARD. Mr. Chairman, do you think that the consumer will get the benefit of this?

The CHAIRMAN. Well, we hope he will; we think he will on some articles. On some articles he probably will not; but we hope he will get the benefit by his Government getting a reasonable proportion of the taxes that are levied under this law instead of the manufacturer getting all of it; because if it is a prohibitive tax, that tax goes into the pockets of the manufacturer and none of it goes into the pockets of the Government.

Mr. HOWARD. The people get caught in between. They do not always get any benefit of it. I know in our goods that we might have a difference of a cent or a cent and a half a yard, but the consumer would pay the same price whether our price is high or low.

The CHAIRMAN. Even if this does not result in reducing the price to the consumer, we hope it will to some reasonable extent; but even if it does not, if we pull down the prohibitive wall where there is some competition and the Government gets some benefit from these taxes, the people will get the benefit by gathering these taxes themselves that they can spend on public improvements, maintaining the Army and the courts, and to that extent they get the benefit of the lowering of these taxes, because they get some revenue. We are not complaining against taxes where there is a reasonable amount of importation, but we are protesting against those taxes where they are prohibitive and practically nothing comes in.

Mr. HOWARD. I think you have a pretty hard job and I do not envy you.

Mr. FORDNEY. Mr. Chase, of Massachusetts, showed yesterday where the consumer got it in a certain class of goods where he sold for $8\frac{1}{2}$ cents a yard and which was then retailed at 25 cents. The consumer got it in the neck in that case.

Mr. HOWARD. Yes, sir; and they do our goods the same way.

Mr. PETERS. Just in that connection, the gentleman from North Carolina called attention to the report of the Tariff Board, and I would like to read from page 502 of that report, where they make a comparison of 100 samples of cotton finishing in the United States, and where the Tariff Board goes on to say:

It will be seen from the table that in the case of most of the samples for which data were obtained in the two countries the American charges were lower. In a few instances the American rates are only about one-half of the English.

The duty has been shown elsewhere in this report to be, in most cases, in excess of the total cost of finishing in this country. A comparison of the duty with the difference in the finishing charges in the United States and England, in cases where

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such charges are higher in this country, will show that the duty is many times that difference.

The CHAIRMAN. Mr. Howard, your position is evidently not sustained by the Tariff Board. However, we will consider what you have to say.

Mr. HOWARD. I think we had better drop it.

COTTON PRINTING IN THE UNITED STATES.

OBJECTS.

This memorandum is submitted for the reason that in a recently proposed tariff bill there is a difference of but 5 per cent between the proposed duty on gray or unbleached cloths and the proposed duty on the same cloths bleached, dyed, printed, or otherwise treated. We shall endeavor to show that a still further distinction should be made between the duties of these fabrics bleached and these fabrics dyed or printed, as contrary action would not only seriously handicap the cotton-printing industry but by this handicap react upon the cotton-cloth mills of both the North and South, of whom the cotton printers or finishers are the largest customers.

THE COTTON-PRINTING INDUSTRY.

Without burdening your committee with unnecessary details or figures, and speaking as a representative of a typical cotton-printing mill, the Windsor Print Works, merchandising its own products, located in North Adams, Mass., representing an investment of \$1,600,000, having 14 printing machines, employing 750 hands, with an annual production of exclusively printed and dyed cotton fabrics, fifty to sixty million yards, approximately valued at \$4,000,000, first let me give an idea as to the magnitude of this industry.

According to the latest figures available (1911), there are in the United States about 29 establishments equipped to do cotton printing, ranging from 2 to 25 machines—United States Finishing Co., 50 machines. These mills operate a total of 392 machines, we estimating the average daily product of each machine running full at 250 pieces of 50 yards each, we have a daily consumption of cloth of 98,000 pieces, or per working year of 300 days, 29,400,000 pieces, or 1,470,000,000 yards. This is printed material alone, and does not include dyed cotton fabrics. These figures give you an idea of an industry the magnitude of which deserves serious consideration.

The cotton-printing industry is progressive, has developed from a low quality of goods, ranging from $4\frac{1}{2}$ to 6 cents per yard to finer and higher grades, selling as high as 60 cents. It needs encouragement. We can now produce workmanship equal to that of any country in the world, due to a protection the withdrawal of which would undoubtedly bring in a foreign competition that would destroy the progress made for reasons we shall show.

In England a few years ago the large printers formed a trust called the "Calico Printers Association." There are a few independents, but the business is largely controlled by this association. They group the products in the different mills so as to cheapen production. I understand they are very autocratic, not printing or selling to any one who does not give them all of their printing business.

COMPETITION.

There is no lack of domestic competition in this field. It is persistent and keeps prices down to the lowest point. The production of our cotton-printing mills when running full would more than supply any domestic demand for our products. The business has been poor for the last few years, but the outlook for the future, if undisturbed, is more hopeful. We must not overlook the fact that the foreigner has and is seeking the markets of the world and can handle them, owing, aside from manufacturing advantages, to their shipping and banking connections. The American cotton printer keeps his cost of printing down only by the efficiency of organization, large runs for patterns, and consequent greater production per machine.

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FACTORS IN FACTORY COST.

In the actual factory cost of cotton printing, labor, drugs, and coal are the principal items. Approximately labor is 50 to 55 per cent; drugs, 24 per cent; coal, about 6 per cent. Owing to the variety of products, it is impossible to do other than generalize in the above estimations.

LABOR.

Our labor is paid much more than that of Great Britain, in nine branches the increase ranging from 50 per cent to 250 per cent. The following table will give an idea as to these higher wages in more detail. In the compilation of this table we present:

(1) Average wages paid in domestic cotton printing establishments to the operatives in nine divisions. We give nine only for the reason that these were the only divisions available in the cotton printing establishments of Great Britain for comparative purposes.

(2 and 3) For checking-up purposes, we have incorporated as far as possible, unfortunately in four instances only, the average hourly and average weekly wages per week of 54 hours, as obtained by the Government investigators and incorporated in the report of the Tariff Board on Schedule I, Table No. 205.

(4) The average wages paid similar operatives in cotton printing establishments in Great Britain. These are the only figures we could obtain and we believe they are accurate.

(5) The per cent of increase in wages paid here over those paid in Great Britain. In determining this per cent we have placed our minimum against their maximum.

Class of labor.	General New England wages.	Report Tariff Board, Table 205, per hour.	Report Tariff Board, Table 205, per week of 54 hours.	Great Britain, wages.	Per cent increase United States over Great Britain.
Foreman in print room.....	\$45-\$60			\$25.00	80
Machine printer.....	28- 33	\$0.4960	\$26.78	12.50	124
Sketcher.....	25- 30	.4805	25.92	\$7.50- 12.50	100
Machine engraver.....	24- 30	.4550	24.57	10.00	140
Hand engraver.....	24- 30			10.00	140
Plate cutter.....	24- 26	.4701	25.38	7.50- 9.00	166½
Assistant colorist.....	40			7.50- 12.50	220
Overseers.....	35			10.00	250
General help.....	9- 12			5.00- 6.00	50

The English labor is generally considered more efficient than ours, for the reason that the occupation has been a family trade, the father and grandfather having followed it before.

DRUGS.

We have here an element in our processes, in the dyestuffs particularly, that will presumably receive protective consideration. The foreign printer, therefore, being able to purchase dyes at a lower cost would have considerable advantage over us in this direction.

COAL.

Is a very important and expensive item. Outside of its use for the generation of power, steam is used extensively in many processes. We estimate the cost of this item as double that of Great Britain, not only on account of its initial cost due to the short hauls, etc., there, but also on account of the superior quality of the English coal for the purposes of this industry.

THE RELATION OF BLEACHED TO DYED AND PRINTED FABRICS.

In figuring our costs 21 processes are treated separately. Other manufacturers may divide this differently, but the processes still exist. Of these 21 operations six only are borne by the process of bleaching, and two of these six are folding and packing. This leaves at least 15 operations exclusively cotton printing or dyeing. You gentlemen can readily see why we feel there should be a still further distinction by additional protection to dyed and printed cotton fabrics over those bleached. We can not start the operation of printing until the cloths are bleached. It costs us more to

PARAGRAPHS 315-320—COTTON CLOTH.

bleach, because we are not rigged to do bleaching exclusively, which in itself is a comparatively simple operation. We figure a bleachery turning out our production could do so at about 25 per cent of our cost.

SUMMARY.

The relief to be hoped for or maintained is based upon—

1. Our higher labor and drug costs.
2. The fact that the production of our printing and dyeing establishments is more than sufficient to supply all domestic demands, and we can not yet do an export business of any extent against foreign competition due to foreign banking and shipping connections and their study for years of export requirements, which we have yet to learn.
3. The domestic competition is strong and foreign competition in addition would be destructive.
4. The success of a cotton-printing mill depends upon running practically full capacity. The mills in this country have been unable to do this for some time.
5. The printing and dyeing are many steps ahead of bleaching and, therefore, should not be classed with that process, but receive greater protection.

RECOMMENDATION.

While specific duty may be distasteful, yet this particular industry would seem appropriate as an exception. An ad valorem duty on the cloth used by us in the gray, then sliding specific duty on each of the processes of bleaching, dyeing, and printing, would give a stable protection that would protect us and our labor in times of foreign depression.

Respectfully submitted.

CHARLES M. HOWARD,
Vice President, Windsor Print Works.

JANUARY 22, 1913.

ADDENDA.

Since compiling the above we learn that Canada has a protective tariff of 25 per cent on bleached cotton goods and 35 per cent on printed cotton goods. Canada gives England a preferential duty on the above. We understood formerly it was 33½ per cent of above duties, but that the duties now on English goods into Canada are 15 per cent on bleached goods and 25 per cent on printed cotton fabrics.

We attach to this memorandum:

- (1) A schedule of the 21 mill operations referred to in the memorandum.
- (2) Samples of some of our products with approximately total cost of manufacture of each; also price of gray cloth.

Operation in a cotton-printing establishment as mentioned in the memorandum (departments marked * are those in which bleaching enters. The total number of processes are shortened by two or three in our various products).—1, design or styling of mill (this department is absolutely necessary and costs many thousands of dollars per year); 2, engraving (this department keeps tied up continually hundreds of thousands of pounds of highest grade copper); *3, shear; *4, bleach; 5, mercerizing; 6, white; 7, color; 8, printing; 9, slop pad; 10, steam; 11, develop; 12, soap; 13, cut; 14, indigo; 15, fancy dye; *16, starch; 17, nap; 18, tenter; *19, calender; 20, schreiner; *21, fold; *22, pack; 23, sampling.

Sampling.—A most expensive department that does not exist in bleacheries. This department covers the samples we make and deliver to customers without cost to them for their selling purposes. Foreign printers charge for these. It is impossible to do so in this country, so this department distributes millions of samples per annum at a cost of many tens of thousands of dollars.

In most instances a 5 per cent increase on dyed and printed goods over the rate on gray goods is not sufficient, for the reason that raw materials represent a very large proportion of the cost of gray goods and the cost of finishing is largely labor and protected supplies and is often equal to the labor cost of the gray goods alone.

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TESTIMONY OF ARTHUR H. LOWE, FITCHBURG, MASS.

Mr. Lowe was duly sworn by the chairman.

Mr. LOWE. Gentlemen, I am not familiar with this and I may not say what I would like to say, and as I have prepared a paper, I would like to ask your patience while I read it.

I shall take little of your time in presenting a few facts relating to the manufacture of cotton goods in the Eastern States.

New England in 1912 had 17,139,945 active cotton spindles. More than 190,000 wage earners are employed in our cotton mills and are dependent on them for a living, with probably 400,000 more persons dependent on them. These employees are paid annually about \$80,000,000.

At least \$300,000,000 is invested in New England mills, the stockholders being many in number and widely scattered over the country. The value of their product is about \$200,000,000 annually. The cost of materials other than fuel or power is about \$90,000,000 a year, nearly all of this being brought from other parts of the Union.

Therefore, any measure that affects our New England mills directly affects other parts of the United States.

Besides this, the four leading Southern States in cotton manufacture had in 1912 over ten and a half million active spindles. Depression in our great industry in New England means that there will be depression in the South.

We know that the standard of living of our mill employees is better and that wages are higher than in England.

We desire to keep them so, as undoubtedly do you.

We do not appear here to claim that all the rates of duty now existing are right, but we do urge that the committee continually keep before it the effect upon hundreds of thousands of people of a sudden and radical change. I believe that the schedule submitted to-day to your committee by the committee of the American Cotton Manufacturing Association represents the lowest rates that it is wise to make in any case, and I think that the rates upon the finer goods should be higher. I urge that none of the rates be made lower than the schedule submitted.

In view of the fact that labor is a large proportion of the cost of producing fine goods, running sometimes as high as 60 per cent of the total cost, we claim that the rates of duty should be highest upon such goods into which the larger percentage of labor enters.

I read that the chairman of this committee has said that he would like to see all the industries in open and in real competition with each other. That competition exists now among domestic mills and is very keen. Further reductions in the tariff rates would result in reduction in the wages paid to our labor.

The Payne-Aldrich bill increased the imports free of duty from 40.3 per cent to 51.2 per cent of the amount of imports as compared with the Dingley bill and reduced the average duty upon imports from 25.5 per cent under the Dingley bill to 20.1 per cent under the Payne bill, and, notwithstanding the criticisms of the Payne bill, under it we have paid the highest wages ever known in normal times.

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Your committee will be unusually skillful if you shall be able to increase the free list, reduce duties, and increase wages, which were the results obtained under the Payne bill.

We hear much these days about the high cost of living and that the tariff is held responsible for the condition. One of the reasons for the high cost of living is because we are living upon things that cost high and the cost of most things is regulated by the price of labor paid for producing them. High wages and high cost of living will always go together. You can not legislate low cost of living as long as high wages are paid for labor. Another reason for high cost of living is the fact that for the moment the proportion of consumers is all out of proportion to producers and not because duties are high or low upon certain articles.

A large part of the increase in the costs of cotton goods is due to the reduced number of hours per week that cotton mills are now operated, and to new legal requirements, such as the workingmen's compensation acts. In the last 20 years the earning capacity of the cotton mills in the New England States has been reduced more than 10 per cent due to shorter hours and other causes.

Some claim that a tariff should be for revenue only. This means that the importer shall be encouraged and the American manufacturer discouraged. A case of goods imported to obtain the revenue, displaces a case of goods that should have been made in our country by our labor. Encourages industrial development abroad, discourages it at home. Goods made in Germany and imported and sold in this country can not be made in Alabama or Massachusetts.

Goods imported into this country do not pay any of our taxes, gentlemen; they do not help us in the education of our people, nor do they help to perform any of the other functions of the Government.

I represent especially the manufacturers of gingham, an important branch of this industry. A gingham is woven wash fabric made from colored yarns.

I would like to take just a moment of your time to describe the manufacture of gingham fabrics. We receive the cotton from the South; it comes to our warehouse; it is carefully inspected there; and then it is taken to the opening room. It goes through the opening room machinery, picking machinery, cards, drawing, fine speeders or coarse speeders, spinning, spooling, and warping. The yarn is then taken to the dyehouse and put through various processes, some of which are very dangerous to the material. We often suffer a loss for bad colors, over bleaching, and so forth. After the processes in the dyehouse it goes to the beamers, where it is put upon beams. Then it goes to the dressing room, and is dressed and is ready for the loom. Many of these patterns are so intricate that they require anywhere from one to three or four or five separate beams, according to the ornamentations to be put upon the cloth. The boxes are from 1 to 6, and the harnesses of this intricate motion are anywhere from 4 to 20. Now, the result is that when this has all been done, it is taken to the weaver, and some of our patterns of goods can only be produced at the rate of 10 yards in a day at the most. Then the cloth, after it has gone through these processes, comes to the inspecting

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room, the finishing room, where it is prepared for the market. In addition to the ordinary cloths it requires cards, expensive cards, showing patterns, colors, styles, and so forth.

This requires very high-class and expert artisans. We require designers, dyers, and fancy weavers, and also a high grade of labor in our finishing room. The goods that we make range in retail price from $7\frac{1}{2}$ to 25 cents a yard. There is close competition on the coarser qualities among the domestic mills. We make a high-grade gingham that retails at from 25 to $37\frac{1}{2}$ cents per yard, which comes in competition with the well-known Anderson gingham from abroad. Many of the Anderson ginghams are now imported under the present tariff, and I believe that the duty applying to that line of goods should remain as now. The gingham business is done in seasons, requiring the accumulation of goods and heavy interest and insurance charges.

I believe in the creation of a permanent tariff commission, before whom tariff schedules, rates, and conditions shall be laid, as railroad matters are now laid before the Interstate Commerce Commission. Its power would probably be only advisory, but such a commission would readily decide whether an industry was suffering because of too low a tariff or discover if excessive profits were being made on account of too high a tariff.

I believe that the present system of duty should be preserved. Innumerable troubles are sure to come under the ad valorem system. The ad valorem duties would protect us favorably when business is good and we least need such protection; and would work to our disadvantage during times of bad business when we need the most protection. Undervaluations can not be prevented unless you could incorporate into the administration part of the act something like publicity of invoices.

The CHAIRMAN. Mr. Lowe, your time has expired. Are you nearly through with your statement?

Mr. LOWE. I have just a part of a page, Mr. Chairman.

The CHAIRMAN. All right; finish your statement.

Mr. LOWE. Proper valuation can be evaded by skillful manipulators of goods and the men and women engaged in the business of manufacturing, from the stockholders to the poorest paid employee are bound to suffer through very large importations.

There is no industry in which domestic competition is keener. The South competes with the North in coarse goods and is rapidly advancing along fine goods lines.

The cotton mills of Anreica are scattered from Alabama to Maine. A steady advance is being made in the character of the goods made, so that as our workmen become more skilled, we shall not be importing our most expensive fabrics from abroad as we do now. With our higher wages and higher costs all along the line, with our scattered plants, as against the centralized mill districts of England, with our tremendous contributions of local, State, and Federal taxes which are not imposed on English goods, and with the standards already set up for our employees, we urge you to see that a radical reduction would mean either ruin to our industry, or a complete readjustment of our cost of production based on present wages.

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With the prices of materials practically determined by others than ourselves, the burden of that readjustment would fall upon labor.

While appreciating how we may differ on the economic policy we beg you to study the practical difficulties that confront us if your action makes such readjustment necessary.

In concluding, I would say that New Englanders believe that this committee is sincerely trying to solve a difficult problem and that it is far from its desire to injure American labor and hamper American industry. We come to protest against drastic action, because we believe it will have that effect. We shall be glad at any time to procure or to cooperate in procuring any information relating to the cotton manufacturing industry desired by this committee.

I thank you for your attention.

The CHAIRMAN. I do not think it is generally understood throughout the industry, and I merely want to call your attention to one fact, which is that Congress has created in the Department of Commerce and Labor a Bureau of Foreign and Domestic Commerce, and has given it more power than has ever been given to the Tariff Board to investigate these industrial questions and report the facts ascertained both to Congress and to the President. Although it is not a tariff board, it is a bureau that has been established within the last year by this Congress, and I hope that during the incoming administration that bureau will be vitalized by the necessary appropriations to enable it to furnish this committee in the future all the necessary data and facts, for, in the end, it is this committee that must find a verdict as long as the Constitution of the United States remains.

Mr. LOWE. Is this commission to which you refer, or this board, a board to which we can appeal a case of tariff difficulty?

The CHAIRMAN. No; it is not a board. It is a bureau. It is one of the bureaus in the Department of Commerce and Labor, recently established. It has now a Division of Tariffs, and it is intended not only to look after the tariff end of the question, but to look after our foreign and domestic commerce. All of those duties will be under that bureau, and all it needs to permit it to perform the business of the Tariff Board, as the Tariff Board has performed it heretofore, is the necessary appropriation, which I think will be granted to it by the incoming administration.

Mr. HARRISON. Mr. Lowe, will you inform the committee as to the name of your mill?

Mr. LOWE. The Park Hill Manufacturing Co. at Fitchburg and Lancaster Mills at Clinton.

Mr. HARRISON. You are one of the most important manufacturers of gingham, are you not?

Mr. LOWE. I would not say that.

Mr. HARRISON. You have a considerable share of the American production, have you not?

Mr. LOWE. I represent a large interest.

Mr. HARRISON. You are an old established industry?

Mr. LOWE. The Lancaster Mill is an old established mill. The Park Hill is a more recent organization.

Mr. HARRISON. You say you are in favor of a tariff board?

Mr. LOWE. Yes, sir.

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Mr. HARRISON. Were your mills inspected by the Tariff Board in making this report on cotton?

Mr. LOWE. Yes, sir.

Mr. HARRISON. Both of them?

Mr. LOWE. I think they had agents at both of them, or representatives.

Mr. HARRISON. Were your books open to the agents as well as the mills themselves?

Mr. LOWE. Yes, sir.

Mr. HARRISON. And all your processes of manufacture?

Mr. LOWE. Yes, sir; and they have in their hands our reports as they come to my office.

Mr. HARRISON. Now, I want to ask you about the class of goods that you manufacture. They are fine gingham, are they not?

Mr. LOWE. We manufacture different grades. We start at the lower grades and go to the highest grade.

Mr. HARRISON. You manufacture from 17½-cent gingham to 37½-cent gingham?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. Is that a retail or wholesale price?

Mr. HARRISON. A retail price.

Mr. LOWE. A retail price.

Mr. HARRISON. And those are manufactured to compete in our markets with the Anderson gingham, from abroad, I understood you to say?

Mr. LOWE. Yes, sir.

Mr. HARRISON. They are very much like the Anderson, are they not?

Mr. LOWE. We try to make them better.

Mr. HARRISON. Well, are they not so much alike that it would be difficult for any one not an expert to tell where these gingham were bought, whether abroad or in Fitchburg?

Mr. LOWE. I think that may be so in some cases.

Mr. HARRISON. How do the prices of your gingham compare with the Anderson gingham in our markets?

Mr. LOWE. I think the prices are substantially the same.

Mr. HARRISON. Just exactly the same?

Mr. LOWE. The prices vary, of course, in fancy goods and goods of that nature, depending much upon the patterns and coloring and weave.

Mr. HARRISON. So that your price is fixed by the unit value at the customhouse, plus the duty?

Mr. LOWE. Yes, sir; practically.

Mr. HARRISON. On the competing grades of Anderson gingham. Now, are your gingham stamped in any way with the name of the manufacturer?

Mr. LOWE. We put on all the stamps we can make stay.

Mr. HARRISON. You stamp it with your name?

Mr. LOWE. Yes, sir.

Mr. HARRISON. Are any of your own make of gingham circulating in our markets with the English stamps on them?

Mr. LOWE. I do not know of any.

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Mr. HARRISON. Have you never heard of that being done?

Mr. LOWE. Yes, sir.

Mr. HARRISON. Has it never been done to your recollection with your own gingham?

Mr. LOWE. Well, I could not say. Any transactions of that kind are pretty well covered.

Mr. HARRISON. Will you state under oath, as, of course, you are under oath, that that has never been done in your own mills?

Mr. LOWE. It never has been done in our own mills.

Mr. HARRISON. And to the best of your knowledge and belief that it has never been done to your gingham by anybody else?

Mr. LOWE. I can not say that.

Mr. HARRISON. Do you know—

Mr. LOWE. After it has passed out of our hands we have no control over it.

Mr. HARRISON. Have you any knowledge as to whether or not any of them are circulated under pretense of being English gingham in our market?

Mr. LOWE. I do not know, sir.

Mr. HARRISON. Such a matter has never been brought to your attention as to any of your own gingham?

Mr. LOWE. We have been told that some of our gingham are sold as imported gingham, but we have no way of knowing.

Mr. HARRISON. When was that told to you?

Mr. LOWE. Not within two or three years.

Mr. HARRISON. Then, two or three years ago, you were told that your gingham were circulating here as imported gingham, with the stamp of a foreign manufacturer on them.

Mr. LOWE. I never saw it.

Mr. HARRISON. You were told, though, that that was so.

Mr. LOWE. Not that they were stamped; no, sir.

Mr. HARRISON. But that they were stamped as imported gingham?

Mr. LOWE. Were sold.

Mr. HARRISON. By whom were they sold as imported gingham?

Mr. LOWE. By the retail trade.

Mr. HARRISON. Well, by whom, for example?

Mr. LOWE. I have no knowledge of any particular concern.

Mr. HARRISON. What retailers deal in your gingham?

Mr. LOWE. Well, the general retail trade.

Mr. HARRISON. Will you name to the committee any house in New York, for instance, that deals in your gingham, in the retail trade?

Mr. LOWE. I do not know that I can tell positively.

Mr. HARRISON. You have never been sufficiently interested to know who sells your goods?

Mr. LOWE. Yes, sir; we are.

Mr. HARRISON. Well, who does, then?

Mr. LOWE. Lord & Taylor sells our goods, for one.

Mr. HARRISON. Who else?

Mr. LOWE. I think that class of dealers.

Mr. HARRISON. Arnold & Constable?

Mr. LOWE. I think they have.

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Mr. HARRISON. Who was it that told you that your gingham were being sold as imported gingham?

Mr. LOWE. Our representative, the salesman.

Mr. HARRISON. Your salesman?

Mr. LOWE. Yes, sir.

Mr. HARRISON. Who did he tell you were selling your gingham as imported gingham?

Mr. LOWE. I do not think he specified who was doing it, Mr. Harrison. I just think it came to us as a matter of general report, that our gingham were being sold as imported gingham by the trade, that they had removed the marks and bands, and that they were selling our goods.

Mr. HARRISON. That is all. Thank you.

Mr. McCALL. Mr. Lowe, are you a member of the Arkwright Club?

Mr. LOWE. Yes, sir.

Mr. McCALL. Are you one of the officers?

Mr. LOWE. Yes, sir.

Mr. McCALL. You heard something stated here yesterday about the Arkwright Club?

Mr. LOWE. I am one of the vice presidents, Mr. McCall, and I am very proud of it.

Mr. McCALL. Suppose you tell the committee a little about that club, Mr. Lowe.

Mr. LOWE. I heard what was said yesterday about the Arkwright Club, and it seemed to me rather unfair that the Arkwright Club should stand before this committee in the attitude the gentleman would seem to want to have it.

Mr. HARRISON. You understand, Mr. Lowe, that my questions about the Arkwright Club were taken from the sworn testimony of the secretary of the club before an investigating committee of Congress.

Mr. LOWE. I thought it was done, in a spirit, perhaps, to show its lack of usefulness. I would like to say that the Arkwright Club is, like other commercial bodies of that kind, a very useful club. We discuss, gentlemen, not whether wages shall be raised or lowered, except, if that question arises, we discuss it to see if there is not some possible way to prevent a reduction of wages. There is no manufacturer that wants to reduce his wages. He wants to keep his wages at the highest possible point. The Arkwright Club discusses the growth of cotton, and has spent thousands and thousands of dollars in the production of cotton. They contribute two or three thousand dollars a year to Mr. Allen for the development of long staple cotton. I believe hundreds of millions of dollars of insurance has been saved through the discussions and work and efforts of the Arkwright Club, and our manufacturing establishments. We discuss the price of coal, the transportation of coal, and the discharging of coal. We work upon those items that are vital to our industry; and, sirs, it is one of the most honorable organizations in this country and needs no defense.

Mr. KITCHIN. What is the annual output of your two mills?

Mr. LOWE. In dollars or in volume?

Mr. KITCHIN. In dollars and cents.

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Mr. LOWE. About \$5,000,000.

Mr. KITCHIN. How much are you exporting?

Mr. LOWE. None, to speak of. We send some to Porto Rico and Cuba.

Mr. KITCHIN. Do you send some to Canada?

Mr. LOWE. No, sir.

Mr. KITCHIN. You do not ship any to Canada?

Mr. LOWE. No, sir.

Mr. KITCHIN. About how much are we shipping to Canada of these ginghams from the United States; do you know?

Mr. LOWE. I think the quantity is small.

Mr. KITCHIN. Do we ship more to Canada than does the United Kingdom or England?

Mr. LOWE. I do not think so.

Mr. KITCHIN. If we do ship to Canada in competition with England, which has a 33½ per cent preferential duty in her favor and as against us it would show that we ought to be able to compete in our own market, with no preferential against us, with the English goods, does it not?

Mr. LOWE. There is plenty of competition here at home.

Mr. KITCHIN. I know you claim there is plenty of competition at home. That is what we would like to see; but if we can sell these goods to Canada and come in competition with goods from England, your foreign competitor, and England has a 33½ per cent preferential duty in her favor, would not that seem to indicate that we ought to be able to compete with England right here in our own market?

Mr. LOWE. That condition might be possible temporarily.

Mr. KITCHIN. You are in favor of a tariff board, are you not?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. Did the Tariff Board report upon the plain ginghams and not the finer class of ginghams that were shipped in here from abroad?

Mr. LOWE. I am not positive about that.

Mr. KITCHIN. Let me read to you from it: "Ginghams, selling price, No. 2, American producers' selling price, per yard, $8\frac{3}{10}$ cents; English producers' selling price (at home, of course), $9\frac{2}{10}$ cents." How much money have you invested in your two mills? I do not mean you, personally, but how much is the capital?

Mr. LOWE. Do you mean the capital stock?

Mr. KITCHIN. Yes, sir.

Mr. LOWE. The capital stock of the Lancaster mill is \$1,000,000; the Park Hill Manufacturing Co., \$300,000.

Mr. KITCHIN. When was the million-dollar mill established?

Mr. LOWE. In 1844 or 1845.

Mr. KITCHIN. When was the last time you increased the capital stock of that mill?

Mr. LOWE. About three years ago.

Mr. KITCHIN. How much did you increase it?

Mr. LOWE. \$400,000.

Mr. KITCHIN. You increased it from the surplus that had been accumulated, did you?

Mr. LOWE. I wish we had.

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. KITCHIN. Well, I just asked you the question.

Mr. LOWE. No, sir. I have been connected with the Lancaster mill for five years. At the time I took—

Mr. KITCHIN. You what?

Mr. LOWE. I have been connected with the Lancaster mill for the last five years.

Mr. KITCHIN. How much has it increased its capital stock since you have been connected with it—\$400,000, you say?

Mr. LOWE. I reduced the capital stock, which was then \$1,000,000, to \$300,000, making an assessment on the stockholders of \$300,000, making the capital stock \$600,000.

Mr. KITCHIN. Do you mean you squeezed \$300,000 of water out of it?

Mr. LOWE. There is not any water in our cotton manufacturing plant, Mr. Kitchin.

Mr. KITCHIN. How much are the assets of your company? How much do your books show the assets of your company to be?

Mr. LOWE. You mean including the real estate and machinery?

Mr. KITCHIN. Yes; the assets of the company. You know how you carry the assets on your books.

Mr. LOWE. Well, but I do not know how you want it. I do not know whether you want the real estate and machinery, or whether you want to include all the goods and processes.

Mr. KITCHIN. What is your plant, then; what are the assets of your plant?

Mr. LOWE. The Park Hill Manufacturing Co., \$600,000.

Mr. KITCHIN. How much is the capital stock on that, you say?

Mr. LOWE. \$300,000.

Mr. KITCHIN. Where do you get that extra \$300,000?

Mr. LOWE. Just at the present moment we are borrowing it, sir.

Mr. KITCHIN. How much did you have to borrow—the whole \$300,000? You had no surplus to turn into that, did you?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. You have not profited much under the Dingley Act and the Payne Act, have you, if you have no surplus at all?

Mr. LOWE. We did a satisfactory business, Mr. Kitchin.

Mr. KITCHIN. How much dividends have you been declaring, say, for the last five years?

Mr. LOWE. For the last five years, at the Lancaster mill, we paid 25½ per cent in five years.

Mr. KITCHIN. Do you mean for the whole five years?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. How much do you carry to surplus?

Mr. LOWE. Nothing, sir. Last year we lost \$85,000.

Mr. KITCHIN. You had no fires; you did not lose anything by fires?

Mr. LOWE. No, sir.

Mr. KITCHIN. Or bad accounts, or anything like that?

Mr. LOWE. No, sir; but we had a bad strike, Mr. Kitchin. I want to be frank with you.

Mr. KITCHIN. That strike was at the Lancaster mill?

Mr. LOWE. Yes, sir.

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Mr. KITCHIN. When was that strike?

Mr. LOWE. It lasted for about three months.

Mr. KITCHIN. When was it, I mean?

Mr. LOWE. From March to July.

Mr. KITCHIN. Of this last year?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. What caused your strike; were you not paying them enough?

Mr. LOWE. We agreed to pay them the same as we are paying them now.

Mr. KITCHIN. But they wanted some more, did they not?

Mr. LOWE. No, sir.

Mr. KITCHIN. What did they strike for; was it a sympathetic strike?

Mr. LOWE. Just an agitation.

Mr. KITCHIN. An agitation?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. What was the agitation about?

Mr. LOWE. I suppose the agitator wanted pay for his job.

Mr. KITCHIN. Were they agitated over the Payne-Aldrich Act?

Mr. LOWE. I do not think they were very familiar with that.

Mr. KITCHIN. What were they agitated about? Were they agitating for shorter hours or more wages, or better houses to live in, or about the high cost of living, or what?

Mr. LOWE. One of the reasons for the strike was on account of the opposition to a law which is called the fining system.

Mr. KITCHIN. Is that a law of your place?

Mr. LOWE. Yes, sir; State law.

Mr. KITCHIN. Did your manufacturers have anything to do with making that law? Your association recommended that law, did it not?

Mr. LOWE. I do not think it had anything to do with it. I never heard anything about it.

Mr. KITCHIN. You did not know there was any such law until they began to have this strike, did you?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. What part did you and your company take in the agitation for the law?

Mr. LOWE. None whatever.

Mr. KITCHIN. That law is very distasteful to the laboring people in your State, is it not? It was so much so that they had strikes, was it not?

Mr. LOWE. I have said we had strikes.

Mr. KITCHIN. What were the features of that law that they objected to?

Mr. LOWE. They did not want it enforced.

Mr. KITCHIN. Well, what is the law?

Mr. LOWE. Well, it has always been the custom to scale products, one of first and the other of second quality, and that was called the fining law. There was a law passed in Massachusetts that it would be illegal to fine. That law was tested and declared by the supreme court unconstitutional.

PARAGRAPHS 315-320—COTTON CLOTH.

Mr. KITCHIN. Well, the manufacturers generally——

Mr. LOWE. That is, the law was declared to be unconstitutional; that is what I mean.

Mr. KITCHIN. The cotton manufacturers of your State were generally in favor of that law, were they not?

Mr. LOWE. I can speak for myself. I was not in favor of the law.

Mr. KITCHIN. After the strike you were not, but how about before the strike—before this rebellion?

Mr. LOWE. I was not in favor of it before the strike.

Mr. KITCHIN. Did you have to enforce that law? Was it a law that you had to enforce in your mills?

Mr. LOWE. No, sir.

Mr. KITCHIN. Why did you enforce it, then, if you did not have to?

Mr. LOWE. I say it was declared unconstitutional.

Mr. KITCHIN. I know, but these men were rebelling. You say you had satisfactory results, so far as the profits you have been making in the last few years are concerned.

Mr. LOWE. I was then speaking of the Park Hill Manufacturing Co.?

Mr. KITCHIN. Yes; and you say your dividends were about 4 per cent a year, and had no surplus at all.

Mr. LOWE. That was at the Lancaster mill.

Mr. KITCHIN. You are not satisfied with the results under the Payne-Aldrich Act, and the Dingley Act at the Lancaster mills, are you?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. How much dividends in the last five years have you paid on that?

Mr. LOWE. I stated that. I think it is 25½ per cent.

Mr. KITCHIN. I thought you referred to your other mill. You are satisfied with that and have carried nothing to a sinking fund and nothing to surplus?

Mr. LOWE. No, sir; we have been reducing our surplus.

Mr. KITCHIN. You say that is a satisfactory profit. Let us see——

Mr. LOWE. No, sir. You asked me if I was satisfied with the conditions under the Payne-Aldrich bill. I presume you mean conditions as affected by the Payne-Aldrich bill?

Mr. KITCHIN. You consider that a pretty fair profit under the Payne-Aldrich bill—25½ per cent for five years?

Mr. LOWE. We consider that a fair bill for our business, Mr. Kitchin.

Mr. KITCHIN. How many women have you working in your mills—in the Lancaster mills?

Mr. LOWE. I should think probably about 25 to 30 per cent.

Mr. KITCHIN. Did not the census report show, and did not the Tariff Board also show, that there was a larger proportion of women employed, in Massachusetts particularly, than from 25 to 30 per cent?

Mr. LOWE. That might apply to spinning mills.

Mr. KITCHIN. You work from 25 to 30 per cent of women?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. How many children?

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Mr. LOWE. We are not permitted——

Mr. KITCHIN. You are not permitted to by law, but how many do you work?

Mr. LOWE. We do not work any that we are not permitted by law to work.

Mr. KITCHIN. Your mills do not, but other mills——

Mr. LOWE. I do not believe any mills do in New England.

Mr. KITCHIN. You will remember the investigation as to the strike at Lawrence, Mass., and you will remember the evidence there about children working in those mills, although it was against the law? Have you ever read the speech of Representative Townsend in regard to the women and children working in the mills at Fall River?

Mr. LOWE. No, sir.

Mr. KITCHIN. Contrary to the law?

Mr. LOWE. No, sir.

Mr. KITCHIN. What is the age limit for employees in cotton mills in your State?

Mr. LOWE. Fourteen years, and no one under 21 who can not read.

Mr. KITCHIN. You can not work anybody under 21 who can not read?

Mr. LOWE. No, sir. I think that is right.

Mr. KITCHIN. Are you certain that your mills work no persons under 16 years of age?

Mr. LOWE. Yes, sir.

Mr. KITCHIN. That is all I have to ask you.

The CHAIRMAN. Are there any further questions?

Mr. PETERS. Mr. Lowe, there is a State inspection, is there not?

Mr. LOWE. Very, very rigid, Mr. Peters.

Mr. PETERS. A State inspector visits those mills from time to time to see that the laws relative to employees are conformed to, does he not?

Mr. LOWE. Both male and female, Mr. Peters.

Mr. FORDNEY. Mr. Lowe, as I take it, the gentleman from North Carolina would like to make it appear that the Payne law was responsible for the strike in your Lancaster mills. Now, the fact is that the tariff law had nothing to do with the strike, did it?

Mr. LOWE. In my opinion it had nothing whatever to do with it.

Mr. KITCHIN. I did not attribute the strike to the Payne tariff.

Mr. FORDNEY. You mixed it in with it. You had more to say about the Payne law than about the State law in your questions. Mr. Kitchin put those statements in his remarks. Now, you answer that the tariff laws, at least, had nothing to do with that strike?

Mr. LOWE. I believe so, sir.

Mr. FORDNEY. Mr. Lowe, if Congress should fix a rate of duty on your product that would put your product on a competitive basis with the same class of goods made in a foreign country, you would then be absolutely on a competitive basis in our market; but the cost of your materials, the increased cost of the raw materials, or the lower hours given for a day's work in that industry, or the increased wages to your labor would then put your industry in a very critical condition and turn over the market on your goods to the foreigners, would it not?

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Mr. LOWE. Yes, sir; we believe it would.

Mr. FORDNEY. Those three conditions—the value of the raw materials, whether or not you are getting less hours for a day's work, or more pay to your labor—those things entering so largely into the cost of production would so materially change the situation that you would be at a great disadvantage with your foreign competitor?

Mr. LOWE. Yes, sir. In 1892, under the reductions made by the Wilson bill, one of our mills was shut down, 487 looms, for 18 months.

Mr. FORDNEY. Now, is not this true, that organized labor, especially, is at all times demanding fewer hours for a day's work all over this country in the various industries, and more pay?

Mr. LOWE. Yes, sir. That is our experience.

Mr. FORDNEY. You must contend with that, and that is one of the elements of cost that is of great importance to your industry.

Mr. LOWE. Yes, sir.

Mr. FORDNEY. So that if the duties fixed by the new tariff law put you on a competitive basis now, and any of those conditions changed to your disadvantage, then your industry would be in a critical condition, would it not?

Mr. LOWE. Yes, sir.

Mr. FORDNEY. I thank you.

Mr. LOWE. I believe that the only way we could meet that condition is by a reduction of our labor, and there I differ with my friend, Mr. Parker, who thought it could all be taken care of by increased efficiency. I am not willing to admit that there is any chance to increase efficiency in my mill.

Mr. JAMES. Mr. Lowe, you said that applied all over the country. Of course, that is rather a broad statement, in reply to his question that the laboring people were asking for higher wages and fewer hours.

Mr. LOWE. I answered that is——

Mr. JAMES. You were speaking about your own industry, were you not?

Mr. LOWE. I said that had been my experience.

Mr. JAMES. Oh, yes. Now, is it not true that the demand for higher wages and fewer hours causes the increased cost of living?

Mr. LOWE. I take the other view of it, Mr. James. I take the view that the increased cost of living is due to the continually increasing cost of labor.

Mr. JAMES. Take a laboring man whom you paid in your factory 10 years ago \$15 a week. It costs him now twice as much to live and support his family as it did 10 years ago, does it not?

Mr. LOWE. He is getting about 25 or 30 per cent of that increase in his wages.

Mr. JAMES. Yes; I know; but I have heard considerable testimony here from various representatives of industries, the glass industry in particular, where they have reduced the wages of the laboring people, one of the owners swore, from 35 to 40 per cent in the last seven years, and yet the cost of living has practically gone up 60 per cent.

Mr. LOWE. That, Mr. James, is the reason we do not want anything done that will require us to reduce the price of our labor.

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Mr. JAMES. I understand, but you say, even as it is now, that labor is not satisfied at all, but is constantly demanding higher wages.

Mr. LOWE. I do not say labor is not satisfied.

Mr. JAMES. Well, if they are satisfied, what are they asking for more wages for?

Mr. LOWE. There is a continual request for more wages and less hours.

Mr. JAMES. I know, but a man who is satisfied is not asking for anything more. That is my understanding of the word "satisfied."

Mr. LOWE. He is the exception.

Mr. JAMES. That is what I thought, and therefore they are not satisfied with the wages they are getting.

Mr. LOWE. Not in comparison with the cost of living.

Mr. JAMES. You have stated that you have made 25½ per cent in the last five years, and had nothing set aside for wear and tear on the machinery, and nothing set aside for overhead charges; is that true?

Mr. LOWE. It is not only true, but we have shrunk our surplus nearly \$200,000.

Mr. JAMES. What salary do you pay the president?

Mr. LOWE. It is very low.

Mr. JAMES. Very low?

Mr. LOWE. Yes, sir.

Mr. JAMES. Are your principal stockholders in the company?

Mr. LOWE. No, sir; I think there are over 400 stockholders.

Mr. JAMES. You said the salaries are very low. What is paid to the president?

Mr. LOWE. The president receives a thousand dollars a month, sir.

Mr. JAMES. What does the vice president get?

Mr. LOWE. We do not have any. We can not afford one.

Mr. JAMES. The secretary and treasurer?

Mr. LOWE. \$6,000.

Mr. JAMES. \$6,000 to the secretary and treasurer. That is all.

Mr. RAINEY. Have you a selling agency?

Mr. LOWE. Yes, sir.

Mr. RAINEY. Are you in the selling agency?

Mr. LOWE. No, sir.

Mr. RAINEY. What officers are in the selling agency?

Mr. LOWE. What officers?

Mr. RAINEY. What officers of your company are in your selling agency?

Mr. LOWE. There are two directors, I think.

Mr. RAINEY. Those are the largest stockholders, are they not, in your company?

Mr. LOWE. I think they are—no, sir; one of them is a large stockholder, the other is not.

Mr. RAINEY. How much do they get as selling agents?

Mr. LOWE. Do you mean what—

Mr. RAINEY. Yes; what salary?

Mr. LOWE. Nothing.

Mr. RAINEY. What commission?

Mr. LOWE. It is the usual commission.

Mr. RAINEY. How much would it amount to?

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Mr. LOWE. Do you mean——

Mr. RAINEY. Yes; you know what I mean. How much would it amount to per year on the average?

Mr. LOWE. Am I required to——

Mr. RAINEY. Yes, sir; we would like to know it. You are asking for tariff duties——

Mr. LOWE. I did not know we were required to tell how much we pay in commissions.

Mr. RAINEY. I think you are. I can appeal to the House and get authority for permission to ask you that if you want me to.

Mr. LOWE. We pay $3\frac{1}{2}$ per cent.

Mr. RAINEY. On the total amount of their sales?

Mr. LOWE. Yes, sir.

Mr. RAINEY. How much will that be? How much is the total amount of your sales, your average sales?

Mr. LOWE. About two and a half million dollars.

Mr. RAINEY. And they get $3\frac{1}{2}$ per cent on that?

Mr. LOWE. That is paid the commission house.

Mr. RAINEY. How many of them are there who have a share in this \$100,000 that they get for it?

Mr. LOWE. How many members are there of the commission house?

Mr. RAINEY. Yes, sir; how many members get this; how many stockholders get this?

Mr. LOWE. There are only two stockholders interested in the commission house that I am sure about.

Mr. RAINEY. In the selling agency?

Mr. LOWE. Yes, sir.

Mr. RAINEY. They get over \$50,000 a year a piece?

Mr. LOWE. I can not tell you, sir. I do not know what their expenses are. It may cost them all they are receiving for selling expenses.

Mr. RAINEY. Well, they do not do anything but keep books, do they?

Mr. LOWE. I do not——

Mr. RAINEY. Whenever New England millmen have a selling agency, that is just a method of cutting down your apparent profits, is it not, and dividing it up in some other way? Is not that what it is done for, really?

Mr. LOWE. I believe that the business organization of the cotton manufacturers and the selling agents is as clean and as efficient and as proper as the selling agencies of any of the industries in the country.

Mr. RAINEY. I have no doubt of that. Now, you just have one selling agency, do you?

Mr. LOWE. Yes, sir.

Mr. RAINEY. For the entire country?

Mr. LOWE. Yes, sir.

Mr. RAINEY. Do you export?

Mr. LOWE. Very, very slightly.

Mr. RAINEY. Were you ever in the office of your selling agency?

Mr. LOWE. Yes, sir.

Mr. RAINEY. In what town is it located?

Mr. LOWE. New York and Boston.

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Mr. RAINEY. You have one branch in New York and one branch in Boston?

Mr. LOWE. Yes, sir.

Mr. RAINEY. These two directors—that is, these two stockholders who take down this profit of a hundred thousand dollars a year, or whatever it amounts to—do they do anything at all in those offices?

Mr. LOWE. Yes, sir.

Mr. RAINEY. They visit them once in a while, do they?

Mr. LOWE. They visit them regularly and do business thoroughly.

Mr. RAINEY. How regularly and how often do they go there?

Mr. LOWE. I find them there as regularly as I find business men at their business anywhere.

Mr. RAINEY. Do they go there every day?

Mr. LOWE. I would like—if it is in your mind that they are not properly attending to their business—

Mr. RAINEY. Oh, it is not in my mind. I want to see what is in your mind. I do not know anything about it. I was trying to find out something.

Mr. LOWE. Oh, I thought by your intimations that perhaps you thought they were not attending to their business.

Mr. RAINEY. That is all, Mr. Lowe.

The CHAIRMAN. Mr. Lowe, I believe you stated awhile ago that you had disastrous results under the Wilson tariff bill. Do you mean to attribute that to the tariff law or to the conditions at the time?

Mr. LOWE. I think the Wilson law had much effect.

The CHAIRMAN. Did you have disastrous times under the Dingley bill?

Mr. LOWE. The reason I attribute it to the Wilson bill is because of the enormous importations of our goods that were brought in, which amounted to so much in comparison with the consumption of the country.

The CHAIRMAN. You had very prosperous times under the Dingley bill, had you not?

Mr. LOWE. Part of the time.

The CHAIRMAN. Those were very prosperous years?

Mr. LOWE. Some few years.

The CHAIRMAN. The prosperity of 1906, 1907, and 1908 was under the Dingley bill, was it not?

Mr. LOWE. Yes, sir.

The CHAIRMAN. That was the greatest prosperity your mills had ever known?

Mr. LOWE. I do not think so—not in our particular branch of the business, Mr. Chairman.

The CHAIRMAN. That is, as a rule, for this industry?

Mr. LOWE. I think it is a general rule for the industry; I think it was abnormal.

The CHAIRMAN. Will you tell us whether the Wilson bill and the Dingley bill had different rates on your particular industry? Is there any difference in the rates, or did not Mr. Dingley adopt practically the same rate on your class of goods as was in the Wilson bill?

Mr. LOWE. The difference was just enough to protect us against foreign competition.

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The CHAIRMAN. I know, but was there any difference?

Mr. LOWE. I have not it in mind, Mr. Chairman.

The CHAIRMAN. As a matter of fact, do you not know that when Mr. Dingley wrote his bill he practically adopted the iron and steel schedule, with a change in one or two items, out of the Wilson bill, and there were very few changes in the cotton schedule from the Wilson bill?

Mr. LOWE. Well, there was just enough change made in that particular line of goods to take care of our products.

The CHAIRMAN. Now, if there was any I would like to have you point it out to the committee. I do not know of it myself. I think he adopted the classifications in the Wilson bill on your line of goods, and I would be glad if you can differentiate it and call it to the attention of the committee.

Mr. LOWE. I will look it up, if you want me to.

The CHAIRMAN. In reference to this classification, Mr. Dingley stated on the floor of the House, when he presented his bill, that he practically made an equalization of the rates in these two schedules, so it is difficult for me to understand where the difference is. A few days ago some gentlemen interested in the iron and steel business appeared before this committee and said that business was ruinous under the Wilson bill, due to the rates, and they admitted that they had very prosperous times under the Dingley bill, and with the exception of about two items there was no change in the rates. I am not questioning the authority of your statement, but I was questioning whether you were really informed of the facts on which you base your statement.

Mr. LOWE. I am informed of the fact that at least our business disappeared and foreign goods came in.

The CHAIRMAN. Well, was it not due largely to the fact that—

Mr. LOWE. I have not in mind the rates under the Wilson bill.

The CHAIRMAN. Was it not really due to the fact that at the time the Wilson bill went on the statute books the country was involved in a very disastrous panic?

Mr. KITCHIN. A panic extending throughout the world.

The CHAIRMAN. A panic extending throughout the world, commencing with the failure of Baring Bros. in 1893. That was during the Harrison administration; note that.

Mr. LOWE. I am only—

The CHAIRMAN. I have not been able to differentiate. I know that there are very few changes between the cotton classification in Mr. Wilson's bill and in that of Mr. Dingley, and I am inclined to think if you have time to run through it, you will find that this classification remained practically the same.

Mr. LOWE. I think it was advanced.

The CHAIRMAN. That is all.

Mr. HILL. Do you take the cotton from the raw product and carry it through to the finished product?

Mr. LOWE. Yes, sir; in nearly all of our products at Lancaster mills.

Mr. HILL. Is that the general practice in the manufacture of gingham, or do they buy the yarns?

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Mr. LOWE. One of our mills buys practically all of our yarns.

Mr. HILL. Would a mill do better, taking one year with another, and taking an average of 10 years—I mean mills of equal size—in buying their yarns and taking the average price on the market, or manufacturing yarns and simply weaving and finishing them.

Mr. LOWE. It is done both ways.

Mr. HILL. What is your experience with your two mills, one doing one way and the other the other way?

Mr. LOWE. I think if I were organizing a new mill, I would do my own spinning.

Mr. HILL. Do your own spinning and buying and finishing?

Mr. LOWE. Yes, sir.

Mr. HILL. Gingham is more a matter of fashion and fancy and pretty colors than almost any other cheap cotton cloth?

Mr. LOWE. Yes, sir; much depends on the design and color.

Mr. HILL. If there was an absolute uniformity of cost between this country and foreign countries, there still would be very material importations due to fashion and fancy and a preference of the individual for the colors, etc., would there not?

Mr. LOWE. I think there would.

Mr. HILL. That would of itself, in ginghams more particularly, continue to furnish revenue to the Government if the costs were absolutely equalized by a tariff rate?

Mr. LOWE. Yes, sir.

Mr. FORDNEY. The gentleman from Kentucky, Mr. James, spoke of a reduction of wages, especially in the glass industry. If there were any reductions in the pay of labor in the glass industry, was it equally true in your industry?

Mr. LOWE. What do you mean, sir?

Mr. FORDNEY. Is it true, Mr. Lowe, that the wages in your factory have gone down since the adoption of the Payne tariff law?

Mr. LOWE. No, sir; they have gone up very materially.

Mr. FORDNEY. I call attention of the gentleman from Kentucky, Mr. James, to the fact that the reduction of the cost of labor in the glass factories was due to the invention and putting into use of modern machinery for blowing glass, which did away with the glass blower, in window glass, fruit jars, bottles, and all that kind of glass, for which labor received from \$5 to \$15 a day. By the adoption of this new machinery a class of labor less skilled has been employed, and consequently a reduction of wages in the glass business which is not relative to any other industry in the country.

Mr. JAMES. And yet my friend Fordney wants to keep a protective tariff up on those who purchase glass in this country and permit them to work this labor at this greatly reduced cost.

Mr. FORDNEY. Yes, sir; indeed I do. I want American labor to work at American scale wages.

Mr. LONGWORTH. What proportion of your labor is native born?

Mr. LOWE. A very small proportion.

Mr. LONGWORTH. Where do they come from?

Mr. LOWE. We have 11 or 12 nationalities in one of our mills.

Mr. LONGWORTH. Some Italians?

Mr. LOWE. Some; yes, sir.

Mr. LONGWORTH. Is that very efficient labor?

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Mr. LOWE. It is not; no, sir.

Mr. LONGWORTH. Is it as efficient as English labor?

Mr. LOWE. No, sir.

My attention is called to a mistake I made, Mr. Chairman. The age limit is 14 instead of 16, and the hours of work 54 per week.

The CHAIRMAN. The correction will be noted in the record.

Mr. Lowe filed the following documents:

OFFICE OF SUPERINTENDENT OF SCHOOLS,
Fitchburg, Mass., October 3, 1911.

To employers of minors:

Your attention is respectfully directed to legislative enactments of recent date relative to the employment of minors and the attendance upon evening schools of certain persons between 16 and 21 years of age.

Certificates of all kinds that are issued are furnished school authorities by the chief of the district police. School officials in every city and town are obliged by law to use certificates thus provided, hence if any complaint or criticism is made relative to requirements, it must be understood that school officials are proceeding in accordance with the provisions of the laws of the Commonwealth.

The chief of the district police, in compliance with the provisions of an act of the legislature of 1911, has furnished a form of certificate for minors between the ages of 16 and 21 who are able to read and write in English. A copy of the same is herewith inclosed.

The form of this certificate, which differs materially from the one that has been used in former years, is for those who are able to read and write in English. This certificate is required only while an evening school is in session.

A certificate of a different kind is required at all times for those between 16 and 21 who are unable to read and write in English. A copy of this one is herewith inclosed. This form, which also has been furnished by the chief of the district police, is required by the provisions of a law enacted this year. The law reads as follows:

AN ACT RELATIVE TO THE EMPLOYMENT OF CERTAIN MINORS IN FACTORIES,
WORKSHOPS AND MERCANTILE ESTABLISHMENTS.

No illiterate minor between the age of 16 and 21 years shall be employed in a factory, workshop, mechanical or mercantile establishment unless his employer procures and keeps on file, accessible to the truant officers of the city or town and to the district police and inspectors of factories and public buildings, a certificate showing that such minor is 16 years of age or over. Said certificate shall give the place and date of birth of such minor and his personal description. The printed form of the certificate shall be provided by the chief of the district police and shall be approved by the attorney-general.

The State inspector has sent to this office a communication in which attention is called to section 56, chapter 514, of the acts of 1909. The special clause to which the inspector directs attention provides:

That an employer of minors in a factory, workshop or mercantile establishment shall keep on file and send to the superintendent of schools a complete list of the names of all minors employed who can not read at sight and write legibly simple sentences in the English language.

A reply was sent to this communication from the State inspector to the effect that this office would call the attention of employers of minors to this law.

Your superintendent of schools has made an effort to comply with the requests of State inspectors, although he is aware that a great burden is placed upon employers of minors as they try to conform to the provisions of legislative acts.

The law relating to attendance upon evening schools reads as follows:

[EXTRACT FROM LAWS OF COMMONWEALTH OF MASSACHUSETTS.]

While a public evening school is maintained in the city or town in which any minor who is over 14 years of age and who does not have a certificate signed by the superintendent of schools, or by the school committee, or by some person acting under authority thereof, certifying to the minor's ability to read at sight and write legibly simple sentences in the English language resides, no person shall employ him and no parent, guardian or custodian shall permit him to be employed unless he is a regular attendant at such evening school or at a day school; but upon presentation by such

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minor of a certificate signed by a registered practicing physician and satisfactory to the superintendent of schools, or, if there is no such superintendent, to the school committee, showing that his physical condition would render such attendance in addition to daily labor prejudicial to his health, said superintendent or school committee shall issue a permit authorizing the employment of such minor for such period as said superintendent or school committee may determine. Said superintendent or school committee, or teachers acting under authority thereof, may excuse any absence from such evening school which arises from justifiable cause. Any minor not holding the certificate described above shall furnish to his employer a record of his school attendance each week while the evening school is in session, and when this record shows unexcused absences from the sessions his attendance shall be deemed irregular according to this act. Whoever employs a minor in violation of the provisions of this section shall forfeit not more than \$100 for each offense to the use of the evening schools of such city or town. A parent, guardian or custodian who permits a minor under his control to be employed in violation of the provisions of this section shall forfeit not more than \$20 to the use of the evening schools of such city or town.

Notice will be given in due time relative to the date at which teachers will furnish weekly certificates of attendance. Such certificates will not be furnished until after the schools are well organized.

Inclosed is notice of the opening of evening schools.

Yours respectfully,

JOSEPH G. EDGERLY, *Superintendent.*

[Inclosures.]

Certificate of illiterate minor between the age of 16 and 21 years.

[Acts of 1911, chap. 310.]

This certifies that I am the _____ (parent or guardian) of _____ (name of minor) and that he was born at _____ (city or town), _____ (State or country), on the _____ day of _____, 189____, and is now _____ years, _____ months old. _____ (his or her) present height is _____ feet, _____ inches; weight, _____ pounds; complexion is _____; color of eyes is _____; color of hair is _____.

_____, ss; _____, 191____. (Signature of parent or guardian.)

Then personally appeared before me the above-named _____ (parent or guardian) and made oath that the foregoing certificate by _____ (him or her) signed is true to the best of _____ (his or her) knowledge and belief.

_____,
Notary Public. *Justice of the Peace.*

Minor's certificate of literacy.

[Acts of 1909, chap. 514, sec. 66.]

_____ (city or town) PUBLIC SCHOOLS,
OFFICE OF THE SUPERINTENDENT.

This certifies that _____, living at _____, is more than 16 years of age, having been born at _____ (city or town), _____ (State or country), on _____ (date), and can read at sight and write legibly simple sentences in the English language.

For Superintendent of Public Schools.

Signature of Minor _____ (city or town and date), 191____.

This certificate must be carefully kept till the minor is 21 years of age.

TO THE EMPLOYER.

Do not lose or destroy this card. It belongs to the minor to whom it is issued. Return it to him when he leaves your service. If he fails to take it within 30 days, return it to the superintendent of schools.

While public evening schools are maintained in _____ (city or town) any person employing a minor residing here is required by law to keep on file a certificate (issued by the superintendent of schools) of said minor's ability to read and write English; or, in absence thereof, evidence of his regular attendance upon evening school. (See acts 1909, chap. 514, sec. 66.)

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TESTIMONY OF JOSEPH McDONALD, OF PAWTUCKET, R. I.

The witness was duly sworn by the chairman.

Mr. McDONALD. Mr. Chairman and gentlemen of the committee, in looking over the calendar, I see I am down on the item of "cotton goods." I think I would amend that to some extent and say I am here largely and in a general way representing the victims.

I come before you to-day, Mr. Chairman, without any private interests to serve. I come from a State that produces great quantities of cotton goods, and therefore employs a great many mill operatives. I was born in Rhode Island and live there now, and have passed most of my life there and know a good deal about it, and am familiar with the industrial conditions there. I have worked in the cotton mills nearly all my life up to within about 12 years ago. I know somewhat of their running, of their practices, and the conditions under which they live. For years I have battled for the proposition that the people who create the wealth of the world ought at least to have a reasonable support out of that.

I would take up the wage part of this question and deal with that exclusively. I have prepared a brief which I will submit to the committee.

I am here asking that the tariff taxation upon cotton goods be lowered all along the line in the interest of the people of this country as a whole.

Theoretically, our Government is created for the promotion of the general welfare and using its tremendous powers solely with that end in view. The power to legislate is inherent in every Government; otherwise there could be no government. This power to legislate is the power to tax and that carries with it the power to compel contributions of money to defray public expenses.

This tremendous power of taxation is the prize we are contending for. Realizing that, we find men coming here in crowds for the purpose of asking you to turn over to them the taxing power of this Government. They ask you that they may be made tax collectors, without the necessity of turning over any portion of the collections to the public. Men of greater power and intelligence have succeeded in getting control of government, and thus have worked it for their own profit and private interest other than our general good. The general well-organized special interests have always more power over governmental matters than the large general interests.

I deny the proposition that has been put forth here again and again during this hearing that labor is paid higher in this country than it is abroad. On that proposition I am willing to stand, and I think it can be demonstrated to the satisfaction of this committee that that statement is true. We have here in this country a large number of workmen, more or less skilled. That there is a difference in weekly amounts, I am willing to concede; but the amount of wages received per week and the rate of wages on any given unit of product is an altogether different proposition.

I want this committee to understand, and I think they will agree with me, and I would like to impress upon them this fact—and there is not any man on this committee who will disagree with me—that

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there is no tariff on labor. There is no tariff upon labor. The labor of this country competes with the labor of the world in a free-trade market. The only protection that the American laborer has in this country against the foreign laborer is the price of a steerage passage ticket from Europe to this country. Let that thought sink deeply into the minds of this committee: The only protection the American laborer has against the laborer of the rest of the world is the price of a passage ticket from Europe or any other country to the United States.

I want to say that our laborers here get more money per week, because their labor is tremendously more effective and they do a larger amount of work in a given length of time.

A perfect illustration of this proposition can be found in one of the mills of Rhode Island to-day with which I am familiar. I know the name of every mill in the State, from one end to the other, and approximately the class of goods upon which they are working. I have woven in them, I have spun in them, and I know something about the conditions under which they work.

In one of the mills in Rhode Island we have this situation, illustrating fully the point I am trying to make, that the difference in wages in gross amount is the difference in productiveness and not in the rate of wages. In this mill there are a number of Draper looms, so-called automatic looms, and a number of plain ordinary looms. They are weaving exactly the same sort of cloth and filling the same orders, and yet a weaver runs 10 of the plain looms, while 20 of the Draper or automatic looms are run by one weaver. Both kinds of looms are turning out exactly the same kind of cloth in every particular, yet the weaver of the plain looms is paid 72 cents a cut, while the rate of wages of the weaver on the Draper or automatic looms is but 35 cents per cut. At the end of the week each gets the same amount of wages, approximately, yet the rate of wages paid to one loom is more than double that paid to the other. That is to say, at the end of the week the weaver on the Draper or automatic looms has to his credit a little more than double the number of cuts than has the weaver on the ordinary loom, and therefore each draws approximately the same amount of wages each week, because the weaver on the plain loom is paid 72 cents a cut, while the weaver on the automatic loom is paid but 35 cents a cut; therefore the rate of wages of the weaver on the ordinary loom is more than double that of the weaver on the automatic loom.

In comparing the wages of our operatives with those of Europe it is not the amount of wages received each week that should be compared, but the quantity of work done for the wages received.

The CHAIRMAN. The automatic loom is the one that pays but 35 cents per cut?

Mr. McDONALD. Yes, sir; weaving exactly the same cloth, and the other is getting 72 cents a cut, weaving exactly the same cloth.

When I went to work in a cotton mill when I was a boy, the weaver who was running six of these looms made from \$50 to \$54 a month. To-day in that same mill a weaver is running 12 automatic looms, and he is not making more than \$50 to \$55 a month.

The CHAIRMAN. What is the difference in productive capacity of the laborer then and now? How much more does labor produce now than it did then, the same man in the same time?

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Mr. McDONALD. The looms in the mill where I worked when I was a boy and somewhat later ran 144 picks a minute, and the weaver ran six looms. They could weave about 80 cuts per month if they were fairly industrious.

The CHAIRMAN. And what is a cut?

Mr. McDONALD. Fifty-two to fifty-four yards.

They can now weave, of that same sort of goods, four cuts to the loom per week without any particular trouble, making the weaver in a less length of time turn out 48 cuts a week, where it was a difficult matter for them to turn out 21 cuts a week 30 or 40 years ago.

The CHAIRMAN. Reduce that to yards. Forty-eight cuts amount to how many yards?

Mr. McDONALD. That is about the way they run, 48 to 51 yards to the cut.

We have shorter hours of labor now than we had then, but the tremendous increase in producing power of the laborer has been such within that time that he is able to produce a great deal more wealth, and the fact that the English laborer does not to any extent come here, the fact that the German laborer to a great extent does not come here, is proof positive that conditions are such that they can not improve themselves by coming here in that way.

We are importing constantly a large number of people from all parts of Southern Europe, and our mills are being filled up with them to such an extent that when notices are put up, they have to be put up in a number of different languages.

The CHAIRMAN. How much have wages increased during the period of time when this productive capacity of the workman has increased, as you have stated it?

Mr. McDONALD. I have stated the facts, Mr. Chairman. In this identical mill, in 1872, a weaver made as much per week as he is making now.

The CHAIRMAN. There is no increase in wages?

Mr. McDONALD. There is no great increase in wages. Whatever increase there has been in average wages has been partly due to a law which prohibits the employment of children. As a matter of record, I have here a statement from one of the trade papers, showing the prices paid for weaving a cut of cloth in the Fall River mills in 1884 and the prices now. In 1884 the price of weaving was 18.5 cents per cut. To-day the price for weaving a cut of print cloth in Fall River with an ordinary loom is 19.6 cents per cut. I have those figures set out in my brief.

A weaver who has been weaving from 1884 until the present time has got an advance of a little over 1 cent per cut, and I believe a print cut is 48 yards. He has received an advance of a little over 1 cent per cut within that time. That will demonstrate to you how very materially his wages have advanced. The producing power of the man has increased immensely, but his wages have in no sense kept pace with the increase in his productive power.

There is one particular thing that has been utterly ignored. It was ignored by the Tariff Board, and it is ignored in all these discussions in the relation of wages, and I want to draw the particular attention of this committee to that fact, and that is that they have constantly given us tables of gross wages instead of wages per unit

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of product—wages per week instead of wages per unit of product. What you want to know is how much the English weaver receives per cut, what the English manufacturer pays to his weaver for weaving a cut of cloth. You ought to know how much the spinner is paid per pound for spinning a pound of yarn, and you ought not to compare the wages of the English spinner, where it takes three of them to run a pair of mules, with the wages of our spinner, where it takes only one spinner to run a larger pair of mules.

The CHAIRMAN. Can you give us any data on that?

Mr. McDONALD. I can not. I have never had an opportunity to go over there, and I do not know about their statistics; but what you want to get is the wage list from the European mills and compare it with the wage list in our mills per unit of product.

The fact that we exported over \$40,000,000 worth of cotton goods last year is pretty good proof that these people do not need any particular protection on their products. If you must make a bill with protection in it, I want to impress upon this committee that it must be made on the theory that they are protecting the manufacturer and not the laborer. As I said before, the only protection the laborer has is the price of a passage ticket from Europe to the United States.

I would like to read to the committee something with reference to a proposition we have been up against in the State of Rhode Island. I do not know that we are allowed to refer to any political matters at all, but it has a bearing upon this situation.

During the political campaign a year ago last fall, the manufacturers of the State of Rhode Island organized a tariff publicity league, and different men sent in different letters and had them published as advertisements during that campaign. Among the men who were quoted from was one Mr. Benn, who owns a mill, or whose company owns a mill within a mile of the mill represented by Mr. Conant, of the Esmond Co. This is incorporated in my brief, but I would like to read it to you now.

The CHAIRMAN. Your time has expired, Mr. McDonald. How much more time do you desire?

Mr. McDONALD. I have a considerable number of figures here relating to wages, but I can cover those in answer to questions on cross-examination, if you wish. I have figures covering the wages in New England and in the South, the average of wages throughout this country, the percentage of increase, and all that sort of thing.

The CHAIRMAN. We would like to hear what you have to say about wages, because that is a very material question; but it is now 1 o'clock and we usually adjourn at this time for lunch.

Mr. McDONALD. I can tell you all these things within five or six minutes, Mr Chairman.

The CHAIRMAN. Go ahead, then; we will give you that much more time.

Mr. LONGWORTH. Are you representing any particular organization?

Mr. McDONALD. No; I think I am representing the victims.

Mr. LONGWORTH. You are here on your own responsibility?

Mr. McDONALD. I am here on my own responsibility; yes.

Mr. NEEDHAM. What is your business now?

Mr. McDONALD. I am a lawyer.

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Mr. NEEDHAM. How long have you been practicing law?

Mr. McDONALD. About eight years. Up to that time I worked in the mills.

Mr. NEEDHAM. Did you gain quite a competence during the time you worked in the mills? Did you make much money during the time you were in the mills?

Mr. McDONALD. From the time I became a worker until to-day I never spent over \$600 a year, so you can imagine how much of a competence I gained upon that.

Mr. NEEDHAM. I am simply interested in your life.

Mr. McDONALD. As I say, I was born and brought up and worked in the print works, when I was a still younger boy, where they printed calico cloth. Machine printers had \$24 a week then, and have that now.

Mr. NEEDHAM. Of what political party are you a member?

Mr. McDONALD. I am a Democrat. [Laughter.]

One of the men, who, as I say, was quoted in this Publicity Tariff League, told how he would have to close his mill and would have to remove it, and all that sort of thing, if the Underwood bill became a law. I have here copies from the records of the Circuit Court of the United States for the District of Rhode Island where that company confessed judgment for violating the alien labor law and paid a fine of \$4,000 for that particular thing.

Mr. RAINEY. What mill is that?

Mr. McDONALD. The Greystone mill, up in Rhode Island, just a few miles from Providence. I have here, and have incorporated in my brief, the order of the court and the records of the court showing where they confessed judgment in that particular matter.

Mr. HAMMOND. Have you that circular you spoke about a moment ago?

Mr. McDONALD. Yes, sir; I have it here. I will read it to you, if you want to hear it.

Mr. HAMMOND. I would like to hear it.

Mr. McDONALD. On October 22, 1911, the following advertisement appeared in the Providence Journal:

Mr. Underwood said that if his Democratic wool tariff becomes a law \$40,000,000 of the woolen goods now made in this country would be imported.

Mr. Harrison Benn says that if that wool bill becomes a law his mill in Rhode Island will be closed and that the goods made here will be made in England and imported. Some 12 years ago Mr. Benn came from England and built with English capital a mill at Greystone, R. I. Mr. Benn is making exactly the same goods with exactly the same machinery and out of exactly the same material in this country as in England. He says the wages paid in his mill at Greystone, R. I., are more than double the wages he pays in England. Do you think it would be a good thing for Rhode Island to have the plant at Greystone closed?

Mr. Harrison Benn is one of the men named in the writ in the circuit court as being the agent who went over and contracted with this foreign help, for which his company confessed judgment, and one of the help was a girl 12 years old, who could not work under our law even if she were brought over here. That is the sort of stuff we are up against and that is the sort of stuff that is constantly being sent broadcast through this land in order to affect, if possible, the labor vote of the State of Rhode Island.

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If wages are higher here than in Europe, it must be due to the greater effectiveness of our labor; that is, our laborers turn out much more work per head. A moment's reflection will show that this must be so, as labor or the wages of labor is paid out of the workmen's products. If the production is low, the wage must be low, otherwise no manufacturing could be done. The entire product of a hand-loom weaver would not pay the wages of a weaver running 24 Draper looms; but the hand-loom weaver must get his wages, whatever they be, out of the small amount of cloth he produces. This principle applies to all forms of industry and is a complete explanation of the fact that our workmen get more wages each week than those of other countries. They get more wages because they turn out a larger product; that is to say, they do more work. That this is true is generally conceded by those who have looked into the matter.

Any person at all familiar with economic principles knows that fact, that the laborer must be paid out of the product upon which he works; and if he gets a much larger portion of product here than he does anywhere else, then our people can not possibly compete with their competitors abroad. That is, it seems to me, an axiomatic and economic truth. That our labor has increased in effectiveness is, of course, true. That statement is based upon and sustained by statistics.

Here is an illustration: In a book entitled "Tops," published by the Arlington Mills, of Lawrence, Mass., of which William Whitman, of whom you have no doubt heard, is treasurer, I find a statement of interest. This statement is put in, not for political purposes, but for business purposes, which of course did not appear before this committee:

Ten years ago in all our worsted spinning mills one man tended one comb. At the present time that man will easily tend two combs on the same quality of stock, and the production of each comb is more than double what it was. To state the matter mathematically, there has been an increase of from four to five times in the product which comes from one man's labor, due wholly to the improvements in the machinery which he attends. The speed of worsted spindles has been gradually increased from 5,000 or 6,000 revolutions per minute, and the methods by which this increased speed has been secured are such as to insure a more perfect uniformity in the quality of the yarns. The advance, in connection with improved methods, of putting up and dressing warps, so that the ends do not come down so often, enable one weaver to attend six looms to-day as easily as he could two looms 10 years ago.

Has there been any proportionate increase in wages? I tell you, gentlemen of the committee, the wages of the laborers of this country are governed by the competition of one laborer with another for work, and upon no other theory and upon no other basis. The American laborer need not fear the foreign laborer that is at home in Europe, but what he needs to fear is the foreign laborer that transports himself over here in the steerage and stands at our mill gate and bids for his job. That is the labor he needs to fear and no other, and there is absolute free trade in that thing which he has to sell.

The CHAIRMAN. You say that statement was made by Mr. William Whitman?

Mr. McDONALD. It was made in a book published by the Arlington Mill, of which he is treasurer. It is a book published by them.

Mr. DIXON. What is the date of the publication?

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Mr. McDONALD. That of course I do not know. He was treasurer at that time. It was when he was making worsted yarn, and that statement was put out for other purposes than political purposes, and is given as an actual fact. There is no question that it is a fact, too.

But I say this committee may go into their committee room and study this thing in all its bearings and study this question on all sides, and take it up on every basis that they can, and they must come around to this point, that the only protection that the American laborer has is the price of a passage ticket from Europe to the United States.

If the committee would like to ask me any questions in regard to this matter, I shall be glad to answer them.

The CHAIRMAN. If you have any definite scales of wages we would like those.

Mr. McDONALD. I have those in my brief.

The CHAIRMAN. We will be glad to read them in your brief.

Mr. McDONALD. I wish also to incorporate in my brief a copy of the last report of the bureau of labor and statistics in Rhode Island, relating to the village of Lonsdale.

The CHAIRMAN. Whatever is in your brief will be given consideration by the committee.

The brief filed by Mr. McDonald is as follows:

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE:

I come before you to-day without any private interests to serve. I come from a State that produces great quantities of cotton goods, and therefore employs a great many mill operatives. I was born in the State and have passed most of my life and know a good deal about it and am familiar with industrial conditions there. From early boyhood until a few years ago I worked in the cotton mills of Rhode Island in various capacities, and am familiar with the mill operatives and the conditions under which they work and live. All my life I have been battling in favor of the proposition that those people whose labor creates the wealth of the world should enjoy a decent percentage of the fruits of their labor. It is because of that proposition I am here to-day asking that the tariff upon cotton goods be materially lowered, to the end that the great mass of the people be relieved of the tremendous burden of taxation which the present tariff law places upon them.

Theoretically the Government is organized for the purpose of promoting the general welfare and using its tremendous powers solely with that end in view. The power to legislate must be inherent in every government, otherwise there could be no government. The power to legislate is the power to tax, which carries with it the power to compel contributions to defray public expenses.

The tremendous taxing power which the control of government gives has made it a great prize to be contended for. Realizing this, individuals or groups of individuals of greater wealth and intelligence than the great mass of the people have generally succeeded in getting control of government and have legislated in behalf of their private interests rather than for the public good. The small, well-organized private interests have always been more powerful in legislation than the large, unorganized general interest of the community as a whole, and we therefore have these constantly recurring contests over tariffs and other forms of taxation.

We see a perfect illustration of this principle in the hearings which this committee has held during this month. Past legislation has conferred upon certain interests the power to tax the public for their private profit, and now, when that power is threatened, in a limited way, they flock here in droves to protest against any interference with their special privileges.

Thus it has been since governments were first instituted among men, and thus it will continue to be until mankind is sufficiently enlightened to make special privilege legislation impossible.

The committee has selected this day for the consideration of the cotton schedule, and to that I will confine myself. The cotton manufacturers come here and ask you

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that the present tariff law be not interfered with, on the ground that it is necessary to protect American labor against the cheap labor of foreign countries. That the operatives in our cotton mills are in any degree benefited by a tariff upon cotton goods, I deny; that their wages are higher, because of the tariff, I also deny; and therefore take issue with the manufacturers who are here to-day.

We are constantly having our attention called to comparison of wages in this country and Europe which show how much larger the weekly wage is here than it is there in corresponding industries, and that such difference is due wholly to the tariff. I will say right here, that the amount of wages received in a week is one thing, while the rate of wages is another. If our operatives get more money per week than do the foreign operatives, it is because they do more work, that is, turn off a greater product in a given time.

A perfect illustration of this point is going on in one of our Rhode Island mills to-day. In the mill referred to, there are two different kinds of looms, the ordinary plain loom and the automatic Draper loom. A weaver runs 10 of the plain looms, while 20 of the Draper looms are run by one weaver. Both kinds of looms are turning off exactly the same kind of cloth in every particular, yet the weaver on the plain looms is paid 72 cents a cut, while the weaver on the Draper looms is paid but 35 cents per cut. At the end of the week, the weaver on the Draper looms has to his credit a little more than double the number of cuts than has the weaver on the ordinary loom, and therefore each draws approximately the same amount of wages each week, while the rate of wages of the weaver on the ordinary loom is more than double that of the weaver on the Draper looms.

In comparing the wages of our operatives with those of Europe, it is not the amount of wages received each week that should be compared, but the quantity of work done for the wages received.

So, if the committee wants to get an accurate basis upon which to compare wages here and in Europe, it should get a price list showing the amount paid per unit of product there, and compare it with a price list here based upon the same unit of product; that is, the price per yard per pound, etc.

To compare the weekly income of a weaver running 4 looms in England with a weaver running 20 Draper looms here is nonsensical, absurd, and unfair, yet that is what is constantly being done.

The report of the British tariff commission of 1905 says: "Though wages in the United States are higher in some branches of the cotton trade, the labor cost is probably cheaper."

The same report also says: "In England 3 men per 1,000 spindles is sufficient; in Russia 16.6 are required; though the weekly wages of the Englishman is much greater, his work is much cheaper. In the better class of works in Moscow and Vladimir, 10 to 12 persons per 1,900 spindles were employed. In the finer processes four to six workers per self-actor are needed in Russia, in England but two or three. In general, the operatives in Russia and England is as two to one, a ratio which also exists in the weaving industry. In Vladimir one man attends two looms, in England from four to six." I would like to see the expression on the face of a Rhode Island manufacturer if he were asked to employ as many men on a pair of mules as are required in England.

The whole argument of the high protectionists is based upon the assumption that we can not compete with Europe, because it costs more to manufacture goods here than it does in Europe, and that the difference in cost is wholly the difference in the cost of labor. It may cost more to manufacture here than it does in Europe, but I deny that the greater cost is due to a higher rate of wages paid here. As a matter of fact, we do compete with Europe in the world's markets, as is shown by the fact that we exported last year more than \$40,000,000 worth of cotton goods.

The following extracts are all taken from the report of the British tariff commission which was published in 1905. This commission studied the cotton goods situation in all the countries of the world:

The difficulties of the trade are caused by the increased productivity of all countries and the growth of competition in all markets.

The United States is in all ways qualified to compete with us on equal terms. (Par. 133.)

In foreign and colonial markets competition is aggressive and successful. The United States of America disposes of large quantities of piece goods in Canada. (Par. 136.)

In regard to heavy cottons, the low wages, long hours, and the absence of age limits in the Southern States of America, is said to be a disadvantage to us, and the United

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States sends large quantities to China cheaper than they can be sent from England. (Par. 139.)

(It seems the English are complaining of the low wages in the United States.)

Boot and shoe linings are imported from the United States at prices which, in this country (England) do little more than cover the cost of yarn and 25 per cent of the cost of labor. The export of boot and shoe linings to Australia has declined through American competition. There is a growing competition here from the United States in cotton drills for boot linings which are imported below British cost. (Par. 141.)

Though United States wages are higher in some branches of the cotton trade, their labor cost is probably cheaper. (Par. 155.)

The operator works shorter hours to-day than he has ever done, and when a mill is in full time he can get to-day, although the hours are shorter, as big a wage as he ever got at the maximum hours and the maximum rate of wages before. As a matter of fact, in our trade they are paid by the piece and have been for 60 or 70 years, which has, I think, been the salvation of our trade, but there are limits to the advantage of it. I can give an instance. They are satisfied with a certain wage. If a weaver gets 24 shillings, she suits herself to get that and no more, and no less, though other weavers and she herself could get 26 shillings.

They will not take more than four looms. We would like to give them six looms, and they would get 27 shillings at a less rate, but the trade union will not allow that. (Testimony of Mr. Frederick Boyne. Par. 355.)

(26 shillings per week is equal to about \$6 in our money. Six dollars per week for four looms means \$1.50 per week for each loom. One dollar and a half per week per loom is more than 50 per cent above what is received by thousands of weavers in our mills.)

When the Northrup loom is used, the worker gets a good deal more wages, but I think they are getting too much. The amount they earn is actually above what any other weaver is getting. (Not in America.) Here the labor leaders are using every means in their power to prevent the extension of this loom. One girl can manage 20 of these if very efficient. Most female weavers in Lancashire now can only manage four looms. (Testimony of F. B. Roon. Par. 402.)

Yes; there is a very considerable and growing competition in cotton drills for boot linings imported into the country from the United States of America, at prices below the cost of similar goods manufactured in this country. This also applies to cotton ducks used for the same purpose. (Testimony of Mochin & King. Par. 624.)

One important element which makes it cost more to manufacture cotton here than it does in England is the much greater first cost of the plant.

Mr. Frederick Boyne, in his testimony before the British tariff commission, in paragraph 336, says: "If you take a mill in Oldham to-day you can build this for 25 shillings a spindle, or £125,000—that is, about \$6.25 per spindle. To build a similar mill in this country would cost not less than \$15, or about two and a half times as much. The extra cost of the mill here is due to the tariff taxes which are levied upon the material and machinery which enter into the building and equipment of the mill. After the mill is in operation the cost of keeping it in repair and the cost of most of the supplies necessary to run it, outside of the raw cotton, are increased by the tariff upon the material and supplies, and are, therefore, as far as the extra cost is concerned, an extra charge upon the mill that has no relation at all to the cost of labor."

There is another matter bearing upon the solicitude which the cotton-mill men have for the welfare of the American workmen.

On October 22, 1911, the following advertisement appeared in the Providence Journal:

"Mr. Underwood said that if his Democratic wool tariff becomes a law \$40,000,000 of the woolen goods now made in this country would be imported.

"Mr. Harrison Benn says that if that wool bill becomes a law his mill in Rhode Island will be closed, and that the goods made here will be made in England and imported. Some 12 years ago Mr. Benn came from England and built with English capital a mill at Greystone, R. I. Mr. Benn is making exactly the same goods with exactly the same machinery and out of exactly the same material in this country as in England. He says that the wages paid in his mill at Greystone, R. I., are more than double the wages he pays in England. Do you think it would be a good thing for Rhode Island to have the plant at Greystone closed?" (Tariff Publicity League.)

I herewith incorporate as a part of my brief the record of the United States Circuit Court in Rhode Island, which shows that the Joseph Benn & Sons Co., of Greystone, R. I., was sued upon eight different cases for importing contract labor in violation of the United States law. Upon all the cases judgment was conferred and fines aggregating \$4,000 were paid by the aforesaid company. The record shows that Mr. Harrison Benn was one of the agents charged with making the contracts, and that one of

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the persons contracted for was a girl 12 years of age, who could not legally work in Rhode Island after she came here.

A strike for higher wages has just been settled by the Benn Co. by granting an increase of 7 per cent. I do not know whether or not the strikers pleaded the tariff privilege of the Benn Co.

The President of the United States of America to the marshal of the United States for the district of Rhode Island or to his deputy, greeting.

We command you to summon The Joseph Benn & Sons (Inc.), a corporation created under the laws of the State of Rhode Island, and located and doing business in the town of Smithfield in said State.

To answer the complaint of the United States of America, at our circuit court next to be holden at Providence, within and for said district, on the fourth Tuesday (25th) day of May (1909) now next ensuing, in an action of debt for a penalty accruing to the United States, for that the said defendant caused to be brought into the said United States one Edwin S. James Smith, an alien, in violation of the immigration laws of the Congress of the United States, as by declaration to be filed in court will be fully set forth, to the damage of the plaintiff, as the plaintiff says, fifteen hundred (\$1,500) dollars.

Hereof fail not, and make true return of this writ, with your doings thereon.

Witness, the honorable Melville Weston Fuller, our Chief Justice, at said Providence, this 28th day of December, in the year one thousand nine hundred and eight.

WILLIAM P. CROSS, *Clerk*.

UNITED STATES OF AMERICA,
District of Rhode Island:

At North Providence, in said district, this 29th day of December, A. D. 1908, I made service of the within writ by leaving a true and attested copy thereof, in the hands and possession of Sidney Crowther, agent and superintendent of said defendant company, in their office at Greystone, R. I.

CHARLES C. NEWHALL,
Deputy United States Marshal.

Circuit Court of the United States, District of Rhode Island.

The United States of America *v.* Joseph Benn & Sons Co. (Inc.). Law No. 2890.

ORDER.

It being made to appear to this court that the facts upon which the above-entitled cause and seven other causes, pending in this court, all entitled "United States of America *v.* Joseph Benn & Sons Co. (Inc.);" have been investigated by the Department of Commerce and Labor, and by the Department of Justice, and that the defendant in said cause has offered to pay in compromise of said suits the sum of \$4,000, and that acceptance of said offer of compromise has been recommended by the Secretary of Commerce and Labor, and that the United States attorney has been by the Attorney General of the United States instructed to compromise said causes for that amount, the defendant company paying any costs that may have been incurred in said cases:

It is ordered, the parties assenting thereto, that judgment in each of said causes be entered for the sum of \$500 and costs in each suit to be taxed by the clerk.

Assented to. Costs taxed at \$44.37.

WILLIAM P. CROSS, *Clerk*.

CHARLES A. WILSON, *United States Attorney.*
C. M. VAN SLYCK, *Defendant's Attorney.*

Entered June 5, 1909. Arthur L. Brown, J.

This English company, that is so solicitous for the protection of American labor against the cheap pauper labor of Europe, pleads guilty to the charge of violating a United States statute, which forbids the importation of foreign contract labor, and pays the sum of \$4,000 and costs in settlement of the judgment against him. I find by the records that one of the laborers illegally contracted for a girl 12 years old, whose employment at all in the Rhode Island mill would be in violation of our State law

All of the above cases can be found in the records of the circuit court of the United States, and are numbered from 2890, 2891, 2892, 2893, 2894, 2498, 2499, 2501.

If wages are higher here than in Europe it must be due to the greater effectiveness of our labor; that is, our laborers turn off much more work per head. A moment's reflection will show that this must be so, as labor or the wages of labor is paid out of

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the workmen's product. The weaver is paid for weaving out of the cloth he weaves, and the spinner out of the yarn he spins. If the production is low the wage must be low, otherwise no manufacturing could be done. The entire product of a hand-loom weaver would not pay the wages of a weaver running 24 Draper looms, but the hand-loom weaver must get his wages, whatever they be, out of the small amount of cloth he produces. This principle applies to all forms of industry, and is a complete explanation of the fact that our workmen get more wages each week than those of other countries. They get more wages because they turn off a larger product, that is to say, they do more work. That this is so is generally conceded by those who have looked into the matter.

The producing power of the individual has increased enormously during the past 25 years, yet the workmen have reaped very little advantage from it. In fact, the cotton-mill operatives of to-day are not as well off as they were 40 years ago, when the cost of living is considered. Increased power to produce ought to bring increased returns to the workmen, but this is not to, except in a very limited degree.

In a book entitled "Tops," published by the Arlington Mills, of Lawrence, Mass., of which William Whitman, of whom, no doubt, you have heard, is treasurer, I find the following statement:

"Ten years ago in all our worsted spinning mills one man tended one comb. At the present time that same man will easily tend two combs on the same quality of stock, and the production of each comb is more than double what it was. To state the matter mathematically, there has been an increase of from four to five times in the product which comes from one man's labor, due wholly to improvements in the machinery which he attends. The speed of worsted spindles has been gradually increased from 5,000 or 6,000 revolutions per minute, and the methods by which this increased speed has been secured are such as to insure a more perfect uniformity in the quality of the yarn. The advance, in connection with improved methods, of putting up and dressing warps, so that the ends do not come down so often, enable one weaver to attend six looms to-day as easily as he could two looms 10 years ago."

Here we have expert testimony as to the tremendous increase in the productive power of labor, but no corresponding increase in wages or decrease in the price of worsted cloth.

It is an awful indictment of our civilization and intelligence when the power to produce wealth has increased manyfold, that the workmen who produce it receive so little of it.

A great deal is said about the high wages paid by American cotton manufacturers. Well, let us see by inspecting a few official figures upon that subject.

Number of cotton-mill operatives in Nation: 1909, 378,880; 1899, 302,861; increase, 76,019, or 24 per cent.

Primary horsepower used: 1909, 1,296,517; 1899, 795,834; increase, 500,683, or 62 per cent.

Capital invested: 1909, \$822,238,000; 1899, \$467,240,000; increase, \$354,998,000, or 75+ per cent.

Salaries as distinguished from wages: 1909, \$14,412,000; 1899, \$7,350,000; increase, \$7,062,000, or 96+ per cent.

Value added by manufacture, that is, by labor exclusive of material: 1909, \$257,383,000; 1899, \$162,648,000; increase, \$94,735,000, or 58+ per cent.

Average wages paid per operative: 1909, \$350.71; 1899, \$286.24; increase, \$64.47, or 22+ per cent.

To recapitulate the increase in 10 years: Number of operatives, 24 per cent; horsepower used, 62 per cent; capital invested, 75 per cent; salaries, 96 per cent; value added by labor, 58 per cent; wages, 22 per cent.

The above is very illuminating and shows pretty clearly how the operatives are getting a constantly decreasing wage measured in the value of their labor, as shown in the product.

The following facts were taken from several State reports of labor statistics:

[Annual report of the secretary of internal affairs of Pennsylvania, 1910, p. 349.]

Average number employed.....	12, 130
Total wages paid.....	\$51, 999. 04
Average yearly wages of each employee.....	\$428. 43
Number of office help and managers.....	490
Total salaries paid to office help and managers.....	\$691, 359
Average yearly salaries paid to each of the office help and managers.....	\$1, 410
Average value of product of each employee.....	\$2, 782. 42
Percentage of wages to product.....	15. 3

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[Report of Massachusetts Statistics of Labor, 1909, p. 47.]

Price for weaving a cut of print cloth in Fall River:

	Cents.
February, 1884	18.50
May, 1908	19.66

Between those dates there were various fluctuations in price with an average price of 18.98 cents.

Average wages paid in New Jersey, \$322.70.

There is another fact in relation to these three large crops which should have special significance to the farmers of the South.

Notwithstanding the comparatively good price which the mills paid for cotton, they made good dividends from its manufacture into cotton goods. Speaking of the season of 1906 and 1907, a sample of three big seasons, Ellison & Co., the famous cotton experts, write:

"The past season has been one of ceaseless activity among mills. That it has been profitable is shown by the payments of dividends from 20 to 50 per cent and in addition bonuses of 20 to 50 per cent of normal value."

Serial No. 27, issued by the department of agriculture and industries of Alabama, page 15, 1907.

The following extract taken from the Cotton and Wool Reporter of January 2, 1913, shows that the Dartmouth mill of New Bedford paid 368 per cent in dividends in 11 years:

"Dividends on the common stock have been paid as follows: 1901, 12 per cent; 1902 to 1904, inclusive, 8 per cent; 1905, 20 per cent; 1906, 26 per cent; 1907 and 1908, 66 per cent; 1909, 12 per cent, and an extra stock dividend of 100 per cent; 1910 and 1911, 16 per cent."

To pay an average of over 33 per cent in dividends each year for a period of 11 years is proof of a most prosperous condition, and also proves the wisdom of New Bedford in abandoning the hazardous and nonprotected whaling industry, and putting their money into an industry where the dividends are guaranteed by the Government by the imposition of a tariff upon goods which the manufacturers have to sell and maintaining free trade in labor, which they have to buy. It is not upon record that the Dartmouth mill corporation made any dividends to the operatives over and above the market price of wages which were paid. An incident of this kind ought to convince the American workman that the foreign labor which competes with them is not the labor which stays in Europe and there does its work, but is the foreign labor that transports itself over to this country and stands at the mill gates here and bids for the American workman's job. And remember, there is no tariff upon foreign workmen who come here to compete with American labor.

Labor cost per spindle in United States, 1900, showing the difference in labor effectiveness in different sections of the country.

	Number of spindles to each wage earner.	Labor cost per spindle.
<i>New England States.</i>		
Maine.....	61.32	\$5.15
New Hampshire.....	60.80	5.44
Vermont.....	98.55	2.60
Massachusetts.....	84.54	4.15
Rhode Island.....	86.18	3.88
Connecticut.....	75.84	4.39
<i>Southern States.</i>		
Virginia.....	43.27	5.27
North Carolina.....	37.44	4.52
South Carolina.....	47.39	3.54
Georgia.....	41.61	4.37
Kentucky.....	49.32	4.21
Tennessee.....	58.77	3.41
Alabama.....	49.37	3.60
Mississippi.....	44.85	4.52
Texas.....	49.55	5.20

PARAGRAPHS 315-320—COTTON CLOTH.

Labor cost per spindle in United States, 1900, showing the difference in labor effectiveness in different sections of the country—Continued.

	Number of spindles to each wage earner.	Labor cost per spindle.
<i>Middle States.</i>		
New York.....	83.18	\$3.59
New Jersey.....	78.24	4.37
Pennsylvania.....	19.70	18.27
Delaware.....	92.88	4.02
Maryland.....	32.59	7.70
United States as a whole.....	68.80	4.48
New England States.....	79.18	4.31
Middle States.....	47.28	6.92
Southern States.....	44.09	4.07

The following extract taken from American Cotton and Wool Reporter of March 21, 1912, illustrates the difference shown in the above figure:

"Labor in textile manufacturing is 50 per cent more effective in some of the seaboard points and hill towns of New England, and in the piedmont section of the Southern States than in any interior section of the Middle or Far West, or at most points upon the Pacific coast. However, the American Wool and Cotton Reporter has long held a favorable opinion of the possibility that textile manufacturing might be more successfully established in Oregon and Washington than in any part of the United States outside of New England. Our far Northwestern States have certainly no lack of moisture."

Compare the wages of the nonprotected industries with the wages of cotton-mill operatives, as shown by the report of the commissioner of industrial statistics of Rhode Island for 1908:

	Per week.
Farm laborers.....	\$9-\$10
Salesmen.....	5- 20
Garden laborers.....	9- 12
Seamstresses.....	6- 25
Painters.....	15- 18
Masons.....	22- 24
Paper hangers.....	12- 22
Washerwomen.....	9- 12

WAGES IN COTTON MILLS.

	Per week.
Card room.....	\$7.80
Cloth room.....	9.19
Lappers.....	9.75
Pickers.....	7.70
Mule spinners.....	12.92
Warpers.....	10.10
Weavers.....	10.38

Average yearly wages of men in Rhode Island cotton mills, \$459.

Average yearly wages of women in Rhode Island cotton mills, \$356.

"By their fruits ye shall know them" is of universal application.

The fruit of 50 years of high protection of the cotton industry has been to make the cotton-mill operative one of the most poorly paid classes of labor in the country, a result that must inevitably follow the application of the protective idea as carried out in this country.

The cotton manufacturers claim that wages are higher here than they are abroad, and therefore they must have a protective tariff to meet the difference in wages. In view of the fact that the workers in the protected industries have to sell their labor in a free-trade market and don't even seem to reap any advantages from the protective system, I would suggest (subject to its constitutionality) the following plan:

Let the manufacturers, if their claim be true that wages are higher here than in Europe, find out just what the difference in wages is, and let the Government pay the difference to the workmen direct, who would then really get the benefit of protection,

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and the manufacturers would be placed upon equal terms with his European competitor.

This at least would be a cheaper way of meeting the cost of protection than our present method of letting the manufacturers collect the tariff tax without being obliged to report to the Government the amount collected.

I wish to file as part of my brief that part of the report of the commissioner of industrial statistics of Rhode Island for 1912, relating to the village of Lonsdale.

EDITOR FIBER AND FABRIC:

In answer to a subscriber's question how to find the cost of 36-inch 68x72-4.70 sheetings, using 28s warp and 36 filling, from the bale of cotton to the finished cloth. Below is the method from which I have obtained good results. This method has been figured out on a basis of 39,936 spindles and 1,000 automatic looms and the necessary machinery required to produce 40,500 pounds of finished cloth, which would be 190,350 yards, or 3,807 cuts of 50 yards each, with a 95 per cent loom product for a 54-hour week, 40-inch loom running 160 pick per minute. If we produce 40,500 pounds of finished cloth, it will require 48,600 pounds of cotton to be opened per week on account of a 20 per cent loss from the bale to the finished cloth, which will also raise the price of cotton, say, from 13.5 cents to 15 cents. So as to be on the sure side, the writer figures the cost of each department by the production of the loom, a weaver running 20 looms each, and making a weekly wage of \$11.50 or 15 cents a cut.

CARDING MACHINERY REQUIRED.

1 bale breaker.
4 openers.
4 intermediates.
4 finishers.
76 cards.
62 deliveries, first draw.
62 deliveries, second draw.
8 slubbers, 72 spindles each, equals 576-12x6.
16 intermediates, 108 spindles each, equals 1,728-10x5.
34 speeders, 168 spindles each, equals 6,352-7x3.5.
40,500 pounds cloth.

CARD ROOM LABOR AND PAY ROLL REQUIRED.

	Per day.	Per week.
1 overseer.....	\$4.00	\$24.00
1 second hand.....	2.25	13.00
1 fixer.....	1.58½	9.50
1 bale breaker and bag and hoop man.....	1.25	7.50
2 picker men.....	1.25	15.00
1 waste man.....	1.30	7.80
1 grinder.....	2.00	12.00
2 strippers.....	1.20	14.40
2 can boys.....	1.20	14.40
6 draw hands.....	.90	32.40
1 roving man.....	1.10	6.60
3 doffers.....	.85	15.30
1 sweeper.....	.75	4.50
4 slubber tenders.....	1.41½	34.00
8 intermediate tenders.....	1.33½	64.00
17 speeder tenders.....	1.25	127.50
Total.....		401.90

PRICE PER HANK.

Slubber.....	0.52 Hk.	0.07
Do.....	.75 Hk.	.0725
Intermediate.....	1.48 Hk.	.0825
Do.....	2.00 Hk.	.0875
Fine.....	5.20 Hk.	.09
Do.....	7.00 Hk.	.0975

$$401.90 \div 40500 = 0.00992.$$

Spinning machinery required: 156 frames, 256 spindles each=39936-2.75x1.75.

PARAGRAPHS 315-320—COTTON CLOTH.

SPINNING ROOM LABOR AND PAY ROLL REQUIRED.

	Per day.	Per week.
1 overseer.....	\$4.00	\$24.00
1 second hand.....	2.00	12.00
3 section men.....	1.50	27.00
2 roving men.....	1.20	14.40
10 doffers.....	1.25	75.00
3 sweepers.....	.85	15.30
6 cleaners.....	.85	30.60
39 spinners, 312 sides.....	.95	296.40
Total.....		494.70

$\$494.70 \div 40500 = .01221.$

Spooling machinery required: 9 spoolers, 120 spindles each = 1,080.

SPOOLING ROOM LABOR AND PAY ROLL REQUIRED.

1 section hand.....	\$1.33 $\frac{1}{2}$	\$8.00
1 spool boy.....	.85	5.10
9 spoolers.....	1.25	67.50
Total.....		80.60

$\$80.60 \div 26500 = .003494.$

Warper machinery required: 12 warpers, 450 spools.

WARGER ROOM LABOR AND PAY ROLL REQUIRED.

2 warper tenders.....	\$1.35	\$16.20
2 tie-in hands.....	1.00	12.00
Total.....		28.00

$\$28.20 \div 26500 = .00106.$

Slasher machinery required: 3 slashers.

DRESSING-ROOM LABOR AND PAY ROLL REQUIRED.

1 slasher man.....	\$2.00	\$12.00
1 helper.....	1.50	9.00
1 beam man.....	1.25	7.50
Total.....		28.50

$28.50 \div 26500 = .00108.$

TIEING-IN DEPARTMENT LABOR AND PAY ROLL REQUIRED.

Tie-in machine man.....	\$1.83 $\frac{1}{2}$	\$11.00
1 harness cleaner.....	1.25	7.50
1 mender.....	1.25	7.50
Total.....		26.00

$26.00 \div 26500 = .00100.$

WEAVING-ROOM LABOR AND PAY ROLL REQUIRED.

1 overseer.....	\$4.00	\$24.00
1 second hand.....	2.08 $\frac{1}{2}$	12.50
9 fixers.....	2.08 $\frac{1}{2}$	112.50
2 room girls.....	1.50	18.00
2 oilers.....	1.05	12.60
4 filling men.....	1.20	28.80
9 cleaners.....	1.20	64.80
1 checker.....	1.25	7.50
50 weavers.....	11.50	575.00
Total.....		855.70

$855.70 \div 40500 = .02112.$

Cloth-room machinery required: 8 trimmers, 4 folders, 1 press.

PARAGRAPHS 315-320—COTTON CLOTH.

CLOTH-ROOM LABOR AND PAY ROLL REQUIRED.

	Per day.	Per week.
1 overseer.....	\$3.00	\$18.00
2 folders.....	1.25	15.00
8 trimmers.....	.95	45.60
2 inspectors.....	1.00	12.00
1 room girl.....	.95	5.70
1 baler.....	1.50	9.00
Total.....		105.30

105.30+40500=.00260.

YARD, REPAIR SHOP, POWER PLANT, AND OFFICE, LABOR AND PAY ROLL
REQUIRED.

1 yard foreman.....	\$2.00	\$12.00
4 men.....	1.35	32.40
1 master mechanic.....	4.00	24.00
1 carpenter.....	2.00	12.00
Do.....	1.66 $\frac{1}{2}$	10.00
3 machinists.....	1.75	31.50
1 painter.....	1.75	10.50
1 engineer.....	2.50	15.00
1 fireman.....	2.00	12.00
Do.....	1.50	9.00
1 watchman (7 days).....	1.71 $\frac{1}{2}$	12.00
1 helper.....	1.35	8.10
Agent and superintendent.....		96.15
1 head office man.....		21.00
1 stenographer.....		10.00
2 clerks.....		18.00
1 supply man and shipper.....		12.00
Fuel and supplies.....		608.00
Total.....		953.65

953.65+40500=.02352.

Carding room.....	401.90+40500=.00992	
Spinning room.....	494.70+40500=.01221	
Spooling room.....	80.60+26500=.00304	
Warping room.....	28.20+26500=.00106	
Dressing room.....	28.50+26500=.00108	
Tie-in room.....	26.00+26500=.00100	
Weave room.....	\$54.70+40500=.02112	
Cloth room.....	105.30+40500=.00260	
Overhead.....	953.65+40500=.02355	
		.07558
Cotton.....		.15
		.22558

All cost has been figured in except insurance and taxes, which will vary according to location.

Thirty-six-inch 68x72-4.70 sheeting on a plain loom. The above figures in each of the different departments can be used for the cost finding of 36-inch sheeting excepting the weaving. Below is the pay roll and the cost per pound for 1,000 plain looms:

	Per day.	Per week.
1 overseer.....	\$4.00	\$24.00
1 second hand.....	2.08 $\frac{1}{2}$	12.50
9 fixers.....	2.08 $\frac{1}{2}$	112.50
2 loom girls.....	1.50	18.00
2 oilers.....	1.05	12.60
4 filing men.....	1.20	28.80
9 cleaners.....	1.20	64.80
1 checker.....	1.25	7.50
125 weavers.....	11.50	1,437.50
Total.....		1,718.20

1,718.20+40500=.05053.

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COST PER POUND.

Plain weaving.....	0.05052
Automatic weaving.....	.02352
Making a difference per pound of.....	.02701
Cost per pound automatic.....	.07558
Making cost per pound.....	.10259
Cotton.....	.15000
	.25259

This has been figured on a basis of 85 per cent product, a weaver running eight looms of 160 pick, 3.4 cuts per loom per week, or 3,400 cuts per week from 1,000 looms.

COST OF 36-INCH SHEETING.

Machinery required:	Pounds.
1 bale breaker.....	48,500
4 openers.....	1,212
4 intermediates.....	1,212
4 finishers.....	1,212
76 cards, 40-inch.....	700
62 deliveries, first drawing.....	800
62 deliveries, second drawing.....	800
8 slubbers, 72 spindles each=576 spindles, 12 x 6.....	92
16 intermediates, 108 spindles each=1,728 spindles, 10 x 5.....	30
34 fly frames, 168 spindles each=6,352 spindles, 7 x 3.5.....	8.25
156 spinning frames, 256 spindles each=39,936 spindles.....	1.20
9 spoolers, 120 spindles each=1,080 spindles.....	22
1 twister, 120 spindles each=120 spindles.....	4
12 warpers, 450 spools each.....	2,000
3 slashers.....	8,000
1,000 looms, weaves 40.5 pounds each.....	40,500
8 trimmers.....	5,062
4 folders.....	10,125
1 press.....	40,500
76 bales of 25 double cuts each, or 2,500 yards.....	533

BRIEF OF CALIFORNIA COTTON MILLS CO., OAKLAND, CAL.,
RELATING TO THE REVISION OF SCHEDULES I AND J.

To the Ways and Means Committee, House of Representatives, Washington, D. C.:

The California Cotton Mills Co., located in Oakland, Cal., was established in 1883, to manufacture a variety of goods made from raw cotton, flax, hemp, and jute. The cotton and hemp are of domestic growth and secured in the United States, the flax imported from Russia, and the jute from Calcutta, India. These mills have been operated continuously since they were started and manufacture a great variety of textile articles, amongst which are cotton and flax towels and toweling, damask, duck, flax and cotton crash, cotton, jute, hemp and flax twines, rope and cordage, and large quantities of jute burlaps and jute yarns. These goods are sold largely on the Pacific slope, the Hawaiian Islands, and the Philippines. The mills give steady employment to fully 700 workpeople, who are paid good wages. The capital stock of this company is \$2,000,000, owned by about 250 stockholders, some of whom are employees in the mills. The profits of this industry have run, during the 28 years of its existence, between 4 and 8 per cent per annum. During the years 1893, 1894, and 1895 the mills made little or no profit.

Raw cotton can be landed at the mills at very little less than the cost of freight to land the same raw material at the mills of European manufacturing centers. In some cases it can be landed for less at the European mills than at mills in some parts of the United States, the freight rate by steamers being low. Raw flax, hemp, and jute may cost a little more in the United States than the laid down cost at European textile manufacturing centers.

The increased cost of manufacturing textile goods in the United States, compared with European countries, arises principally from the higher wages paid and from certain fixed charges other than wages that fall upon these industries in this country, such as insurance, taxes, light, and power and the cost of dyestuffs and chemicals, all of which are important elements in the cost of manufacturing the finished products. The author of this brief and protest, made under the direction of the officers of this company, has worked in European manufacturing countries over 20 years before coming to America and is in close contact with business in the old world, and can therefore state positively facts based on personal observation and practical experience.

Municipal, county, and State taxes in the United States where manufacturing establishments are operated are often twice as high as in most European States. Our

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systems of municipal, county, and State governments are very complicated and expensive, and all textile manufactories have to bear their share of the general burden of civil government.

The insurance rates on all textile industries in the Old World are much lower than insurance rates in the United States. In England, for example, insurance can be effected for 50 cents on 100 pounds sterling value covered by insurance.

Wages are the great item to be considered in the cost of manufacturing; therefore in any reduction of the tariff wages will be the principal thing that will have to meet the crisis of a reduction of the protective tariff. The inventive genius of the highest order which has been at work perfecting the operations of machinery is now fast being applied by every civilized country—even in Japan (where the lowest paid textile operatives in the world are busy at work flooding the Chinese and Indian markets, in competition with England, and even China and India themselves), the most advanced and improved textile machinery is being installed and operated.

The tariff commission formed by the United States Government, which made a report containing much interesting matter, was in many cases far from correct in its statements of wages paid in foreign countries and the cost of production of goods treated in that report, as stated by the commission, were in many cases misleading. We do not deem it necessary in this instance to cumber our brief with confusing figures as to the class of labor here and work and wages paid in various countries referred to in the following statement, but a general average will be found in this tabulated statement, showing the wages paid in those countries named. The figures given are based on a nine-hour day, six days a week, or fifty-four hours working time.

The different countries may be fairly computed as follows:

Wages paid for a 54-hour working week.

	United States.	Great Britain.	France.	Germany.	Switzerland.	India.	Japan.
Textile machinists.....	\$16.50	\$8.75	\$6.50	\$6.00	\$5.50	\$3.10	\$2.75
Cotton spinners.....	12.50	6.20	3.95	3.80	3.50	2.75	2.10
Cotton weavers.....	13.50	7.20	4.10	4.00	4.00	3.00	2.75

In other classes of workers there would be about the same difference as shown here but they would be immaterial and too numerous to mention.

In view of these figures, which speak for themselves, we deem it proper to state here that to reduce the present tariff on textile fabrics and structures would necessitate a reduction of wages of those employed in the textile industries. We protest most strongly against any change being made in the present tariff rates, as it would lead in many cases to stoppage of the mills and bring ruin to the manufacturer and destitution to the workers. We therefore pray your honorable body to make no reduction of the present tariff on these goods.

In some branches of textile manufacture of cotton, hemp, flax, and jute the present tariff does not cover the difference in cost of production and the result is that a very large amount of foreign goods find a ready market in the United States, in competition with the domestic manufactured goods. Over half the importations into this country at the present time come in free and any increase over the \$800,000,000 worth of free imports must impoverish the manufacturing interest of the United States.

Respectfully,

CALIFORNIA COTTON MILLS Co.,
By WM. RUTHERFORD, *Superintendent.*

BRIEF SUBMITTED BY ANDREW G. PIERCE, JR., OF NEW BEDFORD.

The attention of the committee is respectfully called to the dominating phase of House bill No. 25034 in its treatment of the particular class of goods referred to in the following data:

House bill No. 25034 and several other previous tariff bills have based the value of cotton goods solely upon the fineness of the yarn used in their manufacture, without any reference to one other important factor which must be considered.

There should be two distinct bases for determining the values of cotton goods for the purpose of fixing the necessary tariff upon them, and these bases must be reckoned with

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in framing any tariff schedule. To use the one classification dealing solely with the fineness of the yarn is not sufficient, for such classification ignores the fact that many fancy and lighter weaves of cloth may be made of coarse or medium yarns, while many simpler weaves may be made of finer yarns. To adjust the difference between the cost of producing cloth under these conditions requires a recognition of both bases for computation of value, viz, the fineness of the yarn and the cost of producing finished cloth irrespective of the fineness of the yarn.

Taking as an illustration a list of nearly 30 different combinations of warp and filling made into cloth of varying widths, very striking inconsistencies are shown in the return to the manufacturer, if a tariff schedule should be adopted based entirely upon the lines proposed under House bill No. 25034. Two average cases may be cited: A 40-inch, 88 by 80 with a 60's warp and 100's filling, would show a profit to the manufacturer of one-fourth of a cent per yard. Exactly the same yarns made under the same specifications but woven into a 54-inch piece of cloth would show a loss to the manufacturer of one-fourth of a cent per yard. And it should be noted that the finer the goods, the greater the discrepancies possible under methods proposed by House bill No. 25034.

A reduction of 3 to 5 per cent in the present high selling price in England, under such a law as proposed, would mean a loss to every manufacturer of all combed yarn goods.

THE MANUFACTURE OF FINE COTTON GOODS IN THE UNITED STATES, WHETHER IT BE CARRIED ON IN NEW ENGLAND OR THE SOUTH, HAS ITS STRONGEST COMPETITION FROM THE SPINNING MILLS IN LANCASHIRE, ENGLAND.

Every expense entering into the production of fine cloth in the Lancashire district is very much less than similar expenses in the United States.

The cost of mill construction is about 60 per cent of that for similar buildings in the United States.

The cost of labor is only a little over one-half.

The cost of all raw material (excepting cotton) and supplies entering into the manufacture keeps very closely to the same percentages.

Comparing the earnings of two of the most important fine cotton districts of England with the earnings of the most important fine goods section of the United States, the following figures are of interest:

One hundred spinning mills, Oldham district: Share capital, \$2 per spindle; share capital mortgages and loans, \$3.31 per spindle; average earnings per spindle, 30 cents; average earnings on share capital, 15½ per cent; average earnings on share capital and mortgages, 9 per cent. New Bedford cloth mills: Share capital, \$13 per spindle; share capital and bonds, \$14 per spindle.

Considering the earnings for 1912, most of the New Bedford cloth mills lost money, and several earned only about 2 per cent on share capital. Because of the difference in costs, earnings of 30 cents a spindle give Oldham 15½ per cent on capital, while earnings of 30 cents a spindle would give New Bedford only 2.3 per cent on capital, or, in other words, the same earnings per spindle give Oldham \$6.60 against \$1 for New Bedford.

While it is true that exports on cotton goods have increased from year to year, it is only in the coarser grades where it is possible for the United States to compete with the markets of the world, and these exports represent goods produced at a cost where labor represents less than one-third of the net cost. Where the higher percentage of labor prevails (reaching in some of the finer goods to over 60 per cent of the total cost), it would be impossible for such goods to be produced and sold in this country in competition with foreign countries without duties equal to those which now prevail.

Again, considering the duty in its relation to the fineness of the yarn, it should be made clear that in ply yarns the single strand must always be reckoned. Otherwise, cloth containing two ply 98's, for example, could be imported at the duty for cloth containing yarn not exceeding No. 50's, while cloth containing No. 51 yarn would call for the higher duty in excess of 50's. In the same way cloth containing three ply of any number less than 150 would pay less than cloth containing No. 51.

Ordinary cotton cloth should be described as "plain or twilled cloth, not requiring over six harnesses to produce and with only one kind of yarn in the warp and one kind of yarn in the weft and with only one color in the warp and weft."

Fancy cotton cloth should be described as "containing figures or effects produced by yarns of different colors or counts, or by various weaving devices, known as Dobby, Jacquard, box loom, Lappet, Leno, Swivel, etc."

Any tariff law which may be framed should make a sharp distinction between ordinary cotton cloth and fancy cotton cloth, for the duty which protects one sufficiently

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to allow a continuance of its manufacture in this country would be disastrous to the other with its larger labor cost. Under the present law, imports of cotton cloth have been almost entirely of a fancy character. To lower the present duty upon this grade of goods would mean that they would be made a broad where labor is so much cheaper.

MANUFACTURERS OF FINE COTTON GOODS IN THE UNITED STATES HAVE NOT REALIZED AND ARE NOT SECURING AT THE PRESENT TIME IMPROPER PROFITS

The cotton business of the country is capitalized on a lower basis in proportion to the value of its product than is any other one of the great businesses of the country.

The earnings of the fine goods' mills in particular, centered largely as they are in New Bedford, Mass., show a return upon an investment at \$15 a spindle of 5.89 per cent per year for the last 10 years.

If the replacement value at a recognized standard of \$20 per spindle were to be taken into account as a basis for these earnings, the return would average only 4.42 per cent for this same period.

The cotton manufacturing business is distributed among many different concerns, no one concern having more than 2 per cent of the spindles or product of the country. Less than half a dozen concerns have over 500,000 spindles each, and the average number of spindles is less than 30,000 to each manufacturing concern engaged in the business.

The keenest kind of competition marks all branches of the cotton manufacturing in the United States at the present time; a competition which has not only kept prices of goods at the lowest possible level consistent with a fair return on money invested, but which has led to a constant growth in the business, not only in New England where it had its earliest start, but in the South where growth has been most marked in recent years.

Notwithstanding the increased cost of all raw material entering into cotton manufacture, the increased cost of labor, which is between 50 and 60 per cent of the total cost of most finished goods in which the yarns ranging above 50's are used, and many other upward trends in all costs, the prices realized by the cotton manufacturer for his goods show practically no change in the last 20 years for standard goods.

FACTORS OPERATING TO-DAY STILL FURTHER ADD A BURDEN TO THE MANUFACTURING BUSINESS AND SHOULD BE CAREFULLY CONSIDERED IN CONNECTION WITH ANY PROPOSED CHANGE IN TARIFF RATES.

Laws providing for workmen's compensation, for better conditions among the laboring people, for shorter working hours, for increasing safeguards to protect health and improve physical and material conditions, have all added greatly to the cost of manufacturing, which must include increased taxes and increased charges to pay for a share in these benefits.

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In framing any tariff bill designed to change the present rates of duty upon fine cotton goods, care should be taken to so fix rates that it is made perfectly clear, not only what the fineness of yarn is which is used as a basis for computation, but also the great difference in the cost of labor required to produce both the yarn and the fabric. For example, it costs nearly seven times as much per pound to spin 120's yarn as it does to spin No. 30's yarn—the additional cost being entirely for labor; hence the yarn in a fabric made of 120's yarn would cost practically seven times as much per pound as the yarn in a fabric made of No. 30's.

But this is not enough. Care should be taken also to recognize not only the difference in the cost of labor as represented in the pay envelope of the operative abroad and the operative in the United States, but it should recognize the average relative cost of labor as applied to any particular grade of yarn produced, as shown by statistics covering the percentage of labor cost in American mills and in English mills. These figures are shown to be in favor of the English mills by practically 70 per cent; yarn No. 36 in American mills, according to the commissioner's report, showing a percentage of labor of 20.71, the same yarn in English mills 12.10.

American manufacturers of fine cotton goods recognize that there may be some inequalities that require adjustment, and some conditions connected with the imposing of duties upon cotton goods that may require changes.

They submit that their capital invested is less than present replacement value.

That the rate of dividends paid averages lower than the dividends paid in any other of the great American industries.

That there is no monopoly in any branch of their business.

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That widespread competition has led to great growth of the business under existing laws.

That wages for employees have steadily increased.

That working conditions have shown constant change for the better.

That any change that shows any marked reduction from present rates of duty can not fail to seriously injure a great national business employing nearly half a million operatives and furnishing means of livelihood indirectly to twice as many more.

If the adjustment such as has been proposed in recent tariff agitations shall take place, three courses will be left open to the manufacturer of fine cotton goods: He may close his mills, which would be the last step that any patriotic American business man would take; he may buy his yarn from the importers and weave goods with patented American machinery and meet, with slight profit, the keen competition of foreign manufacturers; or, he may shift his entire equipment into a coarse goods manufactory and run his risk with the other manufacturers of goods where the labor cost is reduced to the minimum, in competition with the mills of the world and in the markets of the world.

BRIEF OF WALTER H. LANGSHAW ON COTTON SCHEDULE.

NEW BEDFORD, MASS., *January 27, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: In accordance with the understanding of the committee, I respectfully submit the following statements offered as arguments in favor of the position I take in the matter, which is that there should be a moderate, not a radical, reduction in the cotton schedule, and that the tariff should be specific; certainly not entirely on an ad valorem basis. Naturally desiring that what I may have to say on the subject shall have your serious, and I trust your favorable, consideration, I deem it only fitting to make brief mention of my experience, and quote extracts from statements made at different periods as evidence that I am not a "standpatter," and have for years favored a moderate reduction of the tariff.

I am now president and general manager of the Dartmouth Manufacturing Corporation, of New Bedford. I was engaged as superintendent at the time of its incorporation in 1895. Previous to that time I had been employed as a workman and in charge of various departments inside of the mill for about 25 years. I am also president and managing director of the Bristol Manufacturing Corporation since 1907. I have lived in New England nearly 50 years.

Extract from statement in October, 1904: "I believe that protection is absolutely necessary for the development of industries in which skilled labor is required in quantity.

"It behooves those who are financially interested in our industries to give these questions their serious consideration and become identified with conservative people who favor moderate reduction, and thus be in a position to defend their interests rather than stand pat until the day comes when the people will rise, and, without any regard for financial interest, support those for office who will make radical changes that will result in a serious marking down of values in the industries in this country.

"On the other hand, a moderate reduction of the whole tariff on all articles (including even cotton goods), with special attention to those articles which the past has demonstrated can be exported and sold in competition with the product of other countries, and on articles that but a small amount of labor is given employment, compared with the total tax on the consumer, would reduce the cost of manufacturing and would enable mills on coarse fabrics to export more freely, and this would relieve us of the accumulation of goods, which is just as detrimental to the manufacturing interests and to its employees as if the goods were imported.

"The lowering of valuations that takes place through reduction of the tariff is what deters many from advocating a reduction or supporting a body in favor of it, but the benefits that will accrue to the industry are permanent, and are therefore more important; and the marking-down process is one which every business man has to do from time to time on various commodities. The essential feature is that reduction of the tariff must be moderate."

Extract from statement in 1909: "I am not a standpatter, and my views do not accord with many of my contemporaries. I believe that a moderate reduction intelligently applied would be beneficial rather than detrimental to the industrial and commercial development of this country, and as a cotton manufacturer I am ready to stand my share of the reduction.

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"I know of no fabric manufactured in New Bedford, figured on the lowest scale of wages that has existed since the passing of the Dingley bill, that can be manufactured at anything near the same cost as abroad."

Extract from statement in 1910: "I believe that the tariff is a moral issue. The impression that prevails at large that it is a game of graft, that its manipulations have produced the largest fortunes known in modern times, has corrupted the moral fiber of citizenship in this country."

I have examined the rates of duty on cotton yarns and cloths as proposed by Mr. Lewis W. Parker, and while I approve of the average reduction and appreciate the broad and able way in which he has treated this subject, and the courtesy he extended to me personally as one interested in fine fancy goods, I do feel that there is still opportunity for making further divisions in the classes of fabrics, but there was not time to go into details.

Where there is one duty covering a large range of numbers of yarns, whether of yarns or cloth, unless there is more division the duty is not equitable; and, furthermore, I believe that on the finer end there should be a trifle more duty. This is particularly so where the fine yarns are used in complicated fabrics of medium and fine count, and especially so on leno weaves and jacquard work.

Any schedule which does not give the same proportionate protection to different kinds of fabrics and different processes will result in changes and competition that will finally demoralize the entire industry, as those mills which are shut out by importations, whether in the North or in the South, will turn their efforts to that which shows the least loss, and all this changing is contrary to economics and increases the cost. One of the troubles we have to contend with now is the multitude of variety attempted in each mill. Under a fair and equitable tariff it will be possible in the future to arrange mills to adapt themselves to a less variety of goods and reduce the cost and improve our quality.

The schedule presented by Mr. Parker was on an ad valorem basis, which, I understand, was because of a feeling that a plan on any other basis would not receive favorable consideration. Be this as it may, I wish to state most emphatically that I am opposed to a plan that is entirely on an ad valorem basis. It does not in any sense meet the requirements of the situation. The duty should be specific.

Assuming that it is the intention of the incoming administration to make a tariff for revenue, there is something due to the people who have been obliged to adjust their affairs on the protective tariff, distorted or not as the case may be. Eliminating this feature, however, for the purpose of argument, and considering it on a basis of a tariff for revenue, the ad valorem basis would not meet the situation, as under extremely high-priced cotton the rate of duty per yard would be extremely high and would be practically prohibitive and result in promotion of new mills. On an exceptionally low price of cotton the duty would be much less, and as all other items of cost would remain the same, importations would take place and curtailment would necessarily follow in some form or other, which would result in a loss to laborers and investors, and if this condition followed extremely high cotton, an already bad condition would be made worse because of the increased production by new mills promoted in the prohibitive high-cotton period.

The subject is an intricate one and requires a scientific schedule that will admit the different features to be adjusted to a nicety instead of a general lumping up of the whole on one general basis. There is a multitude of fancy fabrics that have been made and many more to be made in the future. In many instances a fabric is a separate proposition so far as the cost and the process of manufacturing is concerned, and while it would be impossible to make a tariff bill to cover every design, it is possible in a specific tariff to make a duty per yard on various classes that would meet the requirements.

There is a large amount of money and a large number of people involved, about 2 per cent of our population. There should be no haste; time should be given for the working out of a plan to meet the requirements of the situation. There has been too much bungling in the past, and the general reduction as embodied in Mr. Parker's recommendation can be worked out on a satisfactory specific basis. There are practical and trustworthy men who can be depended upon to render assistance in working out a satisfactory plan, and one which will show beyond question that the duty is lower than the Payne-Aldrich and the Dingley bills.

I do not agree with the opinion expressed that our labor is as efficient as that in English mills. They can produce a better quality and a larger quantity per spindle or loom than is done in this country. There are communities in England in which families for a number of generations have been employed in the business, and it is fair to assume that they are certainly up to the average intelligence of our operatives.

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It has been stated that because of the large number of automatic looms that are run by one weaver that we have an advantage. This should not be considered in the adjustment of the tariff. I understand that there is an invention in Europe, which is being tried out, on which a weaver can operate more looms than are now being operated by the weavers on automatic looms in this country. I can not vouch for the truth of this, but it is of no consequence. The main point is that it is perfectly safe to assume that any invention that has proved satisfactory will finally be universally adopted. Nearly all of our machinery is either made or remodeled after the English machinery, which is a good indorsement as to their judgment, and it is fair to assume that they will be among the first to adopt any new machine or process that may, beyond question, prove to be successful.

One very important feature that should be borne in mind, particularly if revenue is a factor, is that the cotton-manufacturing industry has paid 45 per cent duty into the United States Treasury for a portion of its equipment or its equivalent to the domestic manufacturer, and after doing this requires a large sum for working capital.

What industry is there in the United States that employs such a large number of people that returns such a small average percentage on the capital in the form of stock or on the actual money required to conduct the business. If there is such an industry, I would like to know what it is.

The effect of a radical reduction in the tariff on machinery will not offset a radical reduction in goods, because those who have already paid duty will ultimately have to face competition from those who will be able to erect mills at a lower cost.

The brief submitted by a lawyer who refers to Dartmouth Manufacturing Corporation dividends, which was published in the newspapers, is of a type that should not receive serious consideration. He has nothing at stake, either as a laborer or an investor. He possesses little, if any, knowledge of the subject from actual experience, and the matter is too important, and the time of legislative bodies too valuable to be given to those who have only second-hand information. If he believes that large salaries, or large profits in occasional instances, should be rendered impossible by legislation, I would suggest that there is ample room for him to confine his efforts to regulating the matter of charges in his own profession.

There has been considerable printed about the Dartmouth profits and dividends. They have been mentioned in Congress, and have been accompanied by word pictures of the poor operatives, by Congressmen representing districts where wages and conditions in shops were so much below the standard of the mills in New Bedford that they would not be tolerated in Massachusetts.

The following are the facts: The Dartmouth Manufacturing Corporation was incorporated in 1895. It was started in 1896, and the first dividend was paid in 1899; practically three years without dividends. For about two years under the high and raised duties, so-called protective, in the Payne-Aldrich bill, it has not earned its dividend net and the last two years has averaged from 20 to 25 per cent curtailment, and is now curtailing to the extent of 25 per cent, because there is not business enough at prices to return a dividend. The total dividends, or sum paid to the stockholders, plus the surplus—in other words, the total earnings for the 16 years—shows an average of less than 10 per cent on the money required to conduct the business, and this is probably one of the most successful mills in the country. How has this extraordinarily large profit in the cotton business affected the consumer? The result is surprising.

During the period of 16 years it has manufactured about 325,000,000 yards. Making allowance for the yarn sold, it would bring the total product equal to 350,000,000 yards. The total amount paid by the Dartmouth Manufacturing Corporation in dividends is equal to eight-tenths of 1 cent per yard. This covers the period of 16 years, and is about 3 cents in a shirt and other garments in proportion.

Some of the most profitable business for the Dartmouth Manufacturing Corporation has been that on which they expended considerable money for the purpose of manufacturing goods which were imported, and that they were able to do this business was because they ultimately were able to undersell the importer, which surely indicates that the manufacturer at least has done his part toward reducing the cost to the consumer. In this connection, I do not think it unreasonable to assume that the activity on the part of importers may be due to the application of this feature by manufacturers.

It can easily be proved that cotton mills are not overcapitalized. The instances of large profits are so small in number that it is easy to attribute them to the matter of personal equation or some other feature which has no more to do with the tariff than have the profits in various kinds of business, or for that matter, in professions.

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There have been large profits made in the early history of the fine goods mills. At that time there was little competition and the mills were able to secure nearly the full margin of difference that existed between the cost to manufacture goods here and the price for which they could be imported.

That the tariff was high enough to enable them to make large profits was probably the reason why many were induced to build new mills. To-day it is a settled question that we can manufacture fine cotton goods, although it must be borne in mind that the field for skilled labor for the manufacturing of fine and special cotton goods is not as good as that abroad.

That we have been reasonably successful has induced the promotion of many mills, more than is required for our home consumption. This has resulted in the prices being regulated according to home consumption, and prevailing prices have been below cost, and in some instances very much below the price for which similar goods can be imported, showing conclusively that the prevailing prices of cotton goods has not been regulated by the importing prices. On this class of merchandise a moderate reduction could be made as well as on many coarse fabrics.

As to the tariff affecting the price to the consumer, evidence can easily be secured that the consumer pays more profit on imported fabric than for domestic. Much of this is of a kind which is manufactured in small quantities and would not be profitable for manufacturers here to undertake, particularly as the immigration laws are in favor of unskilled labor and discriminate against skilled labor. These fabrics are of a kind worn by those who are able to gratify their taste, and therefore a good kind from which to secure a revenue.

As evidence that the prevailing price of gray goods to mills has not been adjusted to the importing price is the fact of the stock of standard goods on hand in many instances by many mills, and that the prices are so much below cost that about 25 per cent of the looms have not been operated for nearly two years in New Bedford.

The profit per yard to the mill manufacturing gray goods is small, even in the case of Dartmouth. If it was all profit, and interest on money required in the business was eliminated, it would only be three-fourths of 1 cent per yard. There is more variation than this, even as much as 2 and 3 cents per yard in the price to the mill on lines of goods which are sold to the consumer at one general price.

I have seen a large variety of cuttings advertised and sold by one concern at the price of 25 cents. These cuttings would, in the gray, have varied in price probably from 7 to 12 cents. The difference in the finish would not vary over 1 cent, leaving a variation of 4 cents per yard. On this system I fail to see how the small fraction of a cent per yard to the mill is going to be of much benefit to the consumer.

The net earnings of the Dartmouth for the period mentioned was approximately about 10 per cent on the volume of business done, and note this is a successful mill. Taking this mill even as representing the general run of mills, any unreasonable reduction of the tariff that forces the mill to sell at a 10 per cent less price will eliminate all earnings on capital and interest for borrowed money, and will affect the gray price less than 1 cent per yard.

With the variation in gray goods of 3, 4, and 5 cents per yard sold at one price, how is the consumer going to benefit, even after the cotton manufacturer has given up all idea of interest on any of the money required?

Further, if a tariff is constructed simply with the idea of collecting the revenue, how much is to be collected? It is clearly shown that 10 per cent is all there is in the most profitable mill in the country, so if the mills have, as has been charged, been regulating the price of their gray product to that of the importing price, a reduction equivalent to a 10 per cent of our output would take away all interest on the money, savings banks under those conditions at 4 per cent would certainly prove attractive.

On the other hand, if a 10 to 25 per cent reduction from the present rate does not ruin the industry and result in demoralization, which I do not think it will do if properly worked out, is it not good evidence that the cotton industry has been placed in a false position before the public, and is it not the duty of Congress to consider these facts, and treat the question on broad business lines, that they may deal justly with one of the chief industries of the United States, one that pays a revenue into the United States Treasury for its equipment to do business; one that employs such a large number of people, and in which are concerned many small investors?

Yours, very truly,

WALTER H. LANGSHAW,
*President and Managing Director Dartmouth Manufacturing Corporation and
 Bristol Manufacturing Corporation, of New Bedford, Mass.*

PARAGRAPHS 315-320—COTTON CLOTH.

ARGUMENTS IN FAVOR OF AD VALOREM RATES.

NEW YORK, *February 8, 1913.*

HON. OSCAR W. UNDERWOOD,
Washington, D. C.

MY DEAR SIR: Regarding the hearings you have been giving on the tariff question and referring to the prospective reduction which you have promised, I would like to bring a few points to your notice which might be helpful to you.

In the first place, you are of course aware that the present tariff schedule on cottons is a most complicated affair, and could only be written by an expert manufacturer in his own interests. I may tell you that the biggest jobbers in this country with whom we do business never attempt to try and find which schedule a given cloth comes under. We have to find this out before calling on them, by ascertaining the square yards to the pound, the threads per square inch, and valuation per square yard, and whether the cloth is mercerized or not.

Take, for example, article 318 in the old tariff, which covers cotton cloths exceeding 200 threads and not exceeding 300 threads to the square inch. The various figures contained in the side columns are misleading and we have not got a single cloth to which the duty therein applies.

Any cloth with 200 threads will exceed $3\frac{1}{2}$ square yards to the pound. The minimum duty is therefore 7 cents per square yard, and if mercerized another cent for mercerizing.

As an example, a cheap printed sleeve lining 40 inches wide, costing 6d. in England, counting 202 threads per square inch, if mercerized, enters the United States at 7 cents and 1 cent per square yard, or $8\frac{1}{2}$ cents per linear yard, which is an excessive duty on 12-cent goods.

The valuation at the end of each article is the clever joker which applies the duty, also the 1 cent per square yard for mercerizing only allows domestic manufacturers to charge an excessive price for this process, the cost of which is $\frac{3}{4}$ d. in England on the finest goods. This 1 cent puts cloths into a higher schedule, as it increases the square yard valuation simply because the mercerizing is already charged for in England.

I could give you many glaring instances where this 1 cent is the means of making the same cloth cost $3\frac{1}{2}$ cents per yard more to land here than if it was unmercerized.

Also, on cheap pocketings, cloths only counting 108 threads, the duty is excessive. We have such a cloth, 30 inches wide, that costs $6\frac{3}{4}$ d. for white and 7d. for dyed shades. Being mercerized, the duty is $6\frac{1}{4}$ cents and 1 cent on white and 7 cents and 1 cent on dyed; 8 cents per square yard on goods only costing 14 cents in England. These prices are the highest level our prices have ever touched.

Also, we weave silk stripes into these sateen sleeve linings, but our trade has been ruined because a monopoly has been created on this side through the prohibitive duty, which as a minimum is 8 cents per square yard and 30 per cent ad valorem, while the better qualities pay the exorbitant duty of \$1.25 per pound, and they only have a small percentage of silk in them. I think a 30 per cent duty without the 8 cents per square yard would be a reasonable tariff; in fact, it would then be too high, as the domestic manufacturers can compete in these goods and also in ordinary cotton goods with any manufacturers in the world, and a good illustration of this is the fact that they can sell cotton goods in foreign markets.

I could show you some interesting figures regarding prohibitive duties and low wages paid by domestic cotton manufacturers, but I know that you already are likely to be overdone with statistics, although I fear they may be all on the one side.

An ad valorem duty would be a much fairer duty, as any man on the street would know at once what the tariff was on cotton goods, or anything else for that matter, and you have the extra safeguard of having all invoices sworn to before a United States consul in England, and also we furnish your consul with the market prices on the day of shipment, and this does away with the theory of undervaluation, where any reputable firm is concerned.

I might say that Mr. Rogers, one of our directors from London, is at present in New York, and we would like to see you together for a short interview, either in Washington or in this city, if you are likely to be in New York within the next week or two. I think we could give you some valuable information which would be on a very fair basis, as our ideas of a tariff are that the American manufacturer should positively have a reasonable protection, but not a monopoly, which exists at present and which kills any outside competition, and at the same time enables them to get inflated prices, which are just under what our goods would enter after paying the excessive duty.

PARAGRAPH 315-320—COTTON CLOTH.

Also, I might add that we have done continuous business here for over 60 years, and we have yet to hear of the first complaint or charge against us with respect to the customs. I think you will agree that this is a good record. Also, our goods are well known and we only expect to get business from the class of trade that want imported goods.

We are quite aware of the fact that the domestic man will always get the big volume of business, and we feel that he could get it to-day with half of the present tariff. I think you will agree that this is a fair and conservative estimate.

I might add that even to-day some of the requisitions of the United States Government call for Ferguson's linings.

In conclusion, to illustrate how well they can make goods in this country and from my knowledge of domestic goods, I could take a range of qualities from the lowest to the best and do a mighty fine business with them in foreign markets that I know, against the world's competition.

Awaiting the favor of your reply, I remain, dear sir,
Yours, respectfully,

ROBT. B. SCOTT.

DECEMBER 5, 1912.

HON. ANDREW J. PETERS,
Washington, D. C.

DEAR MR. PETERS: IN ANY revision of the tariff that may be made by the next Congress, it is the universal prayer of business men and customhouse officials that, regardless of such relatively high or low duties as may be adopted, radical change be made from the present complicated and ambiguous rates to something simple and understandable.

It is an entirely warrantable belief that the blind rates of duty embraced in that amazing piece of legislation called the Payne-Aldrich tariff bill were conceived by our Republican friends not only for the purpose of beneficent protection to needy manufacturers like William Whitman, of Lawrence, but to give employment to a very worthy class of specialists called tariff lawyers; for no layman or, indeed, no customhouse official can at all times interpret correctly the different rates contained in the existing tariff schedules. They are a mass of ambiguities and contradictions which trip very frequently even the Board of United States Appraisers.

As a concrete illustration of the complication of the present cotton schedule and the great difficulty of giving it a correct interpretation, here are three samples inclosed of cotton cretonnes. These samples are marked "A," "B," and "C." A costs 7½ pence, sterling, rate of duty 8 cents per square yard; B costs 9½ pence, sterling, rate of duty 9 cents per square yard; C costs 17 pence, sterling, rate of duty 35 per cent ad valorem.

These goods being practically all one class, the inequity and inconsistency of these rates will be immediately appreciated when it is pointed out that the two inferior grades figure out about 50 per cent ad valorem as against 35 per cent on the better grade; moreover, we are never sure of having the same rate applied twice on the same grade of goods, there being several instances in our experience where two importations of one grade have been liquidated at different rates. There is no redress; indeed, life is too short to seek redress at a United States customhouse. In my opinion, to remedy all such incongruities, uniform ad valorem rates should be substituted so far as practicable, not only on cotton goods, but on all other textiles, the silk and woolen schedules of the present tariff being open to exactly the same criticism.

GEO. S. HARRINGTON.

NEW YORK, *February 17, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: We are in receipt this morning from our Bradford office of the inclosed letter.

This letter was evidently written after seeing the cotton schedules proposed by Mr. Parker. The gentleman who wrote this letter is a man who has lived in Bradford all his life and has been with us for 54 years. I only tell you this to show you he must have had a fair amount of experience. As he says, it will be a difficult proposition if the final tariff bill is worked out on the lines proposed by Mr. Parker.

You are perfectly welcome to keep this letter if it is of any service to you whatever.
Yours, very truly,

FRED. BUTTERFIELD & Co. (INC.),
P. B. WORRALL, *President.*

PARAGRAPH 321—CLOTH, FILLED OR COATED.BRADFORD, ENGLAND, *February 6, 1913.*MESSRS. FRED. BUTTERFIELD & CO. (INC.), *New York.*

DEAR SIR: Your letter by *Campania* to hand dated January 28. We are amazed to read in Mr. C. A. Worrall's letter that there is some talk as to basing the new American tariff on cottons on the counts of yarn.

Anything more complicated could not be imagined. For instance, a cotton fancy cloth may contain four to five different counts of yarn; again, if a cotton cloth is composed of artificial silk and cotton, the artificial silk has no count. It is made anything it turns up, and they will guarantee nothing. This thread is simply composed of a lot of fibers, which may be anything. Again, there are two-fold yarns, and what they would call these we do not know, and again, you may have a thick Egyptian yarn that is worth a lot more than a fine count American yarn, and the Egyptian yarn would pay the least duty.

Another thing is, that a lot of makers will refuse to give us this information, as they consider it part of their secret, and we have no doubt at all we shall have great difficulty in getting the counts of yarn that our various cotton cloths are made from. In fact, the whole thing would be so muddling that we can not imagine for one moment that such a tariff could come into force.

For instance, every style of Woodrows chiffon lisse might contain different counts of yarn, while the ground cloth would be the same in every instance. The fancy yarns that decorate the cloth are nearly all different, and it means that it will be necessary for us to give you the composition of each and every style, numbering some 40 different styles. In face of such a tariff, every different style we buy in chiffon lisse may pay a different duty.

We have written to all our makers for the information, and do not expect to get it without a good deal of trouble, and even then we would not be surprised if some of the makers absolutely refuse to give it to us.

We still hope to see a straight ad valorem duty imposed on the cotton goods, as this is certainly the most satisfactory way from our way of looking at it. Then always the best and most expensive cloths pay the most duty. This is the only way that this can be accomplished on cotton goods.

Very truly, yours,

FRED. BUTTERFIELD & CO. (INC.).
F. I. DENISON.**PARAGRAPH 321.**

Cloth, composed of cotton or other vegetable fiber and silk, whether known as silk-striped sleeve linings, silk stripes, or otherwise, of which cotton or other vegetable fiber is the component material of chief value, eight cents per square yard and thirty per centum ad valorem: *Provided*, That no such cloth shall pay a less rate of duty than fifty per centum ad valorem. Cotton cloth filled or coated, all oilcloths (except silk oilcloths and oilcloths for floors), and cotton window Hollands, three cents per square yard and twenty per centum ad valorem; tracing cloth, five cents per square yard and twenty per centum ad valorem.

CLOTH, FILLED OR COATED.**BRIEF OF LYON BROS. & CO., BALTIMORE, MD.**BALTIMORE, MD., *January 22, 1913.*

Hon. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: Permit me to call your attention to paragraph No. 321 of the present tariff, relating to certain cotton goods, reading as follows:

"Cloth, composed of cotton or other vegetable fiber and silk, whether known as silk-striped sleeve linings, silk stripes, or otherwise, of which cotton or other vegetable fiber is the component material of chief value, eight cents per square yard and thirty per centum ad valorem: *Provided*, That no such cloth shall pay a less rate of duty than fifty per centum ad valorem. Cotton cloth filled or coated, all oilcloths (except silk oilcloths and oilcloths for floors), and cotton window Hollands, three cents per square yard and twenty per centum ad valorem; tracing cloth, five cents per square yard and twenty per centum ad valorem."

PARAGRAPH 321—CLOTH, FILLED OR COATED.

I respectfully ask the honorable Committee on Ways and Means to change the latter portion of this paragraph so as to read as follows:

"Cotton cloth filled or coated, all oilcloths (except silk oilcloths and oilcloths for floors), and cotton window Hollands, fifteen per centum ad valorem."

The present duty of 3 cents per square yard and 20 per cent ad valorem on cotton shade goods is most excessive and therefore brings in little revenue to the Government, the amount of duty collected in the 12 months ending June 30, 1912, being only \$153,885.86, as shown by department statistics.

It amounts to an ad valorem rate of 49 to 50 per cent on the class of goods I import, samples of which are attached herewith. On table oilcloths the tariff is prohibitive, few or none being imported and no revenue to the Government follows.

This tariff benefits a few privileged persons at the expense of the public, and more especially the poorer classes, and for which there is no reasonable excuse.

Cotton cloth is certainly cheaper here than abroad and runs from 4 to 5 cents per square yard, as the market fluctuates. Domestic manufacturers pay less for varnish, rosin, turpentine, etc., than do foreign makers. These domestic makers have been exporting their goods—notably to Canada—to the extent of about \$100,000 in the fiscal year ending June 30, 1912, in spite of the fact that on such goods imported into Canada from the United States the duty is 30 per cent, against a duty of 20 per cent on the same class of goods coming from the mother country—England.

In spite of this handicap of 10 per cent American makers have been able to sell \$100,000 worth of goods in competition with English makers on what might be called their own ground and, furthermore, statistics show in the same period they have sold about \$52,000 worth of their goods right in England.

The fact that these domestic makers can sell their goods in Great Britain and on the Continent is in itself proof that they can produce their goods as cheap as any maker on the other side; that they can and do compete with foreign makers right in their own homes. In proof of this, see table of exports herewith attached, furnished by Department of Commerce and Labor, showing destination of said exports.

These exports in the 12 months ending June 30, 1912, amounted to \$541,436, while in the 5 months following June, i. e., July, August, September, October, November, 1912, the exports of the same goods were \$284,429, which is at the rate of \$682,632 per year, and it is very safe to say in a few months they will reach the \$1,000,000 mark.

One of the prominent makers in this country has in the last few years been advertising in trade papers that his goods have a steady and growing demand in England and her dependencies; that a considerable shipment had previously been made to Holland and to Argentina, and practically the same situation existed in Australia, and that his goods are the subject of numerous inquiries from abroad.

The English and the German manufacturers are not easily beaten on their own ground, but improved machinery and new and efficient methods of American makers have reduced the cost of production, enabling them to sell in any part of the world, as they do not hesitate to claim in their advertisements. The exports tell the tale and confirm their claim.

They can and do find profitable outlets in all parts of the world.

The present tariff has enabled domestic manufacturers to prosper greatly by selling their goods at home at high prices, with the aid of the Government backing they have heretofore received and are now receiving.

The duty asked for of 15 per cent ad valorem will give the Government a much greater revenue than heretofore, will relieve consumers (and especially those of narrow means) of the burden they are now carrying, and at the same time will give domestic makers all the protection they can reasonably ask, although their exports show and conclusively prove that they need none at all.

Yours, respectfully,

WM. A. LYON,
Trading as Lyon Bros. & Co.

PARAGRAPH 321—CLOTH, FILLED OR COATED.

Exports of cotton-back oilcloths, such as table oilcloth, enameled oilcloth, artificial leathers, etc., for the fiscal year ending June 30, 1912.

[Statistics furnished by the Department of Commerce and Labor.]

Exported to—	Amount.	Exported to—	Amount.
Canada.....	\$99,606	Germany.....	\$2,800
Newfoundland, etc.....	9,675	Italy.....	4,056
England.....	52,528	Sweden.....	1,536
Scotland.....	2,280	Japan.....	4,414
Australia and New Zealand.....	18,914	Cuba.....	23,801
South Africa.....	3,499	Philippine Islands.....	28,739
British India.....	49,365	Central America.....	25,814
British West Indies.....	10,255	West Indies.....	9,763
Dutch East Indies.....	73,018	South America.....	26,332
Mexico.....	55,477	Other countries.....	3,510
Belgium.....	16,279		
Netherlands.....	16,966	Total.....	541,436
Switzerland.....	2,779		

Production of cotton-back oilcloths, artificial leathers, etc.

[Thirteenth Census of the United States, 1910.]

	Square yards.	Value.
Enameled.....	17,338,440	\$2,265,146
Table.....	61,168,777	5,639,206
Artificial leathers.....	11,869,875	3,448,617
Total.....	90,377,092	11,352,969

Production of window shades and fixtures.

Number of establishments.....	219
Persons engaged in industry.....	4,770
Proprietors and firm members.....	194
Salaried employees.....	646
Wage earners.....	3,930
Capital.....	\$10,334,000
Salaries.....	\$807,000
Wages.....	\$1,918,000
Cost of materials.....	\$12,653,000
Value of products.....	\$18,571,000

BRIEF OF STANDARD OILCLOTH CO., NEW YORK CITY.

NEW YORK, February 7, 1913.

HON. O. W. UNDERWOOD,
*Chairman Ways and Means Committee,
 House of Representatives, Washington, D. C.*

DEAR SIR: We respectfully desire to call your attention to a few facts with regard to the industry known as the light-weight oilcloth industry—in other words, oilcloth manufactured on a cotton base (not silk oilcloth or oilcloth for floors) as designated in paragraph 319 of the cotton schedule of the Payne bill. We would suggest that the classification as shown in paragraph 5 in the cotton schedule of the Underwood bill, introduced at the last session of Congress, be changed in wording so as to separate cotton window hollandes from oilcloth, from the fact that there is such a great difference in the value of the products. We inclose two samples—one of cotton window hollandes, Exhibit B, and one of oilcloth manufactured on a cotton base, Exhibit A. The market value of each is given, from which it will be noticed there is a great discrepancy in the price. Light-weight oilcloths (not silk oilcloth or oilcloth for floors) are manufactured for various purposes. A large percentage of the product is in imitation of leathers; therefore it would seem that this class of goods belongs to “waterproof cloth composed of cotton or other vegetable fiber, whether composed in part of india rubber or otherwise,” and not to the cotton window hollandes. We

PARAGRAPH 321—CLOTH, FILLED OR COATED.

therefore would respectfully suggest that this change in classification be made so that paragraph 5 in the Underwood bill as presented at the last session of Congress would show three different families: (1) Silk-stripe sleeve linings, silk stripes, etc.; (2) cotton window hollands; (3) Oilcloth (not silk oilcloth or oilcloth for floors), waterproof cloth composed of cotton or other vegetable fiber whether composed in part of india rubber or otherwise. This change would place the articles which come in competition together, for oilcloth does not compete with cotton window hollands but does compete with rubber-coated cloth and other imitations of leather.

Our suggestion in no way alters the intent but simplifies and segregates the different families so that the classification would be clearer and more distinct, and at the same time obviate trouble as between the manufacturers of the different articles mentioned at such time when hearings, public or otherwise, may be given for the purpose of determining the amount of protection which should be afforded.

Oilcloth (not silk oilcloth or oilcloth for floors).—The competition that would have to be met by the American manufacturer of lightweight oilcloth would be principally that of the German and English manufacturer. The keenest competition no doubt would be from the Englishman. The largest amount of lightweight oilcloth imported into the United States at this time is known as American leather cloth, manufactured by a firm that some years ago moved their plant from Newark, N. J., to England. Among the English manufacturer's advantages over the American manufacturer may be enumerated the following:

Labor.—The Englishman has not only cheaper labor—from 33½ per cent to 40 per cent less than the American manufacturer—but he also has more skilled labor from the fact that an English workman is a permanent employee. He does not drift from one place to another; he remains on the job permanently and therefore naturally is more skillful.

Cotton cloth.—About 50 per cent of the value of oilcloth manufactured on a cotton base is represented in the value of the cotton cloth. The advantage of the Englishman in manufacturing cotton cloth is admitted. The English manufacturer of oilcloth has his own looms and manufactures his own cotton cloth. As he uses it for his own purposes, he is able to manufacture, by the use of size and other adulterants, in a manner that very materially reduces his cost as compared with American cotton cloths now manufactured. He is also able, by virtue of the above facts, to manufacture a good piece of oilcloth at a much less cost of the cotton fabric as compared with the American product. We call your attention to the fact that even were it possible to secure abroad the cotton cloth for the manufacture of oilcloth such as is used in England, the duty on the cotton cloth to be imported would prohibit its use unless an adequate protection was afforded the finished American product in oilcloth.

Linseed oil.—Linseed oil is another chief ingredient in the manufacture of oilcloth. The American manufacturer is dependent upon the flax grown in the United States, for there is a duty on flaxseed and a tariff of 15 cents per gallon on linseed oil. Flaxseed is grown in the Northwestern States. A severe drought in the summer or an early frost in the fall has resulted in reducing the crop 50 per cent, and the price of linseed oil has increased from 40 cents to \$1 per gallon in a comparatively few months by virtue of a short American crop. Therefore, the American manufacturer assumes considerable risk in the purchase of his oil, whereas a failure of the crop in the United States does not affect the English manufacturer, who has no duty to pay and who draws from India, Argentine, Russia, and other flax-producing countries. It is also an assured fact that what is known as Calcutta oil, or oil crushed from Indian seed, is far superior in quality to the American oil. This gives the Englishman another added advantage. With the protection on flaxseed and linseed oil, the American manufacturer of oilcloth would be seriously handicapped unless his product received adequate protection.

China clay.—China clay is used extensively in the manufacture of lightweight oilcloth. This is all imported from England and has a duty of \$2.50 per ton, equivalent to the ad valorem duty of 36.97 per cent. The Englishman has his own clay that costs him very much less than the American. He has the advantage of using the finer grades, whereas the American manufacturer has to take what is sent him.

Export trade.—The amount of exports in lightweight oilcloth is not great. Less than 5 per cent of this company's business is export trade.

Such goods as are exported are largely specialties which, in many instances, are not manufactured by the Englishman and the German. Were it possible to meet the foreign cost, it would still be difficult to export lightweight oilcloth, for with the exception of a very few countries there is a tariff against the American product. Here, again, the Englishman has an advantage, for he is afforded a preferential tariff. For instance, 20 per cent with France, 10 per cent with Canada, and 5 per cent with

PARAGRAPH 321—CLOTH, FILLED OR COATED.

Australia. His goods are carried on English bottoms to all parts of the world. Another great advantage in his favor. Not only in freight-carrying facilities but in banking facilities he has the advantage. The American manufacturer has not yet studied the questions entering into export business as carefully as he should, and it will take some little time and considerable effort to put him on the same level as the manufacturers of Germany and England who have not only been studying the question but have been profitably exporting for many years.

Competition in the United States.—There is probably no industry in which competition is more severe in the United States than that of the products represented under clause 3 of our suggested classification—

“Oilcloth (not silk oilcloth or oilcloth for floors), waterproof cloth composed of cotton or other vegetable fiber whether composed in part of india rubber or otherwise.”

Under this classification there are 29 oilcloth (not silk oilcloth or oilcloth for floors) manufacturers and finishers and 26 manufacturers of rubber cloth and artificial leather cloths, making a total of 55 manufacturers in the country who come in direct competition under this classification. The nature of this competition has kept down the retail prices—for instance, in the face of much higher raw materials, the price of light-weight oilcloth has not advanced to the general public and it is sold to the consumer to-day at the same price it was sold 10 years ago. If lightweight oilcloth was imported, even in large quantities from abroad, in our opinion the price to the consumer would be no less, for the profit afforded the distributors of this product would not in any instance be less than it now is.

Protection.—Under the Dingley bill light-weight oilcloth was afforded the same protection as floorcloths and linoleums. In this respect the Dingley bill was badly framed, for the protection was about 118 per cent. This unnecessary and unreasonable protection, however, did not result in an increased price of oilcloth, for the competition in America under the Dingley bill was just as keen as it is under the Payne bill. In the Payne bill light-weight oilcloths were taken out of the jute schedule and put in the cotton schedule and the duty of 3 cents per square yard specific and 20 per cent ad valorem was afforded, which gave the industry a protection of from 45 per cent to 50 per cent. The 25 per cent ad valorem duty as proposed in the Underwood bill before the last session of Congress, in our opinion, is not ample to cover the difference between the foreign and domestic cost of oilcloth. A duty sufficient to equalize the relative difference in actual cost as between the American and English manufacturers could probably be a little less than the 50 per cent protection which is now afforded, but it would seem that there are other factors that enter into the case and that the rate to be fixed should not be based wholly upon the difference in actual cost. A reduction in the duty, even though slight, would no doubt result in a largely increased importation of oilcloth, a fair revenue for the Government, and a continuance of the industry in the United States on a basis that would be competitive and not prohibitive. All other things being equal, the industry should receive no more protection than the average American industry, for it should be willing to take its chances with the rest; but by virtue of the fact that many of its raw materials have a duty against them, and that its labor is much higher than foreign labor, the industry is not quite in the position of some others where these handicaps do not obtain.

We append a list of the raw materials used in the manufacture of light-weight oilcloth, giving the duty on each with the equivalent ad valorem rate.

Attention is called to the fact that on china clay alone for the year ending June, 1912, the Government received an income of \$2.50 per ton, or \$593,414.61.

Respectfully, yours,

STANDARD OILCLOTH Co.,
ALVIN HUNSICKER,
Vice President and General Manager.

PARAGRAPH 321—TRACING CLOTH.

Sundries.

Articles.	Duty.	Equivalent ad valorem.
		<i>Per cent.</i>
Sheeting (cotton).....	1½ cents per square yard.....	57
Drill (cotton).....	5 cents per square yard.....	35 to 40
Duck (cotton).....	6 cents per square yard.....	40 to 45
Linseed oil.....	15 cents per gallon.....	27. 11
China clay.....	\$2.50 per ton.....	36. 97
Red lead.....	2½ cents per pound.....	64. 55
Litharge.....	2½ cents per pound.....	53. 32
Whiting.....	1 cent per pound.....	43. 98
Pigments.....	25 per cent ad valorem.....	25
Varnish.....	25 per cent ad valorem.....	25
Lithapone.....	1½ cents per pound.....	41. 85
Driers.....	25 per cent ad valorem.....	25
Gums.....	Free.....	
Glue.....	25 per cent ad valorem.....	25
British gum.....	1½ cents per pound.....	48. 52
French ochre.....	¾ cent per pound.....	46. 85
Fish oil.....	8 cents per gallon.....	29. 72
Benzine.....	Free.....	
China wood oil.....	Free.....	
Bone black.....	25 per cent ad valorem.....	25
Lampblack.....	25 per cent ad valorem.....	25
Chinese blue.....	8 cents per pound.....	44. 23
Prussian blue.....	8 cents per pound.....	44. 23
Chrome yellow and green.....	4½ cents per pound.....	35. 25
Venetian red.....	30 per cent ad valorem.....	30
Barytes.....	\$5.25 per ton.....	21. 58
Umber.....	¾ cent per pound.....	25. 84
Starch.....	1½ cents per pound.....	33½

TRACING CLOTH.

BRIEF OF EDWARD L. LOVEJOY, OF PROVIDENCE, R. I., REPRESENTING PALMER CO.

PROVIDENCE, R. I., *January 21, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

SIR: The undersigned respectfully enters its protest against a continuance of the existing tariff on tracing cloth. The provision of the Payne-Aldrich bill in reference to this product is contained in paragraph 321, Schedule I, of the existing law, and is as follows: "Tracing cloth, 5 cents per square yard and 20 per cent ad valorem."

This provision was not a reduction downward, but, on the contrary, a very substantial increase in the tariff duty upon this article. It is confidently asserted that the present rate of duty on tracing cloth is unreasonably excessive, even if viewed as purely a protective feature. Since its enactment the law has neither helped nor increased the business of manufacturing tracing cloth in this country, which business at best, after years of trial, can be said to be hardly more than an experiment, and as there seems to be no evidence that the law has ever nurtured and protected an infant industry, it is clear that its maintenance has resulted in a hardship to the consumer of this product. It is certain that the great bulk of tracing cloth used in the United States is of foreign make and now subject to this excessive duty. It has been claimed by eminent chemists that atmospheric conditions here are such as to render it practically impossible to produce a good quality of tracing cloth. However this may be, the fact is incontrovertible that no concern has as yet been able to produce tracing cloth that is comparable with the foreign article. The claim is also made that the process of converting the cotton cloth into tracing cloth is a secret one, and, judging from any American product yet produced, it would seem that the secret has not yet been discovered here. As the very great bulk of tracing cloth used in the United States is of foreign manufacture, it can hardly be successfully contended that a tariff thereon is other than a burden to the consumer here, and that if justified at all, can be so only upon the theory that the revenue derived therefrom is considerable and is also necessary for the Government.

PARAGRAPH 322—HANDKERCHIEFS.

The receipts of the Government for the year ending June 30, 1912, upon importations of this product were \$181,768.55, not, indeed, a colossal sum, the receipt of which or the loss of which would appreciably affect the Treasury of the United States.

The attention of your honorable body is furthermore called to the fact that the United States Government is itself a large consumer of tracing cloth, and by reason of the present law must pay an excessive price for the same. With a lower duty, it is confidently believed, a much larger amount of tracing cloth would be used in the United States. There are known to be a number of recognized uses to which it could be and doubtless would be put but for the present well-high prohibitive price therefor.

It is also believed that such probable increased importation would more than compensate for any reduction made in the present tariff duty. There is a very apparent injustice in the present law, it would seem, further, in that the specific duty of 5 cents per square yard is imposed upon the lower-grade and lower-priced article as well as upon a higher-grade and much higher-priced article.

The present rate of duty, we believe, is clearly unreasonably high and burdensome to the home consumer of this article. If it is deemed wise to have any tariff at all on this product, the rate should be no more than would represent the difference in cost of the manufacture here and abroad. An absolute comparison of this matter is rendered difficult for the obvious reason that comparatively little tracing cloth is produced in this country, and that, too, of a quality inferior to the imported article. That this is true would seem to be well supported by the fact that the Government drafting rooms of the District of Columbia for this very year specified three imported makes of tracing cloth and no American product, although the price for the latter was much lower.

It is submitted that if your honorable body deems any tariff whatever on this product justifiable, the present law should be so amended as to eliminate the 5 cents per square yard specific duty and to impose a 20 per cent ad valorem duty, which would be all that a full measure of justice and fair dealing could reasonably demand.

Respectfully submitted.

PALMER CO.,
By EDWARD T. LOVEJOY.

PARAGRAPH 322.

Handkerchiefs or mufflers composed of cotton, whether in the piece or otherwise and whether finished or unfinished, if not hemmed, or hemmed only, shall pay the same rate of duty on the cloth contained therein as is imposed on cotton cloth of the same description, weight, and count of threads to the square inch; but such handkerchiefs or mufflers shall not pay a less rate of duty than forty-five per centum ad valorem. If such handkerchiefs or mufflers are hemstitched, or imitation hemstitched, or revered, or have drawn threads, they shall pay a duty of ten per centum ad valorem in addition to the duty hereinbefore prescribed, and in no case less than fifty-five per centum ad valorem; if such handkerchiefs or mufflers are embroidered in any manner, whether with an initial letter, monogram, or otherwise, by hand or machinery, or are tamboured, appliquéd, or trimmed wholly or in part with lace or with tucking or insertion, they shall not pay a less rate of duty than sixty per centum ad valorem.

HANDKERCHIEFS.**TESTIMONY OF JAMES L. GERRY, NEW YORK CITY, ON THE SUBJECT OF COTTON HANDKERCHIEFS.**

Mr. GERRY. Mr. Chairman and gentlemen, I appear here as the counsel for the domestic manufacturers of handkerchiefs, and the few remarks I have to make on this subject are simply preliminary to the statement which Mr. Martin Herrmann, the following witness, will make, he being the manufacturer whom we brought down here to answer questions in regard to the technical proposition connected with the manufacture.

Mr. DIXON. Does this subject cover cotton, linen, and silk, or just cotton?

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Mr. GERRY. We are paying no particular attention to silk, but some of our remarks will be addressed to the linen proposition, which as we think is very difficult to separate from the cotton manufacture of handkerchiefs.

The CHAIRMAN. They are separated in Schedule I and Schedule J, I think.

Mr. GERRY. Quite true, and it is my purpose to file a supplementary statement on linen handkerchiefs.

Primarily our purpose is to preserve as far as it is possible the present protection on cotton handkerchiefs. Cotton handkerchiefs, or handkerchiefs broadly, are made in various styles, ladies' handkerchiefs being ordinarily from 12 to 15 inches square and men's from 18 to 23 inches square, and when they are brought in in the piece they admit of three ladies' handkerchiefs being cut from the breadth of the cloth and two of the men's handkerchiefs being cut from the breadth of the cloth. After being bleached the cloth is cut and the edges trimmed, and then they are folded, ironed, and boxed. But there are other handkerchiefs which are made complete as such on the loom and there are various additions made to the cost in the way of hemming, hemstitching, revering, tambouring, etc.; the revered handkerchiefs being those which are ornamented with drawn work; the tamboured, those which are embroidered by means of a hoop or frame, or with embroidery machines, and appliquéd handkerchiefs, are those which have the decoration sewed on to the fabric.

With regard to the tariff provisions as they exist at the present time, we have a situation in which the cotton cloth is dutiable on the basis of the countable threads, and the handkerchiefs have a protection in addition, of course, to the amount of work that is added to the cloth. That is, if not hemmed, or hemmed only, they pay the countable rates, but not less than 45 per cent ad valorem; if hemstitched, or imitation hemstitched, or revered, or have drawn threads, the differential is increased 10 per cent, so that the duty becomes the cloth rate plus 10 per cent, but not less than 35 per cent ad valorem. If they are decorated with an initial or monogram they pay 60 per cent.

One of the reasons why I am here is to call your attention to the fact that the paragraph in the tariff acts since 1890 on up, and perhaps even before that, have been more or less complicated, and in fact we have to-day in the tariff act the phrase "embroidered in any manner, whether with the initial letter, monogram, or otherwise, by hand or machinery." Each one of those several words have been included in the tariff of to-day by reason of some litigation, some case which in the minds of Congress necessitated the addition of those words. For instance, when it came to the question of what embroidered meant, as used in the act of 1894, it was to determine whether it was a commercial word or merely a descriptive word, and the courts finally decided that the word "embroidered," as applied to handkerchiefs, indicated ornamentation, and therefore handkerchiefs with the initials on them were not embroidered handkerchiefs.

Now we come down to the question of hemstitched and embroidered, and there the courts finally held that unless the handkerchief was both hemstitched and embroidered, it would not be subject to the rate of duty prescribed.

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I call these facts to the attention of the committee with the idea of having them bear in mind the fact that a change in this language is liable to defeat even such a measure of duty as this committee may be willing to accord to the manufacturers.

The CHAIRMAN. You are contending, then, for the maintenance of the present language in reference to handkerchiefs?

Mr. GERRY. So far as it is possible to maintain the present language, which, so to speak, has been through the fire and more or less clarified as to what its meaning is. So far as possible we would like to maintain the present language.

With regard to the duty on cotton cloth itself, we are not particularly interested. We are purchasers of cotton cloth made in this country and it is our raw material for the manufacture of handkerchiefs. Ordinarily it might be assumed that if the rate of duty on the cotton cloth is a certain amount, a differential would not necessarily have to be put into this act, by reason of the fact that the increased value would cover that. I want to say something in regard to that fact. What we contend is, with respect to handkerchiefs, that it is absolutely necessary to preserve as far as possible the duty in order to keep us in business.

In the proposed Underwood bill, under paragraph 6, there is a provision for the assessment of a duty of 30 per cent ad valorem. In paragraph 6, the provision is made, for handkerchiefs and mufflers composed of cotton, whether in the piece or otherwise, or whether finished or unfinished, at 30 per cent ad valorem. In paragraph 3 we find a provision for cotton cloth, the maximum duty being 30 per cent ad valorem. The result is that if that language were allowed to remain we would be open to the proposition that the cotton cloth would pay the same rate of duty that some grades of our very finely finished handkerchiefs would pay.

The CHAIRMAN. That is not true, because when you go to apply an ad valorem rate your ad valorem rate adjusts itself.

Mr. GERRY. It would with respect to cotton cloth where the manufacture abroad and the amount of cost of labor and all that kind of thing was the same as in this country.

The CHAIRMAN. You may be right or you may be wrong, but I want to get it straight. Take a piece of cotton cloth, of which the ordinary cotton handkerchief is made. Take any grade that you want to, and what is the value of that cotton cloth in that particular handkerchief?

Mr. GERRY. It ranges all the way—

The CHAIRMAN (interposing). Select one.

Mr. GERRY. Well, we will say 10 cents a yard.

The CHAIRMAN. Ten cents a yard for the cotton cloth in the handkerchief?

Mr. GERRY. Yes, sir.

The CHAIRMAN. I am talking about import price now. Take that same handkerchief with 10 cents worth of cotton and what is it worth at the customhouse—the import price?

Mr. GERRY. If you add 50 per cent of labor to that—of course, these are merely suppositious figures—

The CHAIRMAN. I understand.

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Mr. GERRY. If you add 50 per cent labor you would have 15 cents.

The CHAIRMAN. Fifteen cents and the additional profit that the foreign manufacturer makes.

Mr. GERRY. If you add that same cost of cotton cloth and the labor in this country was 200 per cent instead of 50 per cent—

The CHAIRMAN. Just a moment. You asserted that the 30 per cent tax on cotton cloth and the 30 per cent tax on handkerchiefs would practically give no protection; that there would be no difference in the rate incidentally. Would not the import price of the cotton handkerchiefs be at least double the cost of the cloth that was in it when it came in? I am talking about the imported price now. If you had the same cloth that is in this handkerchief and you import it, would not the handkerchief itself be at least double the cost of the cloth?

Mr. GERRY. I doubt it. As to the specific proposition as to the increase of value by virtue of the labor that is put on it, that is one of the propositions that I want Mr. Herrmann to speak about.

The CHAIRMAN. I want to call your attention to the fact that even if it only increased half, if the labor was only increased half, on that additional labor you would have a 30 per cent incidental protection, because the rate would go up on the 10-cent piece of cloth. On the 10-cent piece of cloth the rate would be $3\frac{1}{2}$ cents on the handkerchief made of the same cloth. You are right, it would increase it to 15 cents and the difference would become 5 cents, so that the handkerchief would have the difference in rate of $3\frac{1}{2}$ and 5 cents or $1\frac{1}{2}$ cents on the handkerchief.

Mr. GERRY. But that is not sufficient to compensate.

The CHAIRMAN. I am not talking about it being sufficient to compensate. You are stating the proposition that they are at the same rate.

Mr. GERRY. It is quite evident, Mr. Underwood, that if you have a flat ad valorem rate on an article manufactured from your raw material abroad, it is increased in value; that there is a certain amount of additional protection as a result of that ad valorem rate. That is unquestionably true. My point simply is that the amount of protection granted by that 30 per cent is not sufficient to compensate for the difference in cost of manufacture as between England and this country. I want to call the attention of the committee to the question of labor cost, and on that subject to an inquiry that was made by the British Parliament with regard to the labor situation in and around Belfast, and I shall ask permission to submit this newspaper clipping, which is one cut from the Northern Whig, a paper published in Belfast, of the issue of December 12, 1912.

Succinctly the statement made is that there are thousands of what are called outworkers in Ireland, perhaps as many as there are employed in the regular factories there. I understand that the number is put at about 22,000, and the investigation made has demonstrated the proposition that these laborers over there get as low as a penny an hour, and that the situation is such that the committee, according to this report, is satisfied that the outworker is indispensable in certain processes. I am referring now to the question of decorated

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handkerchiefs and embroidered handkerchiefs and all that sort of thing.

The committee is satisfied that outwork is indispensable on the whole. Certain processes are carried on exclusively as home industries, and in the case of hand embroidery in rural Ulster to convert it into a factory industry would involve nothing short of a revolution in the trade. These outworkers have no kind of organization, and no standard rate of pay for the various making-up processes could be said to exist. Some kinds are paid better than others, and the contention by others that competition by firms for this class of labor was sufficient to insure a fair wage was not established for the most part. A table is given of investigated cases in Belfast, showing that in the more important processes, such as thread drawing, thread clipping, fancy sewing, and embroidery, as low as a penny per hour and under was paid in the majority of instances furnished by the three persons intrusted with the inquiry.

We have figures from the Bureau of Statistics, in a publication which is called Bulletin No. 15, showing the equivalent ad valorem all the way through with respect to the importations for the year ending June 30, 1912. Taking the handkerchief industry as an entirety, the situation, so far as I have been able to develop it from those figures, shows that there are approximately between \$4,000,000 and \$5,000,000 worth of handkerchiefs imported.

Mr. KITCHIN. Four or five million dollars worth of what?

Mr. GERRY. Handkerchiefs.

Mr. KITCHIN. That are imported?

Mr. GERRY. Yes.

Mr. KITCHIN. Do you mean last year?

Mr. GERRY. Yes, sir.

Mr. HULL. Do you mean cotton handkerchiefs?

Mr. GERRY. I mean both cotton and linen handkerchiefs.

Mr. KITCHIN. We are talking about cotton now.

Mr. GERRY. The statement I made in my opening was to the effect that I would state this in connection with both, for the reason that it is difficult to separate the importations. As a matter of fact, they are not separated in the Bureau of Statistics' report.

Mr. KITCHIN. They are separated in the customhouse receipts.

Mr. GERRY. I beg your pardon, they are not.

Mr. KITCHIN. The total handkerchiefs and mufflers last year were \$382,997 worth.

Mr. GERRY. This statement in this publication is on page 14; but if you will turn over the page to page 20 and look down the line under the head of laces, embroideries, etc., your particular attention being called to the item "All other articles, including napkins, made in part of lace or imitation of lace, lace neck ruffings, and ruchings"—I will not read all of it. But the fact is, my own personal knowledge of the customhouse in New York is such that I can say affirmatively that there are a large number of handkerchiefs included in this \$37,000,000—

The CHAIRMAN (interposing). Those that are included in that paragraph come in as lace handkerchiefs. They are not the plain, ordinary handkerchiefs that we are dealing with here. There are no cotton lace handkerchiefs, are there?

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Mr. GERRY. Oh, yes; that is just the point. This \$37,000,000 is in the cotton schedule.

The CHAIRMAN. That relates practically to all lace handkerchiefs, does it not?

Mr. GERRY. If you are going to preserve each original article, there are embroidered handkerchiefs and there are a whole lot of lace handkerchiefs in that class. Speaking broadly of the importation of handkerchiefs, including linen handkerchiefs, cotton embroidery, and cotton lace handkerchiefs, you would have a situation that there are between \$4,000,000 and \$5,000,000 worth of handkerchiefs imported.

The CHAIRMAN. Here is the proposition before the committee, and if you can help us on it, we will be glad to have you do so. Although there is a heavy importation of high-grade lace handkerchiefs, I see no reason why we should not derive a revenue out of it, because a lace handkerchief highly embroidered is undoubtedly a luxury, and there is no reason why we should not cut the rate on the lowergrade handkerchiefs, where there are none coming in.

Mr. GERRY. Mr. Herrmann may be willing to make a concession on that proposition. I am talking distinctly on the proposition of these high-grade handkerchiefs of which we have the importations and concerning which, as I say, the labor in this country is much in excess of the labor abroad, and the present rate, as far as possible, should be maintained because we have importations of \$4,500,000 with a 60 per cent duty, or a landed cost of \$7,000,000, and I should say that the domestic production of handkerchiefs in this country is something in excess of \$10,000,000.

The CHAIRMAN. Mr. Gerry, you may be correct, but the figures that we have do not show that. On page 146 of this handbook, the value of imports of handkerchiefs for 1910, coming in under this schedule, was \$453,000; the next year, 1911, it is \$492,000; in the next year, 1912, \$392,000. I am not sure about it, but I think that other proposition comes in under the linen schedule and under lace handkerchiefs.

Mr. HULL. I would like to call your attention to this statement of the tariff board's finding, showing that the importation of handkerchiefs and mufflers in 1911 was valued at \$442,947.05, and approximately nine-tenths of the imports consisted of embroidered or trimmed handkerchiefs, which paid a duty of 60 per cent under Schedule J, although made of cotton.

Mr. GERRY. That is quite right. The situation is as I say. It is very difficult to differentiate these propositions. These two paragraphs overlap. You have got handkerchiefs, embroidered handkerchiefs or laces, and when you get the Bureau of Statistics' returns, here is a long invoice, maybe 20 or 30 pages long, with various articles written in it, and when that gets down to the so-called Bureau of Statistics in the collector's office it is almost impossible for him to segregate those items, by reason of the fact that he has not the merchandise before him. As I am advised by my clients that to the best of their judgment there is a large quantity of handkerchiefs imported in this \$37,000,000 item which would come within the cotton schedule.

Mr. KITCHIN. Of course the handkerchiefs, the chief value of which is lace, would come under the 70 per cent duty clause?

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Mr. GERRY. Yes, sir.

Mr. KITCHIN. You are speaking of those kinds of handkerchiefs, are you?

Mr. GERRY. As far as I can ascertain according to the tariff board report, which is quoted frequently here, there are not a great many of those handkerchiefs imported.

Mr. KITCHIN. It says that during the last fiscal year they amount to less than one-tenth of 1 per cent of the total value imported. So that the correct amount of cotton handkerchiefs imported is what the chairman indicated a moment ago, was it not?

The CHAIRMAN. Last year it amounted to \$382,997 in value.

Mr. HILL. From your experience, as head of the Customs Division of the Treasury Department, let me ask you, would it not be possible to itemize these basket clauses in the importation records a good deal more than they are, and without much expense?

Mr. GERRY. It has been a matter of great embarrassment to the Treasury Department. I am speaking now, of course, in the past. That has been a source of great inconvenience, and, as a matter of fact, I had a number of conversations with Mr. Austin in the hope that we might get some more details with regard to the returns. It is unquestionably true that the information with regard to cotton handkerchiefs is thoroughly inadequate according to these returns at the present time.

Mr. KITCHIN. What is the annual output of cotton handkerchiefs in this country, in dollars?

Mr. GERRY. I am not in a position to answer that question. Mr. Herrmann, the next witness, will answer that. Roundly, the production of handkerchiefs, both cotton and linen, I think, would be about \$10,000,000.

Mr. KITCHIN. How much do you suppose would come under this paragraph—that is, cotton handkerchiefs?

Mr. GERRY. I am unable to say.

Mr. KITCHIN. Are the greater proportion of handkerchiefs that are produced embroidered handkerchiefs or plain hemstitched?

Mr. GERRY. The situation is, with regard to the manufacture of handkerchiefs, that the manufacturers here are up against what is called and what has been referred to frequently as set prices. The vast majority of handkerchiefs manufactured are the 5 and 10 cent handkerchiefs. Of the 5-cent handkerchiefs it would amount to about 43 per cent and of the 10-cent handkerchiefs 27 per cent.

Mr. KITCHIN. About 43 per cent of the handkerchiefs that are consumed are what are called 5-cent handkerchiefs?

Mr. GERRY. Yes.

Mr. KITCHIN. You mean that is the retail price?

Mr. GERRY. Yes, sir; that is the retail price.

Mr. KITCHIN. And about how much are the 10-cent handkerchiefs?

Mr. GERRY. Twenty-seven per cent. Those are approximations.

Mr. KITCHIN. They are certainly not embroidered handkerchiefs?

Mr. GERRY. Oh, yes.

Mr. KITCHIN. Are they embroidered handkerchiefs?

Mr. GERRY. You said "embroidered," did you not?

Mr. KITCHIN. Yes.

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Mr. GERRY. Yes, sir; they are embroidered; a great many of them, but not all of them.

Mr. KITCHIN. What proportion would you suppose of cotton handkerchiefs are embroidered in this country and used and consumed?

Mr. GERRY. I could not answer that question.

Mr. KITCHIN. The other gentleman can answer that?

Mr. GERRY. Yes, sir.

Mr. LONGWORTH. Under Schedule J, it shows that the imports last year were two and a quarter millions.

Mr. GERRY. Yes, on which the duty was \$1,700,000.

Mr. LONGWORTH. Do you think some of those are cotton handkerchiefs, as a matter of fact?

Mr. GERRY. I am taking the position of treating all the handkerchiefs alike, on the theory that absolutely the same condition that applies to embroidered and hemstitched and drawn work and all that, which is done on the linen handkerchiefs in Ulster County, Ireland, also attaches to the cotton proposition—the same people do the same work.

Mr. LONGWORTH. Have we any of that system of what you call "outwork" in this country?

Mr. GERRY. Not that I know of.

Mr. LONGWORTH. What is that system? Do they simply go to the factory and get their material?

Mr. GERRY. They are furnished their material and take it home to work on at times when they can find it convenient to work, when they have not something else to do. That is the situation that we found existed in a great many districts with regard to a great many different things.

Mr. LONGWORTH. And they get 2 cents an hour for that work?

Mr. GERRY. Yes, sir.

That is all I have to say.

The newspaper clipping referred to by Mr. Gerry follows:

THE IRISH LINEN INDUSTRY—CONDITIONS OF EMPLOYMENT—QUESTION OF OUTWORKERS—HOME OFFICE COMMITTEE'S REPORT AND RECOMMENDATIONS.

There was issued last night in the form of a bluebook the report and recommendations of the committee of inquiry appointed by Mr. Winston Churchill when home secretary last year into the conditions of employment in the linen and other making-up trades of the North of Ireland.

The committee consisted of Sir Ernest F. G. Hatch, Bart. (chairman); Mr. W. S. Cohen, formerly an officer of the board of trade; and Mrs. L. Deane-Streathfield, formerly one of His Majesty's inspectors of factories; and the terms of reference were:

"To inquire into conditions of employment in the making-up of articles of linen, cotton, and similar fabrics, including the processes of embroidery and thread drawing and other incidental processes, in Belfast, Londonderry, and other places in the North of Ireland, with special regard to hygienic conditions of working, rates, and method of payment, and earnings, and to report thereon."

The committee, after opening their inquiry in London and taking evidence from two officers of the Belfast Corporation—Miss J. Agnew and Mr. W. J. Sefton—and also from Mrs. J. M. Baxter and Miss M. Galway, the latter general secretary of the Women's Textile Operatives' Association of Ireland, as to the conditions governing 500 outworkers in the making-up trades of Belfast, proceeded to Belfast. There they examined Dr. H. W. Bailie, medical superintendent officer of health, and 17 employers and 32 workers in the trades concerned, besides visiting certain factories and homes of outworkers. Witnesses were also heard at Lurgan and Londonderry, and evidence was taken from district factory inspectors from Ulster, inspectors under the Irish Local

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Government Board and Department of Agriculture and Technical Instruction, and numerous other witnesses.

The committee met 33 times, heard 91 witnesses, and secured answers in writing to specific questions from 105 medical officers. There were several postponements of the inquiry for considerable periods, owing partly to an apprehension on the part of workers that they would endanger their employment by giving evidence, and the committee, who were appointed in July of last year, having at length satisfied themselves as to the prevalence of low wages, approached the employers for an effective remedy.

RECOMMENDATIONS AND SUGGESTIONS.

The committee eventually made the following recommendations and suggestions:

(1) That the provisions of the trade boards act be applied to the processes of hand embroidery (flowering and sprigging), fancy sewing (openwork embroidery and drawn thread work), thread drawing, thread clipping, top sewing, scalloping, nickeling, paring, and the stitching by machines of aprons, pinafores, and blouses in the North of Ireland, provided that the act is similarly applied in other parts of the United Kingdom where competition with the north of Ireland exists in these processes.

(2) That work distributed to outworkers through agents be marked with the rate of pay by the firms before being sent out.

(3) That action be taken by the firms to remedy the objections attendant on the employment of shopkeepers as agents, preferably in the direction of replacing such agents by salaried employees, directly responsible to the firms.

(4) That outworkers should by means of further legislation be accorded the full protection provided by the truck acts.

(5) That the local authorities in the north of Ireland in whose districts making up is done should be careful to obtain from employers and agents the prescribed lists of their outworkers, which should then be placed at the disposal of the medical and sanitary officers by those authorities.

(6) That heads of firms should take all possible steps to insure that work is not taken out from their factories which could occupy the workers after the termination of the legal period of employment.

(7) That urban local authorities should strictly enforce the provisions of the employment of children act in their districts.

THOUSANDS OF OUTWORKERS "INDISPENSABLE."

In their report leading up to above conclusions the committee say on the question of outworkers that, though the total number is unknown, it is probably in excess of the factory and workshop employees, who reached in 1907 about 22,000. They are satisfied that outwork is indispensable on the whole. Certain processes are carried on exclusively as home industries, and in the case of hand embroidery in rural Ulster to convert it into a factory industry would involve nothing short of a revolution in the trade.

Evidence given by Miss Galway and Miss Rodgers, secretary to the Textile Operatives' Association, showed that, whilst it was of convenience to the employer, it was of the highest importance to the worker, either as a means of supplementing the husband's wages or providing means where the husband was out of work, or where there was a widow with children. About a million of money, it was elicited, was annually paid to workers in the Ulster cottage embroidery industry, and the committee considered that any measures resulting in considerable reduction of the work given out would entail considerable suffering.

RATES OF PAY, "UNDOUBTEDLY LOW EMPLOYMENT."

The committee investigating the causes of low earnings for outwork confined their investigations principally to Belfast, where the outworkers have no kind of organization and where no standard rate of pay for the various making-up processes could be said to exist. Some firms paid considerably better than others, and the contention by others that competition by firms for this class of labor was sufficient to insure a fair wage was not established for the most part. A table is given of "investigated cases" in Belfast, showing that in the more important processes, such as thread-drawing, thread-clipping, fancy sewing, and embroidery, as low as a penny per hour and under was paid in the majority of instances furnished by the three persons intrusted with inquiries. Many Belfast employers disputing the normality of the rates thus disclosed, certain tests were carried out before the committee independently with

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workers chosen by the employers, the work being identical with that referred to in some of the cases in the evidence, the result being that in the opinion of the committee cases of undoubtedly low employment to outworkers in certain branches of the making-up trade were proved. The tests were conducted under conditions arranged by the employers with skilled workers, some of whom worked at a speed which they would not have been able to maintain during their ordinary employment. Even in these circumstances the rates per hour fell conspicuously below what the employers had cited as being within the earning power of fair average workers, and most came within the lower ranges of the rates given in the table of investigated cases.

THE REMEDY—EMPLOYERS FAVOR TRADES BOARD ACT.

In seeking a remedy the committee found the employers as a whole were not unfavorable to the application of the trade-boards act to some of the processes, the chief objections expressed seeming to arise from a want of familiarity with its provisions, and at a special meeting of Belfast employers, at which a desire was voiced that the workers should receive as high pay as the class of work would justify, and there was stated to be no wish to oppose the remedy provided the employers were not placed at an undue disadvantage in the matter of competition, a resolution was passed in favor of the act applying generally to the north of Ireland.

A similar assurance was received from Lurgan employers, and the committee did not further extend their inquiries. No complaints were received as affecting the Londonderry trades.

PAYMENT IN GOODS—TRUCK-SYSTEM EVILS.

The system prevailing among shopkeepers acting as agents of firms in the embroidery districts of rural Ulster of paying the wages of outworkers wholly or partly in goods instead of cash lends itself to abuse. Frequently the goods are overpriced, and at other times on the understanding that the debt can be paid off by further outwork the worker is induced to take more goods than she can afford. In addition to recommending the protection of the truck acts the committee urge upon the employers concerned action with a view to abolition of such agents and the appointment instead of agents paid by salary and directly responsible to the firms.

HYGIENIC CONDITIONS—COUNTRY SHORTCOMINGS.

The committee find that in the towns the hygienic and sanitary conditions of the making-up factories and workshops are on the whole fairly satisfactory, but that in the country the sanitary accommodation is frequently open to objection. As regards Belfast, Londonderry, and the other principal centers of trade, the committee are satisfied that the condition of the outworkers' homes compares very favorably with those of other classes of the general population, and that the making-up work is by no means incompatible with a well-ordered home. The committee were impressed with the industry and intelligence of the workers who appeared before them.

Reporting on the North of Ireland generally, the medical officers of health with a few exceptions agreed that the conditions were very satisfactory. Only in one instance, which occurred some years ago, had the communication of disease from one place to another been attributable to infection conveyed through outwork.

EMPLOYMENT OF CHILDREN—LENIENT EDUCATION LAWS.

The committee describe this as a painful feature incidental to outwork. How far it is necessary for children to supplement their parents' earnings and how far the task is imposed upon them by the parents' improvidence it is impossible to say, but there was abundant evidence that the children were employed until very late at night, chiefly in thread drawing and clipping, and their sleep seriously curtailed. The fact that Belfast children thus occupied did not apparently attend school less frequently than other children is ascribed as partly due to the lenient requirements of the Irish education laws. The attention of the authorities is drawn to the obligation of adopting and adhering to certain provisions under the employment-of-children act.

HAND EMBROIDERY—WORK FOR THE DEPARTMENT.

In reference to the alleged falling off in the demand for Ulster hand work, due partly to competition from Switzerland, Japan, and Belgium, and partly in some instances to unsatisfactory work turned out by the Ulster embroiderers, the committee say they

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can well understand that slovenly or commonplace Irish hand embroidery can not be expected to retain a place in the market beside the productions of machinery or of careful foreign needlewomen. But they add it is unlikely that a demand could ever be wanting for beautiful and distinctive hand work from Ireland. To ensure a constant supply of the best work it is necessary not only to give sufficient wages, but to train the workers, and the committee trust that the Department of Agriculture and Technical Instruction for Ireland will be able to extend their system of embroidery classes as widely as possible.

The CHAIRMAN. The next witness is Mr. M. C. Herrmann.

TESTIMONY OF M. C. HERRMANN, NEW YORK, ON THE SUBJECT OF COTTON HANDKERCHIEFS.

Mr. HERRMANN. Our entire brief has been drawn up on the assumption that it is not the intention of Congress to make any changes that will necessitate a cut in wages, and all our figures that appear in the brief are based on that.

The CHAIRMAN. We will assume that there is not going to be any cut in wages. We would like to discuss the question from the standpoint of importation and domestic consumption, where we will get a reasonable amount of competition.

Mr. HERRMANN. I would like to discuss it with you that way.

It is almost impossible for us to give you exact figures. Mr. Gerry has dug out possible importations of \$4,000,000 worth of embroidered handkerchiefs under the embroidered schedule. I am positive that the figures of \$440,000 as submitted by the Tariff Board are perfectly ridiculous, because I know of individual concerns that are importing from \$150,000 to \$200,000 worth. It is simply a question of common sense on which we base our figures of \$2,000,000, because I know pretty well the amount of business these importers do.

Of course, there are not many plain cotton handkerchiefs imported. We can buy our cotton cloth up to a certain extent cheaper here than we can abroad. That in itself, under the present tariff, has excluded plain cotton handkerchiefs.

The CHAIRMAN. You can buy your cotton cloth out of which the handkerchief is made cheaper in America than you can abroad?

Mr. HERRMANN. On the low end. Of course, when it comes to the better goods there is a dividing line. When you get to the finer goods then there is a difference in favor of the European markets.

The CHAIRMAN. This clause in the bill in relation to handkerchiefs, section 322 of the Payne Act, "Handkerchiefs or mufflers, composed of cotton, whether in the piece or otherwise, and whether finished or unfinished." That simply covers the plain cotton handkerchief, does it not, and the embroidered and lace handkerchiefs come in under a different paragraph?

Mr. HERRMANN. In the old bill you leave out any mention of embroidered at all, and we understood that was simply to cover the whole thing.

Mr. KITCHIN. What you want are two classifications and a distinction made between the embroidered handkerchiefs and the plain hemstitched handkerchiefs.

Mr. HERRMANN. There is no question about the fact that the duty on plain cotton handkerchiefs is unnecessarily high.

PARAGRAPH 322—HANDKERCHIEFS.

Mr. KITCHIN. And it is practically prohibitive?

Mr. HERRMANN. Yes.

Mr. KITCHIN. On plain, hemmed or hemstitched?

Mr. HERRMANN. Absolutely.

Mr. KITCHIN. The only competition you have is in what are called embroidered handkerchiefs?

Mr. HERRMANN. Yes, sir.

Mr. KITCHIN. And nine-tenths of the imports coming in under the embroidered class pay a duty of 60 per cent.

Mr. HERRMANN. Yes, sir.

Mr. KITCHIN. You want us to make a classification so as to make a distinction between embroidered and plain or hemmed or hemstitched?

Mr. HERRMANN. Yes, sir.

The CHAIRMAN. We appeared to have followed out the Payne bill in our classification in this bill, which was passed last year. We followed the language of section 6 of this bill, which is similar to section 322 that I just read. You say that covers plain handkerchiefs and there are practically no importations of those plain cotton handkerchiefs?

Mr. HERRMANN. Practically none. We do not claim that there is an importation.

The CHAIRMAN. Then, is there any reason why we should not cut this rate from 50 to 30 per cent?

Mr. HERRMANN. I think it is too large a cut. I think it would put us at an undue disadvantage.

The CHAIRMAN. Tell us why. What reason have you for that? If there are no importations under the 50 per cent rate, tell us why a reduction from 50 to 30 per cent would be too great a cut. Have you any figures or anything to base that on?

Mr. HERRMANN. Yes, sir; I can give you all the figures you want. There is a difference in the cost of our labor of fully 100 per cent. That in itself is possibly a good argument.

Mr. PALMER. How much is that offset by the cheaper price of cotton cloth in this country?

Mr. HERRMANN. I was just going to explain that. The low-end cotton handkerchief at the beginning will not be affected. I do not believe they could be imported at a 30 per cent duty on account of that very difference. The better goods, the 10-cent goods, would come in at once, because they could undersell us.

Mr. PALMER. So that the 30 per cent rate on the cheaper articles would still be prohibitive, in spite of the difference in the cost of labor?

Mr. HERRMANN. Absolutely, on the cheaper handkerchiefs. In the cheaper handkerchiefs the element of cloth counts considerably more than in the better handkerchiefs.

Mr. PALMER. About what rate would you say would be fairly competitive? That is to say, considering the difference in the cost of labor to the advantage of the foreign manufacturer, and the difference in the cost of material to your advantage; about what rate would put you on an even footing?

Mr. HERRMANN. On the cheap stuff?

Mr. PALMER. Yes.

PARAGRAPH 322—HANDKERCHIEFS.

Mr. HERRMANN. Why, I should say about 25 per cent on the very cheap stuff.

Mr. PALMER. That would equalize the difference in cost?

Mr. HERRMANN. You would have to bring in a specific rate to get what you want.

Mr. PALMER. Why?

Mr. HERRMANN. Because 25 per cent will be absolutely ruinous and ridiculous on the better goods.

Mr. PALMER. But if we make two classifications, if we divided them as to value, and make a rate of 25 per cent on the cheaper article and a little higher rate on the other article, would not that answer?

Mr. HERRMANN. Yes; I suppose you might do that.

Mr. PALMER. What point as to value of the handkerchief would be the proper dividing line for such classifications?

Mr. HERRMANN. That would have to be worked out. It would be a pretty complicated thing.

Mr. PALMER. I am trying to work it out now with you.

Mr. HERRMANN. I can give you figures on that in writing.

Mr. PALMER. We would be very glad to have you include that in your brief. The duty on the higher-priced handkerchiefs at the present time amounts to 60 per cent?

Mr. HERRMANN. On the embroidered handkerchiefs only.

Mr. PALMER. What proportion of embroidered handkerchiefs consumed in this country come in from abroad now?

Mr. HERRMANN. That I would not be able to tell you.

Mr. PALMER. You said there were considerable importations.

Mr. HERRMANN. The importations are very large; yes, sir.

Mr. PALMER. What is the total domestic production?

Mr. HERRMANN. As near as I can figure on that, there are about \$10,000,000 worth of handkerchiefs made in this country.

Mr. PALMER. Ten million dollars worth of handkerchiefs of all kinds?

Mr. HERRMANN. Yes, sir.

Mr. PALMER. What proportion of those are the kind in which there is competition from abroad at the present time? Half of them?

Mr. HERRMANN. I am under oath and I do not like to make a stab at a thing that I am not sure of.

Mr. PALMER. You are a manufacturer, are you not?

Mr. HERRMANN. Yes, sir.

Mr. PALMER. I want your best judgment. You certainly know more about it than we could be expected to know.

Mr. HERRMANN. I do not think anybody can give you a straight answer on that. We are a peculiar industry. There is no cooperation. We are all cut up and we are all competitors; and in order to tell you that, I would have to know a great deal more about my competitor's business than I do know. In my own particular business I can tell you.

Mr. PALMER. Take your own particular business.

Mr. HERRMANN. I think 50 per cent of the stuff we make comes in competition with the other side.

Mr. PALMER. If that proportion prevails throughout the country, the American production of high-class articles in which there is foreign competition would amount to about \$5,000,000?

PARAGRAPH 322—HANDKERCHIEFS.

Mr. HERRMANN. I believe so.

Mr. PALMER. The imports amount to about \$400,000?

Mr. HERRMANN. No; the imports, I think, amount to about \$5,000,000. Those are the embroidered handkerchiefs we were just talking about.

Mr. PALMER. How many million?

Mr. HERRMANN. About five million.

Mr. PALMER. Are they embroidered cotton handkerchiefs?

Mr. HERRMANN. Linen and cotton. The whole thing is mixed up.

Mr. PALMER. Do you mean to say that the Government is dead wrong about it when they say only \$400,000 worth were brought in?

Mr. HERRMANN. I am not afraid to do that. The subject can not be considered as just cotton handkerchiefs alone.

Mr. KITCHIN. You are mistaken about that. The Tariff Board looked into that and reported them, and they stated that there was not over one-tenth of 1 per cent of what they call lace handkerchiefs which you say come in in such great quantities under that paragraph and to which Mr. Longworth called your attention awhile ago—only one-tenth of 1 per cent. The Tariff Board separated them.

Mr. HERRMANN. I maintain that those figures are not right.

Mr. KITCHIN. I am now giving you the figures both from the Department of Commerce and Labor, and the Tariff Board figures, and they went into this matter.

Mr. HERRMANN. Will you allow me to state my experience with the Tariff Board?

Mr. KITCHIN. Yes; I would like to know that.

Mr. HERRMANN. We corresponded with the Tariff Board and told them that we were ready to place all of our figures at their disposal. We were visited by a representative to whom we gave samples, and that is all we have ever heard of it.

Mr. KITCHIN. I want to ask you about these plain handkerchiefs or hemstitched handkerchiefs, and I want you to think about it. Don't you know that we produce, or you manufacturers produce plain handkerchiefs and the hemstitched handkerchiefs—not the embroidered handkerchiefs, but those I named—cheaper than any other people in the world?

Mr. HERRMANN. No, we do not.

Mr. KITCHIN. None of them come in.

Mr. HERRMANN. That is because the duty is prohibitive. But we do not do that. I do maintain that we give extremely good value to the consumer.

Mr. KITCHIN. There is no competition here in America between these plain and hemstitched handkerchiefs.

Mr. HERRMANN. Yes, there is—

Mr. KITCHIN (interposing). You are all in a trust?

Mr. HERRMANN. No, and no idea of it.

Mr. KITCHIN. You have been in business several years competing with one another, have you?

Mr. HERRMANN. I have been for 20 years.

Mr. KITCHIN. Has not this competition between the different American manufacturers reduced prices?

Mr. HERRMANN. Yes, sir; certainly.

PARAGRAPH 322—HANDKERCHIEFS.

Mr. KITCHIN. Do you not claim that the American consumer gets as cheap a handkerchief of a cheap grade as any other consumer in the world?

Mr. HERRMANN. The wholesale price, I believe, is almost as cheap.

Mr. KITCHIN. That is what we are talking about. That is your price. It is as cheap here as anywhere in the world on plain handkerchiefs; not on these embroidered handkerchiefs——

Mr. HERRMANN. No; I do not admit that.

Mr. KITCHIN. I am asking you?

Mr. HERRMANN. And I tell you; no.

Mr. KITCHIN. You are making a handkerchief with just a monogram or letter on it?

Mr. HERRMANN. Yes.

Mr. KITCHIN. And up until a few years ago they came in under the plain and hemstitched handkerchiefs, did they not?

Mr. HERRMANN. Yes.

Mr. KITCHIN. You had a lawsuit about that, didn't you?

Mr. HERRMANN. That was about 15 years ago.

Mr. KITCHIN. That was in 1890. The courts held that that was not embroidered, and then you handkerchief men came down and got Congress to put in the word "monogram" in that section, and the duty was thereby increased to 60 per cent as embroidered handkerchiefs, did they not?

Mr. HERRMANN. I believe we did.

Mr. KITCHIN. So these plain common handkerchiefs that sold at the department stores for 5 cents apiece, if they have a letter on them, pay a duty of 60 per cent. I asked you if any of those handkerchiefs come in at all now?

Mr. HERRMANN. Yes.

Mr. KITCHIN. Have you ever seen imported a plain handkerchief retailing at 5 cents with a monogram on it since the act of 1897?

Mr. HERRMANN. Yes, sir; lots of them. I know of one particular concern that imported 10,000 dozens of them last year.

Mr. KITCHIN. With just one letter on it?

Mr. HERRMANN. Yes; with just one letter on it. I can give you evidence to that effect.

Mr. KITCHIN. I would like to know the name of that concern. My understanding is that there has not been a single one, or practically none since then. What was the name of that man who brought 10,000 dozens of plain handkerchiefs with only a letter embroidered on them, which, of course, under the changed law of 1897 had to pay a duty of 60 per cent instead of a duty of 45 per cent?

Mr. HERRMANN. Do you want the name of that concern?

Mr. KITCHIN. Yes.

Mr. HERRMANN. Stein & Co., 275 Church Street, New York. That was their address until the first of the year. They have moved since then. You can get them at 31 Thomas Street now. I can give you further importations of those handkerchiefs——

Mr. KITCHIN (interposing). Do you understand what kind of handkerchiefs I am talking about?

Mr. HERRMANN. Yes; I know exactly what kind of handkerchiefs you are talking about. I know that three years ago Marshall Field

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& Co. imported 25,000 or 30,000 dozen of the 5-cent initialed handkerchiefs.

Mr. PALMER. Is this 5-cent initialed handkerchief that you speak of a higher grade of handkerchief?

Mr. HERRMANN. No; that is a very cheap grade of handkerchief.

Mr. PALMER. I thought you told that with reference to the cheap grade of handkerchief there were no importations.

Mr. HERRMANN. Plain hemstitched handkerchiefs.

Mr. PALMER. What is that?

Mr. HERRMANN. There are practically no importations of plain hemstitched handkerchiefs.

Mr. PALMER. Plain hemstitched handkerchiefs?

Mr. HERRMANN. Yes.

Mr. PALMER. But when it is embroidered, even if it is a cheap handkerchief, you say they are imported?

Mr. HERRMANN. They are not all imported.

Mr. PALMER. I understand; but there are importations?

Mr. HERRMANN. They were hand embroidered, and they probably had that done for a couple of cents a dozen.

Mr. PALMER. Now, coming back to what we were talking about before Mr. Kitchin took you into this embroidery excursion. The Tariff Board says that in 1900 the importation of this class of handkerchief amounted to \$472,000 and in 1909, \$300,000; in 1910, \$453,000, and in 1911, \$492,000, and the Department of Commerce and Labor says that in 1912 they amounted to \$334,000. Do you tell us that that in reality is only 10 per cent of the actual importation of handkerchiefs; that there are \$5,000,000 worth imported?

Mr. HERRMANN. I think there are fully \$5,000,000 worth.

Mr. PALMER. Of these cotton handkerchiefs?

Mr. HERRMANN. No; of all kinds of handkerchiefs. You see they are all interwoven. In the handkerchief business we have a very peculiar condition. There are only a few prices at which handkerchiefs can be sold—5 cents, 10 cents, 12½ cents, 25 cents, and 50 cents, possibly. It makes no difference to the consumer whether it is a linen handkerchief or a cotton handkerchief, or to the distributor if it is a 5-cent article or a 10-cent article. In considering this subject I am trying to consider the subject as a whole and am trying to tell you everything I know about it.

Mr. PALMER. Do you make all kinds of handkerchiefs?

Mr. HERRMANN. Yes.

Mr. PALMER. When you told me a little while ago that 50 per cent of your production was of the kind imported you referred not alone to cotton handkerchiefs?

Mr. HERRMANN. I referred to embroidered handkerchiefs and hemstitched handkerchiefs.

Mr. PALMER. Of all kinds?

Mr. HERRMANN. Yes.

Mr. PALMER. According to your statement, if you are correct, the imports amounted to about 100 per cent of the domestic production?

Mr. HERRMANN. No; about 50 per cent of the domestic production.

Mr. PALMER. You told me a little while ago that the domestic production of all kinds of handkerchiefs was \$10,000,000?

PARAGRAPH 322—HANDKERCHIEFS.

Mr. HERRMANN. Yes.

Mr. PALMER. And that half of these were these higher-priced finer articles?

Mr. HERRMANN. No; I did not claim that for the balance of the trade.

Mr. PALMER. Well, as to your concern?

Mr. HERRMANN. Yes; but we are a larger factor in the embroidered trade than almost any other domestic manufacturer.

Mr. PALMER. In the embroidered trade?

Mr. HERRMANN. Yes.

Mr. PALMER. So that that proportion of 50 per cent of embroidered handkerchiefs does not run through all the balance of the country?

Mr. HERRMANN. I do not think so.

Mr. PALMER. If you are correct as to your figures of importation, and the cheaper handkerchiefs are not imported but only the embroidered ones, the imports amount to more than 100 per cent of the domestic production, do they not?

Mr. HERRMANN. I believe they do.

Mr. PALMER. And you say that you have been building up a business and doing a business here of perhaps four or five million dollars in those articles with foreign competition of over 100 per cent?

Mr. HERRMANN. We certainly have. Your figures are slightly wrong. We have been successfully competing with the foreign article up to a certain point, but there comes a dividing line where we can not compete. When the element of labor is so very much more than the element of raw material—

Mr. PALMER (interposing). You have been reasonably successful in the business?

Mr. HERRMANN. Yes, sir.

Mr. PALMER. And under the Payne tariff law you have been making all the profits that you are fairly entitled to as an honest return on capital invested, I suppose?

Mr. HERRMANN. And no more.

Mr. PALMER. But you have been making that much, and you have nothing to complain about?

Mr. HERRMANN. We have nothing to complain about.

Mr. PALMER. And this you were doing despite the fact that, so far as embroidered handkerchiefs were concerned, the foreign competition was more than 100 per cent?

Mr. HERRMANN. But they started where we stopped.

Mr. PALMER. Give us a rate on the cheaper handkerchiefs which will give you about the same competition. What would that be?

Mr. HERRMANN. Even with the best intentions, I can not do that without figuring it out. I will figure it out and send you the figures and show you just exactly how I arrived at them.

Mr. PALMER. Give us a rate which in your judgment will give you the same kind of competition in the cheaper handkerchiefs which you have in the high-priced handkerchiefs, in the manufacture of which you say you have been prosperous and have earned all that you are fairly entitled to, on the capital invested.

Mr. HERRMANN. I think that is fair. In other words, you want me to give you a rate which allow the handkerchief from abroad to be landed at the same price at which we produce them.

PARAGRAPH 322—HANDKERCHIEFS.

Mr. PALMER. Just a figure that will allow equal competition.

Mr. HERRMANN. Yes. We do not want anything else.

Mr. PALMER. A figure, which in your judgment will amount to as much competition as you now have in the higher class articles.

Mr. HERRMANN. Yes, sir.

The CHAIRMAN. And when you submit those figures you could also make suggestions to the committee about this reclassification of this paragraph, and we will be very glad to consider those suggestions.

Mr. HERRMANN. That is in Mr. Gerry's brief.

Mr. KITCHIN. Do you think it really fair and right to put the monogrammed handkerchiefs into this clause with the embroidered handkerchiefs?

Mr. HERRMANN. I do.

Mr. KITCHIN. And make that plain handkerchief, with nothing but a simple initial on it, pay 60 per cent instead of 45 per cent?

Mr. HERRMANN. If the bulk of the initialed handkerchiefs that were sold had nothing but the plain letter on them, I would agree with you.

Mr. KITCHIN. I am talking about the plain, hemmed, or hem-stitched handkerchiefs, with nothing but just a monogram on them.

Mr. HERRMANN. You perhaps do not know that the bulk of the initialed handkerchiefs that come in now are just as elaborately embroidered—

Mr. KITCHIN. If they were embroidered, they would have another classification.

Mr. HERRMANN. But how are you going to distinguish?

Mr. KITCHIN. The word "monogram" was left out of the law in 1890, and had been up to that time. The court held that monogrammed handkerchiefs were not embroidered handkerchiefs and they could come in under the 45-cent rate. Then they changed the law and put after the word "embroidered" the word "monogram." What I am asking you is do you not think if we left out the word "monogram" and not mention it at all that that would be fair?

Mr. HERRMANN. I do not think that would be fair. Just a moment, and I will show you why.

Mr. Herrmann thereupon exhibited various samples of handkerchiefs to the committee.

The CHAIRMAN. Let us get along, gentlemen.

Mr. HERRMANN. All right.

Mr. LONGWORTH. Can the average man tell the difference between a cotton and a linen handkerchief?

Mr. HERRMANN. I do not believe he can. I could, of course.

Mr. LONGWORTH. Yes; but even you would have some difficulty sometimes.

Mr. HERRMANN. I could feel it in the dark. I would not have to look at it, but could tell it from the feel.

Mr. LONGWORTH. It practically takes an expert to distinguish between a cotton handkerchief and a linen handkerchief.

Mr. HERRMANN. There is a whole lot in the name "linen." There is a whole lot in the name "imported." The name "imported" is worth about 7½ per cent.

PARAGRAPH 322—HANDKERCHIEFS.

Mr. HARRISON. Mr. Herrmann, there seems to be a great deal of confusion as to the exact amount of imported handkerchiefs in the American market, and I have listened very attentively to your testimony and that of the gentleman who preceded you, and I am unable to see how such a confusion arises. Now, is it possible that there is a large amount of handkerchiefs in all markets which are sold as imported but which are really of domestic manufacture?

Mr. HERRMANN. It is not done by us.

Mr. HARRISON. Well, I am not insinuating that it is, but we had on the stand this morning a manufacturer of gingham from Fitchburg, who admitted that he understood in the trade that his American-made gingham were taken by the jobbers and the marks removed from them, and that they were sold as Scotch gingham; and it occurred to me in listening to your testimony that part of this confusion might arise from the fact that what we suppose to be imported handkerchiefs in our market are those of domestic make and treated in the same way as his goods are treated.

Mr. HERRMANN. You are perfectly right in saying that there are domestic handkerchiefs sold as imported. Undoubtedly there are.

Mr. HARRISON. Well, that is natural. I can understand that.

Mr. HERRMANN. But there is a difference of opinion on the statistics.

Mr. HULL. Mr. Harrison, on the reduced schedule you will find about two and a quarter million dollars' worth of handkerchiefs of a different kind from those it has been testified were imported in the last year.

Mr. HARRISON. Are those linen handkerchiefs?

Mr. HULL. Well, they are a mixture of linen and cotton, but they came in under the reduced schedules. That is supposed to be a component element—

Mr. HERRMANN. Yes; they all hang together. They are all so mixed in at these fixed prices that it is impossible to separate them.

Mr. HARRISON. I think it is a responsibility upon this committee to correct this confusion, if we can.

The CHAIRMAN. Have you anything further to say, Mr. Herrmann?

Mr. HERRMANN. I would like to put in evidence and just give you a word of explanation as to this price list. It will show that at the fixed retail prices—and these, by the way, are our regular wholesale prices, which can be verified—there is a difference between the top and bottom of the value that we give at the price of somewhere between 25 and 30 per cent, depending, of course, on the individual requirements of profit of the distributors. The line between a 5-cent handkerchief and a 10-cent handkerchief laps very closely, and the lowest 10-cent handkerchief and the best value in a 5-cent handkerchief are almost the same, as you will find by examining the samples.

I thought that possibly that information would interest you.

I thank you.

PARAGRAPH 322—HANDKERCHIEFS.

Mr. Herrmann, at a later date, submitted the following paper:

HERRMAN, AUKAM & Co.,
NEW YORK, February 24, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, House of Representatives.

SIR: In reference to the request made by Mr. A. Mitchell Palmer, when Mr. Milton C. Herrmann (representing the domestic manufacturers of handkerchiefs) was before your committee at the time of the hearings on this subject, that facts and figures be submitted upon which to form a draft of the schedule on hemstitched cotton handkerchiefs, I desire to bring to your attention the following facts, viz:

Speaking of my own firm, Herrmann, Aukam & Co., after more than 30 years' experience in the manufacture of handkerchiefs, with all the knowledge that such an experience would naturally furnish, it is demonstrable that even at the present time the overhead expenses of the manufacturing plant and warehouse amount to 18 per cent; and, as to the correctness of this figure—although I have no desire to publish the fact to my competitors—I am quite willing to furnish the committee with a verification from the certified public accountants who have examined the books and accounts from time to time.

This figure of 18 per cent overhead has been applied to the cost of raw material, plus manufacturing labor, in order to get at the figures of gross cost of production in each instance. Our entire business and the disposal of our product is actually based upon these figures. In order to establish a basis of comparison and to determine the percentage of overhead expenses to which a foreign manufacturer would be subjected we have built up an imaginary foreign business on the basis of our business here, taking into consideration the fact that the sales to the rest of the world would at least equal the sales to the United States and using as factors raw material cost, labor cost, clerk hire, and all other incidental expenses—a knowledge of which we have obtained not only from our own Belfast house, but from independent factories, all of which information has been confirmed by further independent quotations and correspondence and by men now in our employ who have been working for many years in foreign factories. We have in every instance employed as a basis for our figures the very highest rates, as it was our intention to reproduce an organization built up on the same first-class lines on which we endeavor to conduct ours.

The method which we used in building up the foreign business mentioned above is as follows: We found out exactly how many dozen of plain hemstitched cotton handkerchiefs we sold and delivered for a period of 12 months. This quantity of dozens we reduced to yards, and extended the yardage so obtained at our known figure of a mean range of foreign-cloth prices for that given period. We then made up a pay roll of all piece-work operations. We furthermore figured the cost of boxes and ribbons for tying the goods, and the sum total of these various items doubled has made up one part of the figures against which we put the sum total obtained as described above for overhead expense. In apportioning the foreign overhead expense we have used our own expense figures for such items as insurance, etc., and have in no instance reduced same without specific knowledge that such reduction was legitimate. Had we tried to make the overhead as low as possible, we could have put down figures considerably less than we have used.

Since the determination of this figure of 9½ per cent, the correctness of our calculation has been absolutely confirmed from an outside source, to which fact you will remember I called your attention.

With 18 per cent overhead here, as compared with 9½ per cent abroad, I have figured the cost per dozen of cotton handkerchiefs based upon the value of domestic cloth and labor at the same period of time, August, 1911, at which time the cotton-cloth market was in a normal condition. In making this comparison we have added 5 per cent to the foreign cost, which covers 2½ per cent profit and 2½ per cent for landing expenses, and the ad valorem duty of 30 per cent, 40 per cent, and 45 per cent have been applied to the foreign cost, plus 2½ per cent only; but the landing costs are likewise included in the figure furnished as to the landing cost of the foreign goods. With respect to the domestic goods, we have likewise included 2½ per cent profit.

Assuming, therefore, the correctness of our overhead figures, for which we are more than willing to vouch, and using the labor-cost and cloth-cost figures, for which we have proof, the results developed are as follows:

PARAGRAPH 322—HANDKERCHIEFS.

Ladies' handkerchiefs.

Cloth.	Average yarn.	Foreign cost.	Foreign cost plus 2½ per cent profit plus landing charges plus 30 per cent duty.	Domestic cost plus 2½ per cent profit.
36- 72 by 60	62½	0.1053	0.1429	0.1606
36- 64 by 60	32	.1190	.1616	.1565
40- 80 by 72	50	.1438	.1952	.2093
40- 80 by 76	50	.1584	.2151	.2381
40- 88 by 80	53	.1582	.2149	.2649
40- 96 by 92	72	.1752	.2379	.2862
40-104 by 104	77	.1944	.2640	.3065
42-126 by 132	110	.2476	.3361	.3975

Cloth.	Average yarn.	Foreign cost.	Foreign cost plus 2½ per cent profit plus landing charges plus 40 per cent duty.	Domestic cost plus 2½ per cent profit.
36- 72 by 60	62½	0.1053	0.1537	0.1606
36- 64 by 60	32	.1190	.1738	.1565
40- 80 by 72	50	.1438	.2100	.2093
40- 80 by 76	50	.1584	.2314	.2381
40- 88 by 80	53	.1582	.2311	.2649
40- 96 by 92	72	.1752	.2558	.2862
40-104 by 104	77	.1944	.2839	.3065
42-126 by 132	110	.2476	.3615	.3975

Cloth.	Average yarn.	Foreign cost.	Foreign cost plus 2½ per cent profit plus landing charges plus 45 per cent duty.	Domestic cost plus 2½ per cent profit.
36- 72 by 60	62½	0.1053	0.1591	0.1606
36- 64 by 60	32	.1190	.1799	.1565
40- 80 by 72	50	.1438	.2173	.2093
40- 80 by 76	50	.1584	.2395	.2381
40- 88 by 80	53	.1582	.2392	.2649
40- 96 by 92	72	.1752	.2648	.2862
40-104 by 104	77	.1944	.2939	.3065
42-126 by 132	110	.2476	.3742	.3975

PARAGRAPH 322—HANDKERCHIEFS.

Men's handkerchiefs.

Cloth.	Average yarn.	Foreign cost.	Foreign cost plus 2½ per cent profit plus landing charges plus 30 per cent duty.	Domestic cost plus 2½ per cent profit.
36- 64 by 60	32	0.2447	\$0.3321	\$0.3140
38½-64 by 60	32	.2767	.3756	.3512
39- 68 by 72	32	.3000	.4073	.3696
39- 80 by 76	50	.2936	.3985	.4139
39- 88 by 84	52	.3129	.4247	.4488
39- 96 by 92	72	.3420	.4644	.5099
39-104 by 104	77	.3698	.5019	.5491
39-104 by 116	76	.3850	.5226	.6212
42-126 by 132	110	.5094	.6914	.7866

Cloth.	Average yarn.	Foreign cost.	Foreign cost plus 2½ per cent profit plus landing charges plus 40 per cent duty.	Domestic cost plus 2½ per cent profit.
36- 64 by 60	32	\$0.2447	\$0.3572	\$0.3140
38½-64 by 60	32	.2767	.4039	.3512
39- 68 by 72	32	.3000	.4380	.3696
39- 80 by 76	50	.2936	.4286	.4139
39- 88 by 84	52	.3129	.4568	.4488
39- 96 by 92	72	.3420	.4994	.5099
39-104 by 104	77	.3698	.5398	.5491
39-104 by 116	76	.3850	.5620	.6212
42-126 by 132	110	.5094	.7436	.7866

Cloth.	Average yarn.	Foreign cost.	Foreign cost plus 2½ per cent profit plus landing charges plus 45 per cent duty.	Domestic cost plus 2½ per cent profit.
36- 64 by 60	32	\$0.2447	\$0.3698	\$0.3140
38½-64 by 60	32	.2767	.4181	.3512
39- 68 by 72	32	.3000	.4534	.3696
39- 80 by 76	50	.2936	.4436	.4139
39- 88 by 84	52	.3129	.4728	.4488
39- 96 by 92	72	.3420	.5170	.5099
39-104 by 104	77	.3698	.5588	.5491
39-104 by 116	76	.3850	.5818	.6212
42-126 by 132	110	.5094	.7697	.7866

These figures will show that the handkerchiefs made of low-count, relatively heavy cloths are excluded at almost any rate on account of the advantage possessed by the American manufacturers in being able to buy these cloths as cheap, if not more cheaply, than in Europe. This condition, however, works no injury to the consumer, as the domestic competition in these lines has brought down the price of the finished article to such an extent that no domestic manufacturer is able to sell this range at a net profit, and competition with Europe, if same were possible, would have absolutely no effect, as far as the consumer is concerned, and we would respectfully suggest that you do not consider this class of goods in determining the rates.

The keen competition in the low end of the line is brought about by the desire of all of us to appear to sell our popular-priced goods cheaply. These are all of the kinds

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retailed at 5 cents each. Naturally we must to an extent average our profit on the 10-cent range, and this is the very class you are putting in jeopardy.

We desire to call your attention to the fact that, in view of the highly competitive character of this industry as a whole there is absolute justification for a rate higher than these figures would show as an average. On linen, silk, and embroidered handkerchiefs the importations are at present very large and constantly increasing, and it has already been brought to the attention of your committee that the total importation amounts to at least one-half the domestic output, and as this importation exists under the present rates, these would therefore appear to be more than fairly competitive. There is another fact which should be called to the attention of the committee, viz: That the industry brings a revenue to the Government of a larger amount than it is credited with or appears on the surface, for the reason that a very great proportion of the linen imported is used for handkerchiefs, so that on the approximated value of the domestic output of \$10,000,000 a large tax on the raw material is included.

In view of the already large importation, we respectfully request that the tariff be so drawn as to leave to this market the control of the plain cotton handkerchief business.

A domestic monopoly is impossible for the reason that anyone owning a single machine can become a manufacturer. Again, the very best cotton cloths are used and the consumer gets extremely good value for his money, and a change in the market resulting from a new tariff would largely, if not absolutely, tend to the benefit of the distributor, rather than to the manufacturer on the one hand or to the consumer on the other. The distributor to-day has both manufacturer and consumer at his mercy. It is true that the cost of cotton cloth in this country is a favorable element in the manufacture of some styles of cotton handkerchiefs, but the absence of exports of even these few grades proves that the foreign manufacturer has the market of the world at his disposal. He is free to combine and get his profit from other countries and dump his surplus in this market at prices, which, with a low rate of duty, would close up every handkerchief factory in the country without benefit to anyone.

If a large part of the staple business is taken away from the American manufacturer, his purchases of raw material will decrease, and his overhead expense will naturally increase, with the perfectly evident result that this business, which, as a whole, is highly competitive with Europe at the present time, will be wrecked and the entire market handed over to the foreigner. As has been shown, the methods of sale abroad, as compared with those in vogue here, are decidedly in favor of the foreigner. Almost all of the large buyers of handkerchiefs prefer to purchase in the Belfast market; they are perfectly human, and a free trip to Europe, with all that this entails, makes the purchase of goods in a foreign market very attractive. There is also, on the part of the retailer, a distinct prejudice in favor of the word "imported" as an advertising feature. An American manufacturer is expected to carry a large stock, maintain an expensive selling organization, and the carrying charges and consequent loss of interest, insurance, and depreciation in value by change of markets, are all charged to the manufacturer here, whereas abroad the goods are manufactured, sold, and shipped without any of these expenses attached.

The establishments here are very large and the entire organization must be maintained throughout the year, whereas abroad none of this is true, inasmuch as a six weeks' trip to this country of a foreign sales agent can and will dispose of that proportion of his goods which he has to sell in the American market. We are making this statement with an absolute knowledge of the condition; and can give as an instance the fact that the largest manufacturer of handkerchiefs in Belfast has no selling office or agency of any kind in this country, and takes care of his American business in just this way.

The writer fully realizes the high purpose of yourself and your associates in drafting this tariff bill, and wishes to put himself personally on record as thoroughly approving of your methods. I understand that you are drawing a tariff bill with the good of the consumer entirely in view. I also understand that you do not wish to draw a bill that will take away from said consumer any of his present purchasing power. It is perfectly plain that we have no right to come before you and ask your help in maintaining a condition in our industry which will, in any way, work to the disadvantage of the people of the United States. We do not feel that this is the case since our industry is already highly competitive. An inspection of the samples left by the writer will prove to you that the handkerchiefs which are made here are of good quality, attractive, and durable, and that our wholesale prices are reasonable. Any difference in value that may be found in different distributors' hands is due entirely to a variation in their demand for profit. Most of them insist on 57 per cent on the cost price as a minimum. A large part get more—almost none get less. A slight reduction in their

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profit would make a big difference in the value given to the consumer at the fixed prices. Over this we have absolutely no control, and we fear this can not be helped by legislation one way or the other. The textile business is of such a nature that the goods can not be distributed direct to the consumer under present conditions.

We, therefore, ask you, in your deliberations, after satisfying yourself of the justice of our claims, to reassure yourself that the consumer is in no way being injured by the continuance of our business existence, and, if you have so decided, to draw a tariff which shall be both a consumer's and a producer's tariff, and not one which will further strengthen the already great tyranny of the distributor at the manufacturer's expense.

Respectfully,

MILTON C. HERRMANN.

BRIEF OF HANDKERCHIEF MANUFACTURERS.

GENTLEMEN: The following statement is made in behalf of the manufacturers of the United States of handkerchiefs made from cotton whose names are hereto attached and who are interested in paragraph 322 of the act of August 5, 1909, which is as follows:

"322. Handkerchiefs or mufflers composed of cotton, whether in the piece or otherwise and whether finished or unfinished, if not hemmed, or hemmed only, shall pay the same rate of duty on the cloth contained therein as is imposed on cotton cloth of the same description, weight, and count of threads to the square inch; but such handkerchiefs or mufflers shall not pay a less rate of duty than 45 per cent ad valorem. If such handkerchiefs or mufflers are hemstitched, or imitation hemstitched, or revered, or have drawn threads, they shall pay a duty of 10 per cent ad valorem in addition to the duty hereinbefore prescribed, and in no case less than 55 per cent ad valorem; if such handkerchiefs or mufflers are embroidered in any manner, whether with an initial letter, monogram, or otherwise, by hand or machinery, or are tamboured, appliquéed, or trimmed wholly or in part with lace with tucking or insertion, they shall not pay a less rate of duty than 60 per cent ad valorem."

Primarily our purpose is to preserve the present rate of duty and the several differentials provided for in that paragraph.

Handkerchiefs of cotton are made in various styles and sizes, ladies' handkerchiefs being ordinarily from 12 to 15 inches square, and men's from 18 to 23 inches square. Plain handkerchiefs are made from cloth, woven ordinarily so as to be able to cut three ladies' handkerchiefs and two men's from one breadth. After being bleached the cloth is cut and the edges hemmed. The handkerchiefs are then folded, ironed, boxed and cased. Handkerchiefs are also made in the loom and include hemstitched, as well as those with corded or ribbed borders and, in addition, such as are printed, mercerized, embroidered, or trimmed with lace. Revered handkerchiefs are those ornamented with drawnwork; tamboured, those embroidered by means of a hoop or frame or with a certain stitch produced by embroidery machines; and appliquéed handkerchiefs are those having the decorative material applied to or sewed on the fabric. Mufflers are large kerchiefs used ordinarily to protect the throat.

TARIFF PROVISIONS.

Cotton handkerchiefs, whether in piece as woven or cut apart, finished or unfinished, pay the same duty as cotton cloth of the same description, weights, and thread count, plus a differential according to the amount of labor or are more advanced in condition and consequently represent a greater manufacturing outlay. Thus, "if not hemmed or hemmed only," they pay the countable cotton rates, but not less than 45 per cent ad valorem; "if hemstitched, or imitation hemstitched, or revered, or have drawn threads," the differential is increased 10 per cent, so that the duty becomes the cloth rate plus 10 per cent but not less than 55 per cent ad valorem; if "embroidered in any manner, whether with an initial letter, monogram, or otherwise, by hand or machinery, or are tamboured, appliquéed, or trimmed wholly or in part with lace or with tucking or insertion," the differential increases 15 per cent, but is only added to the minimum rate, which would give 60 per cent. During the fiscal year of 1911 something less than 1½ per cent of all the cotton handkerchiefs and mufflers imported paid duty at the rate of 45 per cent. During the same period, of the hemstitched handkerchiefs imported, approximately 4 per cent were subject to the cotton cloth rates, plus 10 per cent, and the remaining 96 per cent were subject to 55 per cent ad valorem. There is a further class coming under the provisions of paragraph 350, if composed wholly or in chief

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value of laces, embroideries, edgings, insertings, etc., made on the lever or Gotherough machine, which pay 70 per cent duty, but the quantity of these goods imported is insignificant.

LITIGATION IN REGARD TO HANDKERCHIEFS.

It is not desirable or necessary to take up the time of this committee with an accurate and detailed statement of the litigation respecting the interpretation of the various provisions of the several tariff acts with regard to handkerchiefs. It will suffice to say that it seems to have been difficult to adopt any phraseology which was not susceptible to construction or possibly to misconstruction. For instance, the phrase "embroidered in any manner, whether with an initial letter, monogram, or otherwise, by hand or machinery," had each of its several parts added to it by reason of some litigation with respect to the subject of handkerchiefs. Thus the court had to settle that the term "embroidered," as used in the act of 1894, was not commercial but descriptive. Embroidered initials on handkerchiefs were held not to make the handkerchiefs "embroidered handkerchiefs," according to the common and ordinary understanding, the court holding that in common parlance the term "embroidery" as applied to a handkerchief indicated ornamentation; whereas an initial was merely a mark of identification.

Again, there was a provision in the act of 1890 for "hemstitched and embroidered handkerchiefs" at 60 per cent ad valorem. It was undoubtedly the intention of Congress that hemstitched handkerchiefs, as well as embroidered handkerchiefs, should be liable to duty at 60 per cent; but this resulted in a decision to the effect that only such handkerchiefs as were both hemstitched and embroidered were dutiable at 60 per cent.

Even under the present act (par. 322) the question has arisen as to handkerchiefs having drawn threads, which you will note are covered also by paragraph 349, which relates to handkerchiefs from which the threads have been drawn, cut, or punched to produce open work. An importation of drawnwork handkerchiefs was classified by the collector in San Francisco at 60 per cent ad valorem under this provision, and it was held, in view of the fact that there were two *eo nomine* designations for this class of merchandise and that ordinarily the higher rate would apply, they were not subject to the provisions of paragraph 349, because that paragraph had included in it "not elsewhere specially provided for."

Attention is drawn to the danger of altering the phraseology of a paragraph which, in its very nature, must be to some extent intricate and complicated, because, even if in the wisdom of this committee the rate should be left as it is and the wording changed, the chances are that the American manufacturers of this merchandise would lose the protection that Congress sought to give them the benefit of.

COTTON CLOTH.

It is not our intention to enter into any discussion with respect to the merits or demerits of the present act in its provisions covering cotton cloth; but a consideration of this subject would seem to justify the impression that as compared with England, perhaps the largest manufacturer of cotton cloth outside of America, the price to the consumer is not so much a matter of tariff as it is a question of "set prices" and the very much greater cost of distribution in America as compared with England. Whatever the duty may be on cotton cloth, so far as the manufacturers of handkerchiefs are concerned, they are absolutely indifferent, except in so far as the reduction of duty beyond a reasonable and proper line would result in the destruction of the cotton-milling industry here and in this manner destroy or impair the market for the manufacturers of cotton handkerchiefs. The interest, therefore, that the manufacturers of cotton handkerchiefs have in the duty on cotton cloth is only by indirection, and they would have the same interest in any other matter that might tend to impair the purchasing power of the public. At the same time the fact is that, as manufacturers of cotton handkerchiefs, whose raw material is the cotton cloth, we have to say that the price of cotton cloth in this country is very fair.

PROPOSED LEGISLATION.

In the Underwood bill provision was made in paragraph 16 for the assessment of duty at 30 per cent ad valorem on all articles made from cotton cloth, whether finished or unfinished, and on all manufactures of cotton of which cotton is the component material of chief value. In paragraph 6 provision is made for handkerchiefs

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or mufflers composed of cotton, whether in the piece or otherwise, and whether finished or unfinished; and in paragraph 3 we find a provision for cotton cloths, the maximum duty being 30 per cent ad valorem. Hence, a situation is produced whereby the cotton cloth and the handkerchief in the piece and the finished handkerchief and the embroidered handkerchief and the handkerchief with appliqué and lace edgings all pay the same rate of duty. The first answer to this proposition would appear to be that this ad valorem preserves the relation by reason of the increased value of these several articles, but that is just where the fallacy of this whole situation comes in. So far as we are concerned all of the statements made by the Tariff Board with respect to the values here and abroad of cotton cloth may be and doubtless are entirely true and correct; and that the mill cost of cotton cloth in England is practically as great as the mill cost of cotton cloth in this country; and that the selling price of the manufacturer of cotton cloth in England is substantially the same as the selling price of cotton cloth from the mill in this country. But if this fact be accepted as fundamentally true, it is a perfectly self-evident proposition that the revision downward of the present bill for the purpose of securing revenue will be of little or no avail, and it is doubtful whether such revision downward will adversely affect the American manufacturer of cotton cloth; but when it comes to the question of the manufacturer of handkerchiefs in this country from cotton cloth, such a reduction will unquestionably and inevitably put him out of business.

This statement is predicated upon the fact, which can be substantiated, that the labor cost in this country ranges from 50 to 200 per cent more than the labor cost in England. With respect to plain cotton handkerchiefs, the labor cost in this country is 50 to 70 per cent higher than it is in England; but on embroidered handkerchiefs the labor cost here ranges from 100 to 200 per cent more. For instance, on ladies' plain handkerchiefs, retailing at 5 cents, where the element of labor cost comes in to the smallest extent, the foreign labor cost per dozen is $6\frac{1}{2}$ cents and the domestic cost is $11\frac{1}{2}$ cents. On men's plain handkerchiefs, retailing for 10 cents, the foreign cost of labor per dozen is $8\frac{1}{2}$ cents; the domestic labor cost is 15 cents. On ladies' embroidered handkerchiefs, retailing at $12\frac{1}{2}$ cents, the foreign labor cost is 22 cents per dozen and the domestic labor cost is 44 cents. On a cheaper embroidered handkerchief, retailing for 10 cents, the foreign labor cost is 8.9 cents per dozen, as against a domestic labor cost of 17.2 cents per dozen. On a standard cloth, such as 76 by 72, converted into embroidered handkerchiefs, the actual labor expended costs one and a half times as much more than the value of the cloth itself. In this present instance the cost of the cloth would be 9.8 cents, as against a labor cost of 14.37 cents. This cloth is used in a handkerchief retailing for 5 cents.

Some word of explanation might be offered as to the reason for this being true, and the manufacturers have prepared and will be pleased to file more detailed information with respect to labor cost, both here and abroad; but, broadly, the facts are that the expense of doing business, the interest on the capital invested, the wages paid, the cost of distributing the goods, all make it impossible to compete with the form of manufacture indulged in abroad. A foreigner could come in here for the period of five or six weeks at the expense of \$10 per day and book a tremendous quantity of orders, and thereafter his expense of upkeep would be practically nil; the work would be distributed among house workers, and the subsequent operations of folding, boxing, and so on, could be done very much cheaper there than here, whereas under the American system all of the overhead expenses continue throughout the year.

It is, therefore, evident, and the particular point upon which we desire to lay the greatest stress is, that a preservation of the present differential as between a cotton cloth and the embroidered handkerchief would not be adequate to meet this situation at all; and to dispense with all differentials, as is provided for in the proposed Underwood bill, is simply legislating the manufacture of handkerchiefs in this country out of existence. This statement is neither impassioned nor exaggerated. If, as stated before, the cost of cotton cloth is practically the same here and abroad, but the cost of labor for making hemstitched handkerchiefs is one-half, one-third, or one-fourth of what it is in this country to produce the same goods, then, obviously, a 30 per cent protection on handkerchiefs, even if cotton cloth were free, would absolutely destroy the business of the American manufacturer and a foreigner could undersell him in this market on every handkerchief that was made.

An interesting subject for consideration in connection with the handkerchief trade is the fact that somewhere between 40 and 45 per cent of the handkerchiefs sold in this country is the so-called 5-cent handkerchief, and between 25 and 30 per cent is the 10-cent handkerchief. It must be borne in mind that the prices for handkerchiefs range at 1, 2, 3, 5, 10, $12\frac{1}{2}$, and 25 cents. Of the 1-cent handkerchief there is 3 to 4 per cent sold. Of the 2-cent some 8 to 9 per cent, of the 3-cent about 4 per cent, of the $12\frac{1}{2}$ -

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cent something less than 10 per cent. and of the 25-cent approximately 13 per cent. Hence, it will be noted that practically 70 per cent of the handkerchiefs sold in this country are of the 5 and 10 cent class and that by far the largest portion is the 5-cent class. These handkerchiefs are sold under the system established in this country of what is known as "set prices," and the whole gamut of manufacturers—yarn, cloth, and the subsequent manufacture of cloth into handkerchiefs—is all predicated upon the absolutely vital fact that this handkerchief is to be sold for 5 cents. The whole system of set prices is undoubtedly thoroughly familiar to the various members of this committee and is set forth in some detail in the report of the Tariff Board.

So far as the manufacture of cotton handkerchiefs is concerned, the fact is that whereas the trade in this country is absolutely fixed in its determination to have a 5-cent handkerchief and a 10-cent handkerchief, and that these two grades constitute 70 to 75 per cent of the bulk of the business, a reduction from the present rates of duty to the duty proposed in the Underwood bill would bodily transfer this business to the English manufacturer.

At the present time the finest grades of cotton cloth made in this country are used in the plain 5 and 10 cent handkerchiefs that are being sold and there never was a time in the history of the handkerchief business when the consuming public were getting any better values for their money than at the present time. The question arises whether a reduction in the duties is going to benefit the American public. And right here let us say that this result will not be secured, for the reason that when the domestic manufacturer shall have been put out of business the foreigner will control the market and the American public will unquestionably not receive the value for his nickel and his dime that he is getting at the present time.

Very respectfully submitted.

Howland & Wheaton Co. (F. S. Whedon); Samsy Mfg. Co. (F. S. Whedon); Newark Embroidering Works (per H. Bonermann, Prop.); The International Hkf. Mfg. Co. (Charles T. Garthe, Treas.); The Acheson Harder Co. (James Harder, jr., Secretary); Herrmann Auslam Co. (Milton C. Herrmann, President); Heller & Long (by Louis Long); E. Heller & Bro. (per Carl Heller); H. Rosenthal & Co. (by Harry Rosenthal, Prest.); Phillips & Hyman (by A. M. Phillips); Hessel, Rains & Co. (by S. E. Rains).

PARAGRAPH 323.

In addition to the duty or duties imposed upon cotton cloth by the various provisions of this section, there shall be paid the following cumulative duties, the intent of this paragraph being to add such duty or duties to those to which the cotton cloth would be liable if the provisions of this paragraph did not exist, namely: On all cotton cloth in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, one cent per square yard if valued at not more than seven cents per square yard, and two cents per square yard if valued at more than seven cents per square yard; on all cotton cloth mercerized or subjected to any similar process, one cent per square yard.

PARAGRAPH 324.

Clothing, ready-made, and articles of wearing apparel of every description, composed of cotton or other vegetable fiber, or of which cotton or other vegetable fiber is the component material of chief value, made up or manufactured, wholly or in part, by the tailor, seamstress, or manufacturer, and not otherwise provided for in this section, fifty per centum ad valorem.

SHIRTS.

TESTIMONY OF W. N. ELLS, REPRESENTING THE SHIRT MANUFACTURING INDUSTRY.

The witness was duly sworn by the chairman.

Mr. ELLS. Mr. Chairman and gentlemen, I am here representing the shirt manufacturing industry, and especially that branch of it which has to do with what we call the higher grade shirt; that is, shirts which retail at \$1 and upwards each.

PARAGRAPH 324—SHIRTS.

This shirt industry, as a whole, according to the last census, is composed of about 800 different establishments.

Mr. FORDNEY. Pardon me; in what paragraph of the schedule are your goods?

Mr. ELLS. Paragraph 324, Schedule I.

According to the census report, there is a capital investment of \$44,000,000, with an output of \$82,000,000.

I would like to say at the outset that we are not here in any sense as obstructionists; that we recognize the desire of this committee to know the facts, and to do that which shall be good for all parties concerned, so far as it is possible. We are most happy to give you every item of information we can. Knowing the situation thoroughly in our industry, we have nothing whatever to conceal in any way. We appreciate the courtesy given us to come here and tell you what we may.

This industry, as I stated, has about 800 different manufacturing establishments. There is absolutely a free competition among them all. There is in no sense a trade agreement or anything which might in any way restrict the competition, and that competition has become exceedingly keen.

Mr. HULL. You are just discussing shirts?

Mr. ELLS. Just the shirt portion of it; yes, sir.

Mr. HARRISON. Not the collars and cuffs?

Mr. ELLS. No, sir; they come under another schedule. I understand there is a hearing scheduled for Friday on that.

Mr. HARRISON. Cotton collars and cuffs come under this schedule.

Mr. ELLS. I understand they are scheduled for hearing on Friday.

I am not sure if there has been placed in your hands copies of brief, but I have here at this moment corrected copies, which I would like to hand you, because the first one, being gotten out hurriedly, was found to contain a few typographical errors.

Twenty years ago this business was acknowledged as exceedingly prosperous.

Mr. HARRISON. These goods come in under a 50 per cent tariff now?

Mr. ELLS. Yes, sir, with cotton wearing apparel. Shirts are not specifically and separately mentioned.

Mr. HARRISON. But the customs-house officers, sustained by the Treasury Department, put them under that classification?

Mr. ELLS. Yes, sir; they all come in under that heading.

There has been a great change in the condition of the industry within the past 10 years, I may say. The competition before that time among the manufacturers was absolutely unrestricted and keen, but a few years ago, comparatively, there came a new development in the prevalence of the so-called soft-cuff shirt, which has become now a very prominent article of manufacture. The old business, the so-called laundered cuff business, required extensive plants, very large investments, etc. As you will notice, the investment is, from the census report, \$44,000,000, against an output of \$82,000,000, showing a very large investment in proportion to the output. It required a class of labor that took time to educate, and altogether had certain conditions which do not exist at all under the present state of affairs with soft-cuff shirts so much to the front.

PARAGRAPH 324—SHIRTS.

It became possible, with the introduction of this shirt, for manufacturers in large number to start in the manufacturing industry of these soft shirts. They do not require the same class of labor. There are vast numbers of them sold, and the manufacturers of these other grades of shirts found themselves confronted with a double condition: First, that the volume of their own particular product was reduced by the inroads made by the soft-cuff product; and, second, that in order to maintain it they were compelled to introduce this new branch of the industry, and to do it against the competition of those who had, we perhaps may say, no factories, or at least a very small factory overhead expense, whose investments were small, who may employ a different class of labor, and who do, as a matter of fact, to-day continually offer for sale their product at prices at which the old-time manufacturers in many quarters can not make them. That is particularly true of the city where I live, Troy.

Mr. KITCHIN. You say the annual output of the shirt industry in this country is \$82,000,000?

Mr. ELLS. \$82,000,000, according to the last census.

Mr. KITCHIN. Do you have any idea how much, in dollars and cents, is imported?

Mr. ELLS. We do not know, because the shirts are not specially classified.

Mr. KITCHIN. I know that, but they are classified under "wearing apparel."

Mr. ELLS. We know there were imported last year—

Mr. KITCHIN (interposing). A very small part of the imports under that section of "wearing apparel" was shirts, was it not?

Mr. ELLS. We do not know how much. We know there are a good many shirts imported. We know the total imports last year were \$3,600,000.

Mr. KITCHIN. No; it is \$1,871,000. This includes wearing apparel of all kinds made out of cotton imported under the paragraph being discussed.

Mr. ELLS. \$3,600,000 are the figures we have.

Mr. KITCHIN. \$1,871,000 in 1912.

Mr. HARRISON. Do you export any shirts?

Mr. ELLS. There probably is an occasional manufacturer who may sell a few shirts abroad. It has no significance and amounts to nothing.

Mr. HARRISON. I am referring now not only to your own factory, but to the \$82,000,000 of production in the United States. What part of that is sent abroad?

Mr. ELLS. My understanding is it would be so small it would be absolutely insignificant.

Mr. KITCHIN. Is it not a fact that much less than 10 per cent of this total amount of imports under this section was shirts?

Mr. ELLS. I do not think so. I have no means of determining, because the customhouse department does not give us the figures separately.

Mr. HARRISON. I call your attention to the growth in our export trade of cotton clothing exclusive of knit goods. In 1910 it was

PARAGRAPH 324—SHIRTS.

\$4,549,000; in 1911 it was \$5,538,000; in 1912 it was \$7,919,000. What proportion of that do you suppose was shirts?

Mr. ELLS. I am not able to answer that question, but from what I know of the shirt industry I think there is very, very little export.

Mr. HARRISON. Do you not believe that far more shirts made here are exported than foreign shirts are imported into the United States?

Mr. ELLS. No, sir; I do not think so. That is my own opinion only, for what it may be worth.

Referring to your question as to the amount of imports, according to the figures we have of imports last year, they were 50 per cent more than they were in the largest year under the 40 per cent duty, which obtained about 10 years ago, and they have increased materially within the past few years; that is, the total imports under that clause. We have ocular demonstration of that, and the gentleman who follows me will show you some of the details of it—of shirts that are now being brought into this country at prices at which it is impossible for us to make them, to say nothing of selling them.

I notice in this connection that the total exports of shirts from Japan, according to the consular report—that does not say imports to the United States, because we do not know where they went—in the last three years have increased 550 per cent. The average price of their shirts per dozen in the same period has decreased 22 per cent.

Mr. HILL. Are there any American manufacturers that have establishments in Japan?

Mr. ELLS. I have never heard of one.

Mr. FORDNEY. I am told by ex-Congressman McKinlay, of California, that while in Japan an American consul was showing him around and showed him four different cotton factories, in which the American consul told him Marshall Field & Co., of Chicago, were interested. I made that statement publicly, and I received a letter from Marshall Field & Co., asking me if I had made that statement, and where I got my information. I wrote back and asked, after relating the story, whether or not it was true, and I never got any reply from them.

I will tell you what I have here, and I am helping you now, because I believe as you do. I have an American consular report on wages paid in shirt factories in Japan, as follows: Women, \$5 or \$6 per month; men, from \$7 to \$10 per month; and they pay \$3 out of that for their board. That is your strongest competition, the difference in the cost of labor abroad and here, is it not?

Mr. ELLS. Yes, sir; I am very glad to get those figures.

Mr. FORDNEY. And on that cost is what you want protection?

Mr. ELLS. Yes, sir; that is the large part of it.

Mr. KITCHIN. Do you not know as a fact that there has not been \$10,000 worth of shirts imported from Japan in the last 10 years to this country? They do not come from Japan, and Brother Fordney knows they do not come from Japan. Do not let him mar your testimony with any such thing as that.

Mr. FORDNEY. Let me tell the gentleman from North Carolina (Mr. Kitchin) I do not know anything of the kind about what he is talking about.

Mr. KITCHIN. You ought to know it.

PARAGRAPH 324—SHIRTS.

Another thing, not 10 per cent of the amount of imports under this paragraph is shirts, and instead of the importation in that paragraph increasing, as you seem to think, it has been decreasing for the last four years. In 1908 it was over \$4,000,000, and it has dwindled down until in the last year it was \$1,871,000, and as said before, not 10 per cent is shirts. I can't understand how you shirt manufacturers can resist a reduction of the tariff when you have a monopoly of the home market; that out of every \$500 worth consumed here you sell \$499 worth and the foreigner only \$1.

Mr. ELLS. In 1908, according to the figures we have, the imports were \$3,321,000.

Mr. KITCHIN. I am taking the figures from our Government report, \$4,185,000. But go ahead and give yours.

Mr. ELLS. In 1909 they amounted to \$1,564,000. In 1910 they were \$1,138,000. In 1911 they were \$3,983,000. In 1912 they were \$3,635,000.

Mr. KITCHIN. You are just mistaken over a million dollars in 1912. In that year it was \$1,871,000.

Mr. HILL. Here [indicating] is the last published statement. This is June, 1912.

Mr. KITCHIN. You have the one that does not specify, but includes many other articles. You have not the right one.

Mr. HILL. You do not know whether I have or not.

Mr. KITCHIN. I have the one that particularizes right on this schedule. It is \$1,871,477.20, to be accurate.

Mr. FORDNEY. The statistics furnished by the committee, under paragraph 324, the paragraph about which you are talking, shows importations in 1910 were \$1,890,000; in 1911, \$1,931,000; in 1912, \$1,914,000; estimated importations under the proposed bill by our Democratic friends, \$3,646,600.

According to their own opinion the estimated imports under the rates which they propose will almost double. Do you believe that would in any way affect this American institution?

Mr. ELLS. I do not think, if it would stop there, that we would have to worry; but I do not think it would stop there.

Mr. LONGWORTH. The only trouble about Mr. Kitchin's figures is that he was reading from exports and not imports; otherwise his statements were correct.

Mr. KITCHIN. You know that what you are reading from—I have just looked at it—is under a general clause, "All other clothing," and those are statistics of imports and exports of a general nature, without particularizing, for the last three years. What I am reading from is the summary of imports by the department which specifies under each paragraph of the tariff. This document is issued monthly and then once a year and gives the data for the year ended June 30, 1912, particularizing this section. The amount they give you, Mr. Ells, is under different sections, two, or three, or four, or five paragraphs, apparently. The section I am reading is exactly that section you are talking about, section 324. You come under that section, do you not?

Mr. ELLS. I think so.

Mr. KITCHIN. Certainly; you know it.

Within the last year we only imported, of all that class of goods under paragraph 324, \$1,871,479, and exported under the same clause

PARAGRAPH 324—SHIRTS.

over \$7,000,000, and I am sure much less than 10 per cent was shirts.

Mr. ELLS. The point simply is in this statement regarding imports, assuming the figures are correct, that they are increasing, and this duty is not a prohibitive duty. It does not keep the people from importing.

Mr. KITCHIN. I will tell you what I wish you would do. Upon investigation a year ago I could find very little imports of shirts. I wish you would try to find out how many shirts, in dollars and cents, were imported last year, and put it in your brief. See if you can find that out.

Mr. ELLS. Can we get that from the customs authorities?

Mr. KITCHIN. They will help you the best they can. I doubt whether they can give you anything very definite. A year ago they were able to find very little, and they thought a very small percentage of the imports under this paragraph was shirts—not enough to attract any attention.

Mr. FORDNEY. The point I want to make is that under the Payne tariff law the importations have not materially increased, showing that the law is effective, and is holding down the importations, and therefore protecting domestic industries.

Under the proposed bill, as proposed by our Democratic friends, they admit that the rate they propose will materially increase, or, rather, almost double the importations of these articles. Therefore, if that be true, then the production of these goods in this country must decrease?

Mr. ELLS. Yes, sir.

Mr. FORDNEY. If an increased importation comes in, that is true?

Mr. ELLS. Yes, sir.

Mr. FORDNEY. Such a changed condition would injure the American industry, would it not?

Mr. ELLS. Beyond all question.

Mr. FORDNEY. And you could only reach and combat with that competition by lowering the cost of your production?

Mr. ELLS. Yes, sir.

Mr. FORDNEY. And as labor enters more largely into the cost of production than any one other item, the labor itself must suffer?

Mr. ELLS. Yes, sir.

Mr. HARRISON. If Mr. Fordney has concluded his testimony in your behalf, it is my duty to inform you that your time has expired.

Mr. ELLS. But I have not had time to talk at all. I have come 400 miles across the country to talk to you for 15 minutes.

Mr. HARRISON. I recognize the committee has occupied most of your time. You have occupied the stand, however, for nearly 20 minutes; so if you have any sentence to conclude, I suggest you do so and we will call the next witness.

Mr. FORDNEY. I am sure the witness will certify to the statements made by Mr. Fordney.

Mr. HARRISON. Mr. Ells, if you will proceed for five minutes, I am sure the committee will be glad to hear your argument.

Mr. ELLS. In the first place, we have a shirt here which I will say nothing about, but to which I will just call the attention of the committee.

PARAGRAPH 324—SHIRTS.

Second, in the matter of labor, we find our average rate of labor, as compared with labor abroad, is something like this: We are paying \$9.62 per week to those who are operating our factories, our wage earners. In England the average is \$3.75 to \$4 per week. In Germany the average is \$2.14 to \$2.42, and in Japan the average is from \$1.77 to \$2.44.

We have a schedule here which I will not attempt to read, of the individual kinds of operators. I will ask if we may have the privilege of filing some of this matter with you in the near future?

The CHAIRMAN. You may do so.

Mr. ELLS. The rate of wages in Troy has increased in 20 years 30 per cent. In five years it has increased 15 per cent.

We have another condition which is very important, having a bearing on wages, and that is that we have to run a certain limited number of hours; that we have to have certain definite conditions in our factories. Gov. Sulzer, of New York State, where many factories are located, just now has had a hearing of the labor leaders, who have asked the abolishment of female labor and all things of that kind, with which we have to contend.

We claim there is a better product offered at a given price on shirts to-day than ever before in the history of the industry. I point to the shirt sales in evidence on Pennsylvania Avenue and everywhere else to-day. Twice a year these shirt sales are in progress, which come out of the profits of both the retailers and very largely the manufacturers, showing that the consumer certainly does not require anything further to make the competition broad enough and keen enough to give him the advantage of a proper garment at a proper price. There is no necessity for anything of that sort.

There are many other things I would like to say, but in deference to the chairman I want to conclude as quickly as I can.

First, we believe, sir, that the present rate of duty is not a prohibitive rate. That is evident.

We believe it should be maintained; that if it is not maintained, the shirt manufacturers, who, to-day and for several years past, by reason of these conditions which have grown up have had a very hard time, and who, if my information is correct, and I believe it to be correct, are barely holding their own in very many cases, will be driven out of business entirely. It will be a great hardship and it will be impossible for us to go ahead. We know that we can not compete with anything like the foreign labor prices nor the prices at which the foreign product is now being brought into this country.

This one shirt which I now hold in my hand has been bought within a week, being imported from Japan, at a price that lays it down here at \$31.88, and the best cost we have been able to figure on it, without any allowance for profit or for selling expenses, is \$34.46, or \$2.50 more.

We also beg leave to suggest that whatever the duty may be, the plan which is now adopted in Canada of requiring certification with every import that the prices at which the import is named are no less than the prices in the home country for home consumption, should be put upon the invoice.

The CHAIRMAN. In other words, you favor a dumping clause?

Mr. ELLS. Yes, sir.

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The CHAIRMAN. You do not think the dumping clause would work any injury to your industry by reason of some other countries adopting it in the nature of reprisal, do you?

Mr. ELLS. No, sir; there is not enough goes out of the country.

The CHAIRMAN. Your time has expired.

Mr. Ells's brief is as follows:

BRIEF OF SHIRT MANUFACTURERS.

COMMITTEE ON WAYS AND MEANS,
House of Representatives.

GENTLEMEN: The undersigned, a committee representing a substantial part of the shirt-manufacturing industry, present the following brief in regard to the tariff rates specified in paragraph 324 of Schedule I of the tariff act of 1909, which provides for the "imposition of an ad valorem duty of 50 per cent upon clothing, ready-made, and articles of wearing apparel of every description, composed of cotton or other vegetable fiber, or of which cotton or other vegetable fiber is the component material of chief value" (this being the paragraph under which manufactured shirts are dutiable).

This committee represents substantially that part of the industry which manufactures laundered shirts, retailing at prices ranging from \$1 upward.

We recommend that no material change be made in the rate of duty imposed by the aforesaid section, and for the following reasons:

The entire shirt industry, according to the Thirteenth Federal Census, represents an investment of upward of \$44,000,000, comprised in 770 different manufacturing establishments spread over the entire United States, employing upward of 48,000 wage earners and turning out a product of the value of upward of \$92,000,000 per annum.

The committee represents a very substantial part of that industry in respect to capital investment, number of wage earners, and volume of product.

Our industry is upon a decidedly competitive basis. There is no combination, trust, monopoly, or association of any kind among these manufacturers, and if this brief is in part unsatisfactory as to statistics it is attributable to the fact that no organization exists among these manufacturers whose plants are widespread over the entire country, and therefore it is impossible to secure such statistics, more particularly since the committee which presents this brief was appointed at a meeting held only two weeks prior to this hearing.

Point I.—The industry is upon a highly competitive basis.

For the information of your committee we have secured the data contained in Schedule A hereto annexed and made a part of this brief, from manufacturers whose product we deem representative of our industry. It shows the cost of production of a typical grade of shirt most extensively sold to the consumer. It gives the net selling prices thereof, as well as the profit realized thereon. A perusal of that schedule must necessarily convince your committee that any industry, the operations of which are so widely distributed and comprising 800 plants, each under separate and independent management and control, must result in the keenest sort of competition. In fact, so active and severe is this competition that during the last 10 years the quality of the product has been materially advanced while the price has remained stationary.

The business is now meeting foreign competition; and the latest statistics, especially of increases in importations, indicate this fact.

The industry is one readily susceptible to increase of competition, because it is feasible for men with small capital to engage therein, since neither extensive premises nor complicated machinery are requisite for turning out the product, which is evidenced by the large increase in the number of manufacturers.

In our second point we shall advert to the vast discrepancy in the cost of labor in this industry here and abroad. With this reference in mind, we draw attention to the fact that this lower cost of production abroad has thrown upon the American market a quantity of shirts, which is not a mere matter of apprehension for the future, but an actual present condition, demonstrated by the enormous growth of importations during the last three years. During the fiscal year ending June 30, 1910, the total imports of cotton wearing apparel dutiable under paragraph 324, amounted to \$1,838,356; in 1911, these figures were more than doubled, the imports amounting to \$3,983,030; and in 1912 they were \$3,635,393. Not all of these importations were shirts, and unfor-

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unately there is no way of telling just how much of them represent shirts, because the Government statisticians do not segregate the different kinds of merchandise. We have good reason to know, however, that a part of this great increase must be due to the large importations of men's shirts, for, during the last two years, we have encountered vast quantities of foreign-made shirts displayed for sale in the dry goods and department stores. In view of the desirability and necessity of furnishing your honorable committee with precise figures, it is particularly unfortunate that we can give only the totals for the paragraph (excluding corsets), but inasmuch as the Government does not separately report the importations of shirts, and inasmuch further as there is no central association or bureau in our trade to aid us in securing these quotations, there is no way in which we can segregate them.

At the present time the competition in men's shirts comes from Austria, England, France, Germany, and Japan. Data showing the exportations from those countries to the United States are not available, but through the courtesy of the Japanese consul general in New York, we have secured some general statistics taken from the report of the treasury department of Japan, which have a great, and for the American shirt manufacturer, a sinister significance.

These figures indicate a tremendous growth in the export of shirts manufactured in Japan, and they are as follows:

1910.....	dozen shirts..	1,391
1911.....	do.....	2,117
1912.....	do.....	7,601

These figures in themselves, of course, would not represent a very extensive inroad upon the shirt industry in this country, but they are exceptionally significant for they show that the manufacture and exportation of these shirts from Japan increased nearly 600 per cent in three years. Incidentally, it may be well to refer to the fact that from the same country, and according to the same report, the exportation of collars and cuffs increased 150 per cent during the same period.

If this progression be possible in a country where the industry is practically in its infancy, what are the domestic manufacturers to anticipate in the event of a reduction of the duty, but a tremendous influx of shirts from foreign countries where the industry is already well established, and from Japan, where it is making such great strides?

Competition by the domestic manufacturers with exportations of that type would be utterly impossible, and could only be met by reductions of wages so radical and sweeping in character, as to be practically out of the question. It must be equally plain that in view of the part that machinery plays in the production of these shirts, and in view of the deftness of the foreign workers, any reduction in the duties on cotton cloths would not justify a substantial reduction in the duty on manufactured shirts.

We do not wish to be understood as objecting altogether to foreign competition, nor as seeking a tariff which would eliminate it. On the contrary, we welcome competition from foreign countries, and are getting it now in increasing quantities, but we must be kept upon a parity with the foreign manufacturer in the cost of production.

For the convenience of your committee we append hereto Schedule B, a table showing the importations of cotton wearing apparel such as are dutiable under the present paragraph 324 from 1894 to 1912.

It is probably needless to remind your committee that the cotton cloth, pearl buttons, and kindred materials, which are constituent parts of a manufactured shirt, are more cheaply procured in the countries named, quality for quality, than in the United States.

The domestic consumer has always shown a tendency to give preference in his purchases to articles of apparel stamped or marked "imported," probably on the groundless belief that such a mark implies superiority in quality, and this human weakness would be a decided factor in favor of the foreign manufacturer in the sale of his merchandise. The domestic competition in the last five years has placed the industry on such a basis that, taken as a whole, and with but few exceptions, it has not been remunerative.

Point II.—The difference in the cost of labor to the domestic and the foreign manufacturer is one that can only be equalized by the maintenance of the present tariff.

In the matter of original equipment—that is, the purchase or leasing of factory sites and the construction and equipment of factory buildings—there is entailed upon the domestic manufacturer a far greater investment than upon the foreign manufacturer, and this overhead expense is being increased from year to year, owing to the enactment of various State laws designed to improve the conditions of labor, with which we are only too pleased to comply, since in most of our institutions these

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changes have been voluntarily made for the express purpose of improving the working conditions of the wage earners.

We are subjected to stringent laws regulating child labor and the hours of employment of women (of which we make no complaint), but they constitute, nevertheless, a considerable financial burden upon the American employer.

Furthermore, the foreign countries named have the advantage of an apprenticeship system, whereby they are enabled to secure the services of apprentices practically free, while in America apprentices, who are called "learners," are paid in a proportion equivalent to the payment received by skilled operatives.

Conceding as we do the greater efficiency of American labor, yet in the manufacture of shirts it does not make up the inequality which we shall exhibit by our tables, for the same machinery is used abroad and here, and the deftness in this class of work of English, German, and Japanese work people is well established.

We therefore seek to impress upon your committee the necessity for preserving the equation representing the difference in the cost of labor.

The average cost of labor which enters into the manufacture of a shirt represents 40 per cent of the total cost thereof. So that it will be observed that labor is the largest constituent item in the determination of cost. Therefore, in attempting to adjust the tariff upon a competitive basis for the purpose and with the intent that the American and the foreign manufacturer shall be placed upon a parity in the domestic market we must take this equation into consideration.

The character of labor employed in this industry may well be described as almost entirely "skilled labor," and the following table represents a comparison of the rate of wages paid to operatives in this industry in America and in competitive countries:

Weekly rate of wages: America, \$9.62; England, \$3.75 to \$4; Germany, \$2.14 to \$2.42; Japan, \$1.77 to \$2.44.

NOTE.—The averages both here and abroad include male and female labor. The American average shows an increase of nearly 20 per cent in the last decade. The Japanese average includes cost of maintenance.

A report submitted by the board of trades to the British House of Commons shows that the average weekly wage for those working full time in the "shirt, blouse, under-clothing, etc., industry" during the last pay week in September, 1906, was as follows:

	s.	d.
Men (all occupations).....	29	10
Boys (all occupations).....	8	9
Women:		
Cutters.....	14	11
Machine sewers—		
Hand or foot.....	14	7
Power.....	13	1
Hand sewers.....	12	2
Starchers and ironers.....	11	5
Boxers and wrappers up.....	11	8

This makes the average rate of all these classes of employees in the United Kingdom at the period named 14 shillings 2 pence per week, equivalent to \$3.42. While the Board of Trades Labor Gazette, December, 1912, shows that returns from shirt and collar manufactories in England, Scotland, and Ireland, employing 6,313 workmen in factories (in addition to out-workers), and paying £4,277 in wages in the week ending November 23, represented a decrease of 1.1 per cent in the amount of wages paid compared with the month previous, and of 2.7 per cent compared with a year ago—their tabulation being as follows:

Number employed.	Nov. 23, 1912.	Increase on month ago.	Increase on year ago.
6,313	0.4	+0.4	+0.7
£4,277	.....	-0.7	-1.9

This shows an average wage not considering out-workers, of \$3.30 per operative.

Even more significant, and may we say, appalling, is the account of the Japanese industry of shirt and collar making for export, reported by Consul General Thomas Sammons, of Yokohama, in the Daily Consular and Trade Reports, No. 26, of January 31, 1912, which we herewith set forth in full:

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"The manufacture of shirts in Japan for export is increasing and is considered to be very profitable. A good quality of shirts made to order sells at from \$16 to \$20 a dozen. Quantities of material are imported for the purpose of manufacturing shirts for the export trade, utilizing Japan's cheap labor. Rebates of the import duties on the raw materials are granted on such manufactures. In some instances foreign made shirt materials are very cleverly imitated in Japan.

"Male Japanese shirt and collar makers, including cutters, are paid \$7.50 to \$10 per month, while female workers receive \$5 to \$6 per month. Food and lodging are also provided, the estimated cost being \$2 to \$3 per month. It is assumed that each person consumes during the year 1 koku or about 5 bushels of rice. A koku of rice at prevailing high prices, is worth about \$12. The cost of the other food furnished is estimated at twice that of rice.

"In addition to board and lodging furnished to the shirt and collar makers who are employed in the factories, a daily free bath is provided, and a religious service is customarily arranged for once a month, this being followed by an entertainment of some kind, frequently including a moving-picture exhibition.

"HOURS OF LABOR—CHILD LABOR.

"These laborers work about 57 hours each week, with an average of three holidays in each month, usually the 1st, 15th, and 28th, in addition to the usual national holidays, 10 or 12 each year. Thus, without ceasing to work on Sundays, these shirt and collar makers have about 50 holidays during the year. The average working day is 9½ or 10 hours, from 8 in the morning to 6.30 or 7 in the evening; 30 to 45 minutes are allowed for luncheon, with an additional half-hour for the serving of tea in the afternoon.

"Under the new factory laws of Japan, children who are employed in factories must have had 6 year's schooling. It is estimated, therefore, that with the school age beginning at 6 or 7, children would not be admitted, under this law, to factories before the age of 12 or 14. However, in the shirt and collar industry much piecework is turned over to families rather than to individual workers. While it is estimated that the earnings of a family engaged in this work will amount to between 35 cents and \$1 per day, it is practically impossible to secure definite information showing how much piecework is done for a certain sum of money. Most of the shirt manufacturers regard data of this kind as trade secrets.

"As the shirt and collar makers in Japan are paid a higher scale of wages than cotton-mill employees, the manufacturers have no difficulty in securing all the help they require."

With a rapidity of growth in this industry which is possible only in such countries as Japan, where labor is ridiculously cheap, and with the industry well entrenched in the other foreign countries, where it has been longer established, domestic manufacturers in the face of a substantial reduction in the tariff will be compelled to face an attack which they are not prepared to meet, and which, in fact, they can not meet, except as the result of a stringent reduction in the wages paid to their operatives—a measure both inequitable and impossible, and visiting upon their employees the evil results which might flow from their choice of the other alternative, namely, a shutting down of the factories engaged in this industry.

If, therefore, your committee were to reduce the duty upon raw materials which enter into the manufacture of these articles, and if we disregard entirely the increased cost of equipment and of general overhead charges, and selling expenses in the United States, as hereinbefore referred to, nevertheless, the American manufacturer can not be placed upon a basis of equality of competition with the foreign manufacturer, because of his utter inability to secure labor, the chief component cost of shirt manufacture, at an equivalent price, unless the tariff upon the manufactured article is maintained at substantially its present rate.

The reduction of the tariff upon the raw material and the substantial maintenance of the tariff upon the manufactured article would probably enable the domestic manufacturers in such cases where they are justified, either in increasing the quality of the product furnished to the consumer by using the imported material when it is better than the domestic and procurable at the same price, or in reducing the price of the manufactured article to the consumer, by whatever sum may be saved as a result of the competition in raw materials, but the labor equation will forever remain.

In spite of the fluctuations in the prices of raw material, and in fact the gradual increase in the prices thereof, and the rather steady increase in the cost of labor and other expenses, the fact remains that both wholesale and retail prices of our article have not advanced, and that the consumer is to-day receiving greater value for his money than ever before in the history of the industry.

PARAGRAPH 324—SHIRTS.

We therefore respectfully urge upon your committee the careful and serious consideration of these conditions before any effort is made to adjust the tariff upon what we believe to be the basis that you are considering, namely, a competitive one.

All the competitive countries named, with the exception of England, maintain, as against the United States, a tariff against our manufactured article equivalent to the one which we seek to have continued as against them, more especially so when the difference in wages to which we have adverted are made a part of the calculation.

Appended hereto, marked "Schedule C," is a tabulation showing that the present rate of duty maintains the requisite equality based on variations in the wage scale.

Point III.—As to the administrative features of the proposed legislation.

We respectfully recommend that in the proposed law some provision be made so that importations of shirts as such may be segregated from other articles of wearing apparel dutiable at the same rate.

We also respectfully suggest that your committee recommend the adoption of a provision similar to that demanded under the Canadian tariff, which requires an importer to certify, among other things, "that the invoice contains a true and full statement showing the prices actually paid or to be paid for the goods, the actual quantity thereof, and all charges thereon; that the said invoice also exhibits the fair market value of said goods at the time and place of their direct exportation to Canada, and as when sold at the same time and place in like quantity and condition for home consumption in the principal markets of the country whence exported directly to Canada, without any discount or deduction for cash, or on account of any drawback or bounty, or on account of any royalty actually payable thereon, or payable thereon when sold for home consumption, but not payable when exported, or on account of the exportation thereof or for any special consideration whatever."

LASTLY.

We are convinced that any material reduction in the duty on manufactured shirts will undoubtedly result in a tremendous increase in importations and an injury to the domestic industry from which it can not possibly recover without a readjustment of the wage scale. That an invitation of this character will so greatly overrun the domestic market with the foreign product as to leave the American manufacturer upon a noncompetitive basis, and that the most immediate and ultimate sufferers from such a condition of affairs will be the wage earners, who are at present the highest paid operatives of their type in the world and apparently content and satisfied with both their working conditions and their scale of wages.

GEORGE S. BROWN,
Chairman.

JULES C. LEVI,
WALTER M. STEPPACHER,
NAT JACOBSON,
EDWARD H. BETTS,

Committee.

FEINER & MAASS, *Counsel.*

SCHEDULE A.

This schedule is a composite, showing actual results attained by four representative manufacturers: Earl & Wilson, Troy, N. Y.; Walter M. Steppacher & Bro., Philadelphia, Pa.; Hall, Hartwell & Co., Troy, N. Y.; Manhattan Shirt Co., Paterson and Passaic, N. J.

The books of each of these concerns are open of access to the committee for the purpose of verifying these figures.

The results herein shown are, with slight variances, typical throughout the industry.

The illustration chosen applies to a shirt which retails to the consumer at \$1.50, which, by reason of the greater quantity consumed, is the fairest illustration.

PARAGRAPH 324—SHIRTS.

	Cost of production per dozen shirts.	Net price per dozen at which these shirts are sold by the manufacturer to the dealer.
Manufacturer A.....	\$12.56	\$12.69
Manufacturer B.....	12.37	13.00
Manufacturer C.....	11.95	12.50
Manufacturer D.....	11.23	12.00
	4/48.11	4/50.19

Average cost per dozen shirts.....	\$12.03
Average selling price per dozen shirts.....	12.54
Cost.....	12.03
Selling price.....	12.54
Average profit per dozen shirts.....	.51+

In order to make the illustration one of general application, three of the houses chosen sell directly to the retail dealer, while the fourth sells to the jobber, and in the last-named instance there has been added to the cost the jobber's expense, and the selling price given is the jobber's net selling price.

SCHEDULE B.

Year.	Rate of duty.	Value.	Year.	Rate of duty.	Value.
	<i>Per cent.</i>			<i>Per cent.</i>	
1895.....	50	\$1,324,856	1903.....	50	\$1,536,834
1895.....	50	395,183	1904.....	50	1,616,861
1895.....	40	2,051,520	1905.....	50	1,435,456
1896.....	40	2,491,017	1906.....	50	1,703,836
1897.....	40	2,469,093	1907.....	50	2,766,144
1898.....	40	249,908	1908.....	50	3,321,321
1898.....	50	546,744	1909.....	50	1,564,392
1899.....	50	622,012	1910.....	50	1,838,356
1900.....	50	746,525	1911.....	50	3,983,030
1901.....	50	802,687	1912.....	50	3,635,393
1902.....	50	1,020,735			

SCHEDULE C.

Using as an illustration the same type of shirt made by the same four concerns mentioned in Schedule A, the labor cost compared with the total cost of production is as follows:

	In the case of a shirt of which the selling price is \$13 per dozen, the analysis of cost is as follows:	In the case of a shirt of which the selling price is \$12.69 per dozen, the analysis of cost is as follows:	In the case of a shirt of which the selling price is \$11 per dozen, the analysis of cost is as follows:	In the case of a shirt selling at \$7.83 per dozen to the jobber, the analysis of cost is as follows:
Labor.....	\$4.50	\$4.41	\$4.91	\$2.94
Material.....	4.12	4.50	4.56	3.40
Overhead.....	1.80	1.28	2.48	.78
Other materials.....				.71
	10.42	10.19	11.95	7.83
Percentage of labor cost.....	43+	43+	41+	38+

PARAGRAPH 324—SHIRTS.

Showing the average labor cost in these four factories to be about 41 per cent, and these illustrations may be considered typical of the industry.

Under such circumstances, the cost of labor per dozen shirts as between this country and the foreign countries, as shown by the table on page 7 of our brief, would indicate that, as against Japan, the cost of domestic labor is almost four times as great; as against Germany, over three times; and as against England, almost twice as great.

Earnings per week in shirt manufacturing industry.

	England (female).	United States (male).
Cutters.....	\$3. 58	\$15 to \$18. 00
Machine sewers.....	3. 32	10. 00
Starchers and ironers.....	2. 74	12. 00
Boxers and wrappers.....	2. 80	10. 91

With the exception of the cutters, all of the above operatives are female in the case of both countries.

The figures given above for England are taken from a report submitted by the board of trades to the British House of Commons, and shows the average weekly wages for those working full time in the shirt, blouse, underclothing, etc., industry during the last pay week in September, 1906.

The figures for the United States are taken from the average earnings at the present time of employees in several representative factories in Troy, N. Y.

**TESTIMONY OF GEORGE S. BROWN, SHIRT MANUFACTURER,
NEW YORK CITY.**

Mr. BROWN. Mr. Chairman and gentlemen, Mr. Ells has covered a large part of what we have to offer to you, and I will be brief in what I have to say about these various shirts.

He did omit one important fact, and that is, that there are 48,000 operatives employed in the shirt industry who as a rule are employed at a very remunerative wage; they are seldom out of employment; they are always cared for by their employers. As a rule, they spend nearly all of their lives in the factory, unless for some reason they happen to get married or on account of something of that kind. But they look upon it as their home. In the first concern I was in in Norwalk the employees were always looked after just as if they were one of the family. I just simply mention this to show you the consideration that shirt operatives will receive all over the country from their employers.

In the second place something was said about the production of Japanese shirts. Here are some figures: In June, 1910, there were 1,631; in 1911, 2,117; and in 1912, 7,601. It seems to us that Japan, in the face of the 50 per cent tariff—

Mr. KITCHIN. What are those shirts worth? What is the import price?

Mr. BROWN. Japanese shirts?

Mr. KITCHIN. Yes; negligee shirts.

Mr. BROWN. That they import here?

Mr. KITCHIN. Yes; the import price.

Mr. BROWN. I have several samples.

Mr. KITCHIN. You said there were over 7,000 dozen?

Mr. BROWN. I said 7,601 dozen last year.

PARAGRAPH 324—SHIRTS.

Mr. KITCHIN. How much a dozen; the import price?

Mr. BROWN. Unfortunately all of the importations of cotton fabrics and silk fabrics, cloth particularly, are not segregated in any report.

Mr. KITCHIN. About how much do you think they would be worth a dozen on the average?

Mr. BROWN. I would simply be guessing.

Mr. KITCHIN. Suppose you try a guess.

Mr. BROWN. If you will let me just show you these shirts, I will try a guess. Most Yankees can guess, they say.

Here is a shirt bought from a company in New York, which is delivered here at \$40 a dozen. It is a very high-grade article and exceedingly well made. There isn't a shirt made in this country with such needlework on it as there is on this shirt. I have been in the business all my life and I know whereof I speak.

The nearest shirt we can make to this—it was figured on by one of our very best manufacturers—would cost \$39.30 for just the labor alone, and not including the other charges.

Mr. KITCHIN. Is that a cotton shirt?

Mr. BROWN. It is a silk shirt. Most of these shirts that are imported are silk shirts.

Mr. KITCHIN. That does not come under this schedule at all.

Mr. BROWN. It is pretty hard to differentiate between silk and cotton. They are all shirts.

Mr. KITCHIN. That does not come under this schedule; that comes under the silk schedule.

Mr. BROWN. They are not separate. These all come in under wearing apparel.

Mr. KITCHIN. They do not come in under that section.

Mr. BROWN. We are informed so, sir.

The CHAIRMAN. I am not sure, but I think you are mistaken about that.

Mr. BROWN. Of course, we have to bow to your judgment in the matter.

The CHAIRMAN. Under the decisions of the Treasury Department, they are bound to classify any article coming in by its material of chief value. I had a gentleman come to see me about the question of umbrellas. He said they were putting more cotton in umbrellas than they had silk. The Treasury Department changed the classification on them for that reason. It seems to me that the silk shirts could not possibly come under this section, but would come under a different schedule.

Mr. BROWN. We have gone to considerable trouble and expense in trying to satisfy the committee with such evidence that we could bring, and from our investigation that is all we have been able to find out.

After a conference with my associate I want to say that I am wrong, Mr. Chairman, and I apologize. They do come in separate, but we did not care to ask for two hearings. I can tell you all about this in five minutes' time and be through with it.

May I proceed?

The CHAIRMAN. Yes; you may proceed. I wanted to get it straight. I did not think they could possibly come in under this

PARAGRAPH 324—SHIRTS.

cotton schedule. And under the other schedule, of course, you get a very much higher rate?

Mr. BROWN. Yes; 60 per cent. If they can bring these shirts in here under a 60 per cent tariff and sell them right under our noses for less than we can produce them for, what can they do if the tariff is lowered?

Here is another shirt at \$26.50. The very best figures that we could make that shirt for here would be \$28.75.

Here is an English shirt. This was purchased at retail from Hope Bros. in London for 85 cents.

The CHAIRMAN. Is that silk or cotton?

Mr. BROWN. That is cotton. We could not figure on producing that for less than \$10.15, without figuring in any overhead charges.

Mr. FORDNEY. That retails over there for 85 cents?

Mr. BROWN. Yes, sir.

The CHAIRMAN. When you say you could not produce that for less than \$10.15, you mean per dozen?

Mr. BROWN. Yes; per dozen.

The CHAIRMAN. That particular shirt retails for 85 cents?

Mr. BROWN. Yes, sir; it retails for 85 cents; 3s. and 6d. in London.

The CHAIRMAN. What would be the wholesale price?

Mr. BROWN. We do not know.

The CHAIRMAN. What is the price at which it came through the Treasury Department?

Mr. BROWN. We could not tell you. We bought this shirt at retail.

The CHAIRMAN. If you can not give us those figures accurately they are of no value. I would suggest that you file a supplemental brief and we will be glad to consider that.

Mr. BROWN. Here is a shirt bought in London at retail which retails for \$1.32½. The wholesale price over there is \$11 a dozen. We could not make it over here for less than \$19.55 a dozen, without adding anything for overhead charges.

Mr. KITCHIN. Will you let me see that shirt?

The witness handed the shirt in question to Mr. Kitchin.

Mr. HALL. What would be the retail price of a shirt like that?

Mr. BROWN. That is the finest pique. It costs us here \$1.15 a yard; look at the cuffs, the fine linen in the cuffs.

The CHAIRMAN. Of course the retail price would not be of much benefit to the committee—

Mr. BROWN (interrupting). The wholesale price is \$11. The fact is that it is the difference in wages that we have to contend with. There is no question about that. We have figures here in our brief, which we submit and you can prove that to your own satisfaction.

Here is a shirt which has the price marked on it. You gentlemen can take those up at your leisure. Here is still another Japanese shirt.

With your permission I would like to read a letter in relation—

Mr. LONGWORTH (interposing). Are not those prices given in yens and not in dollars?

Mr. BROWN. No; these are bought in New York City from a Japanese concern that have agents there. This is the price at which they are landed in New York City. I might say also that they are

PARAGRAPH 324—SHIRTS.

sending their representatives out with these shirts. I have personally seen in New York City, in four of the largest stores, shirts from Austria and shirts from Japan, just within the last year or so. They are coming over here. Of course they haven't come to any extent as yet, but if the duty is reduced we will not be able to compete with them unless the labor goes down.

Mr. LONGWORTH. I have bought better shirts than that in Japan myself for \$1 apiece. The highest priced shirts were \$1.25.

Mr. BROWN. That is additional proof that we are not talking without reason.

May I read this letter?

The CHAIRMAN. Yes.

Mr. BROWN (reading):

Here in Paris, wages are running from 75 centimes a day up to 3 francs and 50 centimes a day and only very skillful workers may earn a little more, but it is said to be very scarce that a woman gets more than 4 francs a day of 10 hours' working.

Out in the country conditions are still worse, and I think that the maximum wages paid per day certainly do not exceed 2 francs. I personally know that in southern France, in the environs of Dax, 1 franc and 25 centimes or even 1 franc per day are considered as very good wages.

Of course I do not pretend that those data are absolutely positive, but they may serve as a pretty reliable basis for your purposes.

I thank you.

BRIEF OF C. EDGAR SUTPHEN CO., NEWARK, N. J.

NEWARK, N. J., *January 15, 1913.*

DEAR SIR: As you know, there is now an ad valorem duty of 50 per cent on imported shirts, the condition of which has been since the Dingley tariff bill went into effect. Under the operation of this bill the shirt manufacturers of this country have been able to increase their business and pay better prices to the help, very much to the advantage of the employees. As things are now, judging from what knowledge we can obtain, hardly a fair return is being received on the amount of capital invested. Even with the duty as it stands now we are having quite a strong competition from Austria, Germany, France, Japan, etc., and we are told that the importation of shirts from Japan alone has increased over 600 per cent in about three years. Within a few months the trade was pretty nearly deluged with shipments of shirts from Austria with a label, "Made in Austria for So and So." This foreign label is very catchy and seems to be exceedingly attractive to a large number of buyers.

The tariff as it stands now is not at all unreasonable and any reduction would very materially injure the business in general. We hope that the presentation of these few facts will be sufficient excuse for claiming your interest and help in preventing any change in the tariff as it now stands on these goods.

We are, very truly, yours,

C. EDGAR SUTPHEN Co.

HON. EUGENE KINKEAD,
Washington, D. C.

LADIES' GLOVES.

BRIEF OF NEW YORK IMPORTERS OF COTTON GLOVES.

NEW YORK, *January 31, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman of the Ways and Means Committee,
Washington, D. C.

SIR: It is understood here that strong efforts are being made by interested parties to put ladies' cotton gloves, now paying 50 per cent ad valorem duty into the same classification with men's and boys' cotton gloves, namely, 40 per cent ad valorem plus 50 cents per dozen, making a total of over 100 per cent ad valorem.

PARAGRAPH 325—VELVETS, CORDUROYS, ETC.

We wish to draw your attention to this fact: It would work considerable hardship on the consumer and would mean, instead of a reduction of the tariff as promised and intended, an enormous increase.

Men's and boys' cotton gloves should occupy the same classification as they did in all tariff laws except the present one, which was under the wearing apparel schedule, and paid duty of 50 per cent ad valorem. They were taken out of this schedule to satisfy one interested party.

Respectfully submitted by the undersigned importers of cotton gloves:

JAMES H. DUNHAM & Co.,
Per WM. A. LITTLE, *President*.
MILLS & GIBBS.

PARAGRAPH 325.

Plushes, velvets, velveteens, corduroys, and all pile fabrics, cut or uncut, whether or not the pile covers the entire surface; any of the foregoing composed of cotton or other vegetable fiber, except flax, not bleached, dyed, colored, stained, painted, or printed, nine cents per square yard and twenty-five per centum ad valorem; if bleached, dyed, colored, stained, painted, or printed, twelve cents per square yard and twenty-five per centum ad valorem: Provided, That corduroys composed of cotton or other vegetable fiber, weighing seven ounces or over per square yard, shall pay a duty of eighteen cents per square yard and twenty-five per centum ad valorem: Provided further, That manufactures or articles in any form including such as are commonly known as bias dress facings or skirt bindings, made or cut from plushes, velvets, velveteens, corduroys, or other pile fabrics composed of cotton or other vegetable fiber, shall be subject to the foregoing rates of duty and in addition thereto ten per centum ad valorem: Provided further, That none of the articles or fabrics provided for in this paragraph shall pay a less rate of duty than forty-seven and one-half per centum ad valorem.

VELVETS, CORDUROYS, ETC.

BRIEF SUBMITTED BY BROOKSIDE MILLS, KNOXVILLE, TENN.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.:

Inclosed please find herewith a brief which we desire to submit for the consideration of your honorable body concerning Schedule I, cotton manufactures, and respectfully request that it be given careful consideration by the members of the committee.

We have the honor to be, gentlemen,

Very respectfully,

BROOKSIDE MILLS,
JAMES MAYNARD, *President*.

BROOKSIDE MILLS, *Knoxville, Tenn.*

To the COMMITTEE ON WAYS AND MEANS,

House of Representatives:

We respectfully refer to Schedule I, paragraph 325, of the tariff act of 1909, covering "Plushes, velvets, velveteens, and all pile fabrics, composed of cotton," and beg to advise that we are manufacturers of corduroys and velveteens.

Corduroys.—We take the liberty of petitioning your honorable body that the duty on corduroys be fixed at 50 per cent ad valorem. This would be quite a marked reduction in the rate now in effect, but we believe would be sufficient to enable us to compete with similar goods of foreign manufacture.

Velveteens.—We also respectfully petition that the duty now in effect on these goods, being the equivalent of 60 to 70 per cent ad valorem, be allowed to remain in force. This we consider absolutely necessary to enable the industry in this country to remain in existence. We base our belief upon the figures of the Tariff Board and refer to sample No. 91, which represents a quality sold largely in the United States, and which is covered by a duty of 61.31 per cent, as stated in Table 137, opposite page 9, No. 445 in the report of the Tariff Board.

The cost in the United States of sample No. 91 is given on page 444, Table 136, as 25.27 cents per linear yard, while the English producers' selling price of similar cloth is given as 19.97 cents.

PARAGRAPH 325—VELVETS, CORDUROYS, ETC.

Since 1911 there has been an increase in cost in all manufacturing, due to various causes, that would doubtless add at least 5 per cent to the cost of this velveteen. Also the item of interest on investment, mentioned on page 8, is omitted in figuring the costs, which would add at least another 5 per cent to the cost, thus making the total cost of sample 91 in the United States 27.80 cents per yard.

On referring to page 567, paragraph 2, of the Tariff Board report, it would show that there was an unusual demand for velveteens during the year 1911. It is therefore safe to assume that under ordinary conditions the English selling price on this style would not be over 18 cents per yard, and it will therefore be seen that if the duty were reduced even to 50 per cent it would make it possible under ordinary conditions to import the English goods into this country at 27 cents per yard. The American mill, with a cost of 27.80 cents per yard, would be forced to give up this industry.

Reasons for high comparative costs.—The reason why pile fabrics cost so much more in this country than in England is due to the fact that they are subjected to a third process which does not enter into the finishing of any other cotton goods that we know of. This is the cutting process which follows the manufacture of the cloth. This cutting process is all labor and is entirely distinct from the dyeing and finishing, which is the final process. The expense of this process is of course greater in velveteens than in corduroys, owing to the finer nature of the goods themselves. All the labor required in all the processes on both corduroys and velveteens must be of a very high order.

The industry in general.—Under the present tariff system, we find that the duties paid on pile fabrics coming into the United States increased from about \$900,000, for the year ending June 30, 1907, to about \$1,800,000 for the year ending June 30, 1911, and we should judge that the pile fabrics imported into the United States in 1911 would be about one-third of the total amount used, which would indicate that under the present tariff the mills of this country are in active competition with foreign goods.

Method of levying duty.—Owing to the nature of the pile fabrics there are great possibilities for undervaluation without detection, and for this reason we should prefer specific duties that would be equivalent to the ad valorem duties recommended above, but we merely suggest this as our preference.

Brookside Mills, Knoxville, Tenn.—We started on the manufacture of corduroys and velveteens in a small way about 10 years ago. We have had many trying experiences, and several times have considered the advisability of giving the business up altogether, owing to the extreme difficulty in manufacturing them. But in the last two or three years our operatives have become accustomed to these goods; they are more skillful in manufacturing them, and we have recently arranged to enlarge the mill with the intention of increasing our production of pile fabrics. It would therefore be a great hardship to us to be forced to discontinue their manufacture altogether.

We submit the above believing that, for the reasons stated, pile fabrics should be given special consideration at the hands of your honorable body, and we would ask that this brief be placed on file as a part of the records of the committee.

Very respectfully,

BROOKSIDE MILLS,
JAMES MAYNARD, *President*.

BRIEF OF THE CROMPTON CO., OF PROVIDENCE, R. I., ON
PLUSHES, VELVETS, VELVETEENS, ETC.

WASHINGTON, D. C., *January 21, 1913.*

To the honorable OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means.

DEAR SIR: The undersigned cotton manufacturers, dyers, and finishers, respectfully beg leave to submit the following data in support of their contention that no decrease should be made in duties upon cotton velvets and velveteens below those levied under the present law, Schedule I, paragraph 325.

In the report of the Tariff Board transmitted to the Senate and House of Representatives by the President of the United States March 26, 1912, read and referred to the Committee on Ways and Means of the House of Representatives, volume 1, page 124, Table 59, it is stated that in 1911 the average duty on all pile fabrics, plushes, velvets, velveteens, cords, etc., was the equivalent of 55.32 per cent ad valorem.

Since these figures are the basis commonly used by advocates of a uniform duty of 30 per cent ad valorem, the duty recommended in the Underwood bill, it ought

PARAGRAPH 325—VELVETS, CORDUROYS, ETC.

plainly to be understood that the bulk of the velveteens made in the United States is now receiving a protection, not of 55.32 per cent, but of 60 per cent to 70 per cent, and that the particular grade and quality of velveteen investigated by the Tariff Board (sample No. 91 and one of the most extensively sold qualities in the United States) is protected by a duty of 61.31 per cent (see Table 137 opposite p. 445 of the report of the Tariff Board).

A velveteen is a fabric made from yarns difficult to produce, is hard to weave, and subsequently goes through the various processes of cutting, dressing, dyeing, and finishing, all of which require great skill and experience on the part of the workmen employed and the foreman in charge.

An abundance of data might easily be presented to prove that with a tariff of 30 per cent, the velveteen industry in the United States would have to go out of business, but no more convincing proof of this can be adduced than is to be found in the report of the Tariff Board itself to the various pages of which reference will be hereafter made. This report shows that sample No. 91, the velveteen investigated, cost to produce in 1911 (p. 444, Table 136) 25.27 cents per linear yard in the United States, while the English producers' selling price of similar cloth is 19.97 cents. Taking these figures as a basis, and adding a 30 per cent duty to the English selling price (19.97 plus 5.99) makes a price of 25.96 cents to be paid by the American jobber, or but sixty-nine-one hundredths of 1 cent more than the cost to manufacture to the American producer—a margin insufficient to allow him to continue in business.

That the American producer is at an even worse disadvantage than this is obvious for the following reasons, viz:

On page 8, the item of interest on investments, though mentioned, is entirely omitted in figuring costs. This item ought certainly to be taken into account, since in the United States (p. 8) the cost of mill buildings is 40 per cent greater, equipment of a spinning mill 70 per cent, and of a weaving mill 50 per cent greater than in England. If this item of interest be included, it will not be unreasonable to add 5 per cent to the cost to the American producer.

The Tariff Board investigations were made during 1911. On page 567, paragraph 2, it is shown that during the two years ending 1911 there was, owing to the then prevailing fashions, an abnormal demand for velveteens. Although in the United States, to insure the minimum of overhead charges, all the departments of velveteen manufacturing are usually conducted in a single plant, in England each of four operations must pay a profit to four separate organizations often widely distributed and entailing considerable expense for transportation and rehandling of goods. Considering that each of these four processes must make a profit, it is quite proper to assume that the sum of these profits amounts to at least 10 per cent under normal conditions, and amounted to not less than 20 per cent in 1911, since no one is keener or knows better how to take advantage of an abnormal demand than the English producers. On the above hypothesis the velveteen referred to in Table 136 (p. 444) should be bought under the usual conditions of the trade for 10 per cent less than quoted by the board.

Also, since the data of 1911 have been prepared, not only have the wages of northern textile mills been increased enough to add 5 per cent to the cost of velveteens, but the hours of labor in many States have been reduced by legislative action.

Therefore, to show the situation as it actually exists to-day, the figures quoted by the Tariff Board should be amended by increasing by 10 per cent (25.27 plus 2.53=27.80 cents) the cost to produce in the United States of the velveteen investigated, 5 per cent to allow for the item of interest plus 5 per cent for the increase in wages, and by decreasing by 10 per cent (19.97 less 2=17.97 cents) the English producers' selling price. Such a comparison makes it plain that were the duty to be reduced even to 50 per cent ad valorem (17.97 plus 8.99=26.96 cents) the American manufacturer would have more than an active competition from abroad.

Furthermore, the quality of velveteen considered by the Tariff Board is one of the lowest grades made and used in the United States to-day, and while we have just shown that any duty under 50 per cent ad valorem on the low grades will legislate the industry of making them out of existence, the situation on medium and high grade goods, in which the labor cost is far greater, is even more desperate. As evidence of this, on such goods, even with to-day's duties, the American manufacturer has strong competition from abroad, so much so that the very high grades are to-day almost entirely imported.

Respectfully submitted,

CROMPTON CO.,
F. E. RICHMOND, 2d,
Treasurer.

PARAGRAPH 325—VELVETS, CORDUROYS, ETC.

BRIEF ON CORDUROYS, VELVETS, ETC.

NEW YORK, *January 20, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, House of Representatives.

HONORED SIR: We, manufacturers, dyers, and finishers of cotton corduroys, velvets and velveteens, respectfully petition that no decrease be made in the duties levied under Schedule I, paragraph 325, of the tariff act of 1909: "Plushes, velvets, velveteens, and corduroys and all pile fabrics—composed of cotton."

REASONS

First. That it is a comparatively new industry in this country, the first plant having been started in a small way about 20 years ago, and it is only during the past 10 or 12 years that these goods have been manufactured in this country extensively. At present the total domestic product does not exceed \$7,000,000 per annum.

Second. That it is a most difficult fabric to manufacture, requiring 62 processes from the raw material to the finished article, and our labor costs are 40 to 50 per cent of the gross costs, whereas if the same yarns were woven into a plain cotton sheeting, the labor costs would only be about 18 to 20 per cent of the gross costs. In other words, the total wages in manufacturing a pound of pile fabrics would be \$0.1809. If woven into an ordinary piece of gray sheeting, the wages would only be \$0.0530 per pound.

Third. That the wages paid in this country are more than double those abroad, and in many cases three times as much. The cost of one of the principal operations is 2 cents per yard abroad against 6 to 7 cents paid for similar work in the United States.

Fourth. That these goods have been manufactured abroad for several generations. We not only have to compete with their lower wage scale, but the greatest competition, to our mind, is their more efficient help, due to the fact that the benefits they have derived from the experience of several hundred years have been handed down from father to son. This applies especially to the dyeing and finishing processes, which are quite a feature in all pile fabrics. It also applies, to a considerable extent, to the weaving, spinning, and other processes.

At the beginning it was necessary to import dyers, finishers, cutters, etc., from Germany and England, and it has been a slow process of training help and building up an organization to manufacture pile fabrics in this country.

Fifth. Under the present tariff bill it is a competitive industry, the competition with foreign countries being shown by the increase in the value of imports from \$1,142,304.80 in 1907 to \$1,814,815 in 1911 and \$2,274,449.50 in 1912. Fully 33½ per cent of all cotton pile fabrics used in this country to-day are imported. In addition to this the home competition is very keen, as is shown by the fact that in almost every year some classes of these goods are sold at or below cost, and the earnings to the mills engaged in their manufacture for the past 14 years have been considerably less than a legitimate return on the money invested.

During the past 10 years the wages in the United States have been increased about 20 per cent and the hours of labor have been shortened, in most of the mills engaged in this industry, from 60 to 54 hours per week.

Sincerely, yours,

The New York Mills; New York Mills, Oneida County, N. Y., by W. P. White, treasurer; Brookford Mills (Inc.), Brookford, N. C., by H. J. Holbrook, treasurer; Aragon Mills, Aragon, Ga., E. M. Coughlin, assistant treasurer.

BRIEF OF THE WARWICK MILLS, CENTERVILLE, R. I.

BOSTON, MASS., *January 18, 1913.*

THE COMMITTEE ON WAYS AND MEANS,

House of Representatives:

We respectfully refer to Schedule I, paragraph 325, of the tariff act of 1909, covering plushes, velvets, velveteens, and all pile fabrics composed of cotton, and would ask that this brief be placed on file as a part of the records of your committee. We beg to advise that we have recently purchased equipment at the Warwick Mills, located at Centerville, R. I., and have now started the manufacture of velveteens, and we take the liberty of petitioning that no reduction be made in the tariff now existing on velveteens. It is our belief that if the present tariff is reduced we shall either be

PARAGRAPH 325—VELVETS, CORDUROYS, ETC.

obliged to reduce materially the wage scale now in effect or give up their manufacture altogether. Our belief is founded on the report of the Tariff Board, and we beg to refer to the detail of sample 91, which appears on Table 137, opposite page 445, in the report of the Tariff Board, and which is covered by a duty of 61.3 per cent. The cost in the United States of sample 91, as given on page 444, Table 136, is 25.27 per linear yard. This report was made out in 1911. Since that time there has been an increase in wages of 10 per cent, which, together with interest charges which we notice as mentioned on page 8 were not figured in this cost, would make the cloth in this country cost to-day at least 10 per cent more than it did in 1911, or 27.80 per yard. We also note on page 444, Table 136, that the English producer's selling price of a similar cloth in 1911 is given as 19.97, and on page 567, paragraph 2, of the Tariff Board report, it was shown that there was an unusual demand for velveteens during the year 1911. Under ordinary conditions, therefore, the English selling price would probably be about 10 per cent less than this, or not over 18 cents per yard. It will therefore be seen that under ordinary conditions the present duty, namely, 61.31, is absolutely necessary to allow the mill in the United States, with its much higher cost, to compete with the English style.

The reason why these goods made in the United States cost so much more than similar goods made in England is on account of the cutting process which is necessary for pile fabrics. This process is all labor. It, as well as all the other processes employed in the manufacture of pile fabrics, requires skilled operatives of a high order.

In our opinion the importation of pile fabrics into the United States amounts to from 30 to 35 per cent of the entire quantity sold in this country, and it will therefore be seen that under the present tariff American mills are in active competition with foreign goods, and statistics will show that the amount of foreign goods imported has increased materially during the last few years.

For the reasons given above we believe that pile fabrics should enjoy special consideration by your honorable body.

WARWICK MILLS,
By CHARLES O. RICHARDSON,
Treasurer.

(Mill located Centerville, R. I.)

BRIEF OF F. A. FLATHER, OF THE BOOTT MILLS, BOSTON, MASS.

BOSTON, MASS., *January 24, 1913.*

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

Schedule I, Paragraph 325, of the Tariff Act of 1909, covering "Plushes, velvets, velveteens, and all pile fabrics composed of cotton * * *."

GENTLEMEN: As manufacturers we are interested in velveteens and corduroys.

Corduroys.—We ask your honorable committee to fix a duty on corduroys at not less than 50 per cent ad valorem. Fifty per cent ad valorem would be a substantial reduction in the present rate.

Velveteens.—The present duty on velveteens is the equivalent of 60 to 70 per cent ad valorem. We have been connected with the manufacture of velveteens for about two years, but, as we have not yet succeeded in getting a new dollar for an old one, we would respectfully ask you to allow the present duty of 60 to 70 per cent to remain in force.

We beg to refer to the Tariff Board's sample No. 91. This represents a velveteen which is at present protected by a duty of 61.31 per cent (see Table 137, opposite p. 445 in the Tariff Board's report).

On page 444, Table 136, in the Tariff Board's report, the cost in the United States of sample No. 91 is given as 25.27 cents per lineal yard in comparison with the English selling price of 19.97 cents.

Since the Tariff Board made its report the cost of manufacturing in Massachusetts has been increased by a reduction of two hours in the working week, and a flat increase in wages of 10 per cent. This amounts, we find, to about 1.89 cents per yard. If to this we add interest on the investment, which was omitted in the Tariff Board's report (see p. 8), and which amounts to 0.75 cents per yard, it results in a total cost of 27.91 cents per yard for manufacturing sample No. 91 in Massachusetts to-day.

PARAGRAPH 325—VELVETS, CORDUROYS, ETC.

Paragraph 2, page 567, of the Tariff Board's report, shows that there was a large demand for velveteens during 1911. It seems fair to assume, therefore, that the English selling price might, during a less active demand, be radically less than the 1911 price of 19.97 cents, say, 18 cents or under.

If you should reduce the duty on velveteens, it would be a very serious thing for us.

Skilled labor is the chief requirement in the manufacture of velveteens and corduroys.—We would respectfully ask you to give velveteens and corduroys special attention, because they are pile fabrics and never should be confounded with the enormous variety of cotton goods, such as are simply bleached, dyed, printed, etc. Pile fabrics are relatively more costly in England than are other fabrics; and, again, such fabrics are relatively more costly to produce in this country than in England, for two reasons. They have to be free from defects (that is, practically perfect) in the cloth preparatory to cutting, and the cutting is principally high-class labor. Perfection is hard to attain, and labor is expensive. This is important in corduroys and more important in velveteens.

Relative importance of the industry.—The manufacture of velveteens and corduroys is carried on in the South, New York, and in New England. It is small compared with other cotton manufacturing, but relatively large in the proportion of skilled labor employed.

Pile fabrics.—Pile fabrics as a whole, coming into the United States for the year preceding June 30, 1907, paid duties amounting to \$900,000, and for the year preceding June 30, 1911, paid duties amounting to \$1,800,000. It is said that one-third of the consumption of pile fabrics in the United States was imported, and, as we know, there was plenty of competition. It seems fair to consider the industry more important from a labor standpoint than as a revenue producer, and we beg you to consider the matter from this standpoint.

Specific vs. ad valorem duties.—We feel that in cut or uncut velveteens and corduroys there is opportunity for deception in valuation, and we should prefer specific duties that would be equivalent to the ad valorem duties recommended above.

We have spent a large amount of money for special equipment and to develop the necessary amount of skill among our employees, who had to be educated for this work. It would be a serious financial loss to us and to our employees if we were forced to curtail or discontinue the manufacture of velveteens and corduroys.

We would ask that this brief be placed on file as a part of your committee's records.

Respectfully yours,

J. A. FLATHER, *Treasurer.*

BRIEF ON VELVETEENS, BY HERBERT LYMAN, REPRESENTING MERRIMACK MANUFACTURING CO., LOWELL, MASS.

BOSTON, MASS., *January 27, 1913.*

The WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

DEAR SIR: I refer to Schedule I, paragraph 325, of the tariff act of 1909, covering plushes, velvets, velveteens, corduroys, and all pile fabrics composed of cotton.

The Coheco Manufacturing Co. during the year 1909 sought a customer for their velveteen business, with which they had been unsuccessful. We bought this part of their business, to add to our other pile fabrics business, on condition that the agreement would not be binding if the tariff was revised downward in the Payne-Aldrich bill.

In 1892 the Cotton Velvet Manufacturing Co. of America was incorporated under the laws of Massachusetts to manufacture velveteens. Among the incorporators were leading manufacturers both in this country and abroad, but on account of the lowering of the tariff under the Wilson bill this business was not started. The Wilson bill gave 40 per cent ad valorem duty on gray pile fabrics, and 47½ per cent on bleached, dyed, or finished pile fabrics, these rates being 10 and 17½ per cent in excess of what was proposed in the Underwood bill of last year. It was not in accordance with the best judgment of these incorporators—some of whom have been in the manufacturing business for over 40 years—to risk making velveteens in the United States under the Wilson bill.

We respectfully petition that the rate on pile fabrics be substantially the same as in the present law, for which we give four separate reasons:

PARAGRAPH 325—VELVETS, CORDUROYS, ETC.

(a) Goods imported under this paragraph can be classed as a whole as luxuries. Actually over 40 per cent of the goods imported during the year 1911 were better grades than can be made in this country, and in my opinion the finer qualities of velvets and velveteens will continue to be imported even under a considerably higher tariff.

(b) The mills manufacturing these grades of goods in this country to-day are making small profits, in fact, most of them are not paying dividends.

(c) The cost of labor in manufacturing this grade of goods is two to three times that of similar fabrics made abroad, where the manufacture of pile fabrics is a trade in itself, and steady work is found for several generations of families employed in these industries, while in this country textile employment is a stepping-stone to other industries. Our textile mills have commonly been called the "schooling grounds of the country."

(d) The imports of pile fabrics under the present law have increased, and fully 25 per cent of all cotton pile fabrics used in this country were imported during 1911 and 1912, showing a highly competitive condition.

We believe that a specific and ad valorem duty is the only proper scientific way to frame the tariff on pile fabrics:

(1) Because the business in this country has been built up on that method, and a sudden change would be dangerous;

(2) Because it is almost impossible to prevent undervaluations on an ad valorem basis, especially of pile fabrics, which are so easily deceptive;

(3) Because the labor costs of various grades are not proportionate to the value.

We understand that your committee will under no conditions consider a specific duty, and in the spirit of desiring to assist in framing a tariff on an absolutely ad valorem basis—which would be approximately fair and income-producing—we recommend the following rates:

	Per cent.
Corduroys, in the gray, uncut.....	40
Corduroys, cut, dyed, or finished (see Exhibit A, par. No. 1).....	50
Velveteens and other pile fabrics, in the gray, uncut (see Exhibit A, par. No. 2).....	50
Velveteens and other pile fabrics, cut, dyed, or finished (see Exhibit A, par. No. 2).....	60

In presenting these suggestions we have recommended a reduction in corduroys, both in the gray and finished state, as very few of them are at present imported. We have also recommended a reduction in uncut velveteens. We have asked for what might appear a slight advance on the finished velveteens, of which we estimate more than 50 per cent of the consumption of this country is imported. In effect, however, the ad valorem basis would mean a reduction of the duty on lower grade merchandise, which comes in more direct competition with our mill, and increase the duty on higher grade merchandise, which is little made in this country, and on merchandise which is an extreme luxury.

We have made a difference of 10 per cent in the gray over the finished products. This is greater than the difference between gray and finished products of most other classes of cotton goods, due to the fact that there are several extra processes in the handling of pile fabrics, for which it is only fair that we should ask recognition.

The Daily Consular and Trade Reports, No. 22, dated January 27, 1913, states that the five leading velveteen makers in Germany have formed a syndicate, a thing which is contrary to the policies in this country. In conditions of this kind surplus merchandise is often disposed of abroad. We strongly urge, therefore, that in your tariff bill you include: First, an effective dumping clause; second, publicity of invoice such as would prevent undervaluation.

Any further information that I can get for the Ways and Means Committee will be gladly supplied.

Very truly, yours,

MERRIMACK MANUFACTURING CO.,
HERBERT LYMAN, *Treasurer*.

EXHIBIT A.

Corduroys, whether or not the pile covers the entire surface, composed of cotton or other vegetable fiber, except flax, not cut, bleached, dyed, colored, stained, painted, or printed, 40 per centum ad valorem; if cut, bleached, dyed, colored, stained, painted, or printed, 50 per centum ad valorem; provided that manufactures or articles in any form, including such as are commonly known as bias dress facings, or skirt bindings,

PARAGRAPH 326—UPHOLSTERY GOODS.

made or cut from corduroys, composed of cotton or other vegetable fiber, shall be subject to the foregoing rates of duty and in addition thereto 10 per centum ad valorem.

Plushes, velvets, velveteens, and all pile fabrics, except corduroys, whether or not the pile covers the entire surface; any of the foregoing composed of cotton or other vegetable fiber, except flax, not cut, bleached, dyed, colored, stained, painted, or printed, 50 per centum ad valorem; if cut, bleached, dyed, colored, stained, painted, or printed, 60 per centum ad valorem; provided that manufactures or articles in any form, including such as are commonly known as bias dress facings, or skirt bindings, made or cut from plushes, velvets, or velveteens, composed of cotton or other vegetable fiber, shall be subject to the foregoing rates of duty and in addition thereto 10 per centum ad valorem.

PARAGRAPH 326.

Curtains, table covers, and all articles manufactured of cotton chenille, or of which cotton chenille is the component material of chief value, tapestries, and other Jacquard figured upholstery goods, weighing over six ounces per square yard, composed wholly or in chief value of cotton or other vegetable fiber; any of the foregoing, in the piece or otherwise, fifty per centum ad valorem.

UPHOLSTERY GOODS.

TESTIMONY OF THEODORE F. MILLER, REPRESENTING THE STEAD & MILLER CO., THE ORINOKA MILLS, AND ROBERT LEWIS & CO., PHILADELPHIA.

Mr. MILLER. Mr. Chairman and gentlemen, I represent the Jacquard upholstery goods manufacturers of Philadelphia, and on their behalf would like to ask that the duty of 50 per cent imposed on these goods by the tariff act of 1909, paragraph 326, be retained at that rate for the reason that a lower rate of duty would be disastrous to the business. These goods are not actual necessities, but are to a certain extent luxuries and are very costly to produce, owing to the skill required of the workmen and to the great cost of cards and designs, which have to be changed frequently.

This industry in France, Germany, and Belgium is an old one and firmly established and protected by tariffs, and with their low rates of wages can be manufactured much cheaper than we can make them here.

Previous to 1909 our industry was very much depressed and several of the larger firms retired from business. Since the duty of 50 per cent was imposed our business has improved, and while there has been no increase in the number of looms, the employees have had much steadier employment and increased wages.

The duty of 50 per cent is not prohibitive, as the importations under this paragraph in 1909 were \$5,000, which in 1911 had increased to \$363,000, and as an evidence of this we submit a sample imported in 1912, at a landed cost, duty and charges paid, of 67 $\frac{3}{4}$ cents. Our costs are given in detail in our brief, and show a net cost of 73 cents.

Witness here exhibited samples of goods to the committee.

The more labor cost put on the goods the greater the cost and the larger the difference between the importing price and our cost. All of these goods could be made here, if it were not for the difference in labor. We make much commoner goods, and on the commoner goods the duty is sufficient for us to compete, but if we make nothing but the common goods our looms would soon flood the market. If

PARAGRAPH 326—UPHOLSTERY GOODS.

you should reduce the duty, it would allow the common goods to be imported and would completely destroy our industry.

I would like to show you some of the commoner goods that we make, and also the imported goods that come in under the same rate of duty that we can not make because of the high labor cost and the high cost of cards and designs. This [exhibiting article] is part of a couch cover, and it is figured, but in observing it you will find that the labor cost is not so great on it because it has not the number of threads used in the warp or the filling that the finer goods have.

The CHAIRMAN. Is that imported?

Mr. MILLER. No, sir; it is domestic. It is an entirely domestic fabric of a cheaper grade.

These are some goods that are made by the Philadelphia mills [exhibiting articles]; but these come in under a different schedule. This has a percentage of wool in it and comes in under the wool schedule. This [exhibiting article] has a chief value in silk and comes in under the silk schedule.

The CHAIRMAN. Those are imported goods?

Mr. MILLER. No; these are domestic goods. This would come in under Schedule K [exhibiting article].

I would like to show you the possibilities there are in our business and the goods that we could make if the conditions were the same as they are in France, Germany, or Belgium.

This [exhibiting article] is what I consider the highest art in the manufacture of tapestries, and these goods come in under a 50 per cent duty. We can not make them here; we could not make them here if the duty was 200 per cent, because of the great cost of cards and designs. We have the machinery and we probably have the skill to make this kind of goods, but the cost of designing and the cost of preparing the loom to make the goods is too high. The cards and designs would cost at least \$2,500, and to prepare the loom to make these goods would cost as much more.

Mr. HULL. What is the import price on that?

Mr. MILLER. I could not tell you that. It was sold in France for \$6. By paying the 50 per cent duty that would be \$9 to import. This was bought in one of the jobbing houses in New York and cost \$15. Even if we made it, we haven't got a large enough market. The other countries have the market and we would be restricted to our own market.

The CHAIRMAN. What is the percentage of labor cost in that piece of Jacquard goods which you have just shown?

Mr. MILLER. The large sample?

The CHAIRMAN. That piece right there [indicating piece of goods].

Mr. MILLER. If that were made here I would figure the labor cost at 95 per cent.

The CHAIRMAN. Is the labor cost at that percentage abroad?

Mr. MILLER. No; it is not so much as that.

The CHAIRMAN. How much would it be abroad?

Mr. MILLER. I could hardly tell you. I think I figured up the cost on the first sample I submitted, and it weighed 1 pound to the yard.

The CHAIRMAN. You heard Mr. Parker testify and heard him submit a schedule yesterday on jacquards?

PARAGRAPH 326—UPHOLSTERY GOODS.

Mr. MILLER. Yes, sir.

The CHAIRMAN. What do you say about that schedule?

Mr. MILLER. This is an entirely different proposition.

The CHAIRMAN. He did not refer to the jacquards that you are talking about?

Mr. MILLER. No; he referred to jacquards, which are very small machines. This jacquard would require 25,000 cards to make.

The CHAIRMAN. The jacquards he was testifying about do not come in under the same classification as the one you are talking about?

Mr. MILLER. No, sir.

The CHAIRMAN. Which paragraph are you referring to?

Mr. MILLER. Paragraph 326.

The CHAIRMAN. That paragraph relates to curtains, table covers, and all other articles manufactured of cotton chenille, or of which cotton chenille is the component material of chief value, tapestries, and other jacquard figured upholstery goods, weighing over 6 ounces per square yard, composed wholly or in chief value of cotton or other vegetable fiber; any of the foregoing, in the piece or otherwise, 50 per cent ad valorem.

What other articles come in under that paragraph besides these classes of jacquards to which you refer?

Mr. MILLER. Table covers, curtains, couch covers, and all jacquard fabrics used for upholstery purposes.

The CHAIRMAN. What do you estimate to be the amount of American consumption of that particular article?

Mr. MILLER. I estimate that in 1912 the goods manufactured by the American mills coming under this paragraph would be between two and three million dollars.

The CHAIRMAN. I notice that the total importations for 1912 under the paragraph were \$353,000.

Mr. MILLER. Yes, sir.

The CHAIRMAN. There are a number of other items in the paragraph besides that class of work. There must be a block somewhere in that schedule.

Mr. MILLER. I do not think there is. I do not think anything comes in except our class of work, and the better goods that come in that we can not begin to make.

The CHAIRMAN. In the lower grades of this jacquard work under the present rate of duty there are no importations at all, are there? Do not all the importations come in of these higher grades of work?

Mr. MILLER. I think not; no, sir. Here is something that we make quite extensively. This is imported at 5 cents a yard less than we can make it.

I want to say, Mr. Chairman, that one of these pieces was imported by one of the firms in this business and a gentleman in the firm gave me the cost to import, and I was absolutely surprised. I thought that anything with as low a cost of labor as this has in our industry could not possibly be imported from the other side. I had heard from our salesmen that there were quite a number of these lower classes of goods being imported, and they wrote on from Chicago and from San Francisco and from several other points that these imported goods were being sold at much less than we could afford to sell them. In the brief which we have submitted we show the cost

PARAGRAPH 326—UPHOLSTERY GOODS.

of importation and then we show the cost in detail of the manufacturing of these goods in America. We should make all of these lower classes of goods.

The CHAIRMAN. I would like to see you make most of them, Mr. Miller. My desire is to allow some importation all along the line. Of course these goods are a luxury, and we do not object to levying a heavy rate on a luxury; but the luxuries will not produce any tax to the Government unless they come through the customhouse. I think there is a portion of this paragraph in which there is a block. In other words, there is a portion of it on which the rate is prohibitory, and the Government receives no revenue from those goods. If you could make any suggestions in your brief or in a letter, which would make a differential where we could allow some of these lower classes of goods—

Mr. MILLER (interrupting). Mr. Chairman, I do not see how that can be done, because if the duty is less than 50 per cent, it allows all of the goods, down to the very lowest nearly, to come in, and simply blocks our industry.

The CHAIRMAN. Here is a paragraph that contains curtains, table covers, and all other articles manufactured of cotton chenille or of which cotton chenille is the component material of chief value, and other jacquard figured upholstered goods. Of that particular line of goods the American consumption is \$3,000,000. I think the total importations of only \$350,000 on the entire paragraph clearly shows that we are not getting the revenue as to that paragraph that we ought to have. I do not want a duty here that is going to seriously injure the business, but we want to open up this paragraph and find out where the block is, if we can find out, and allow some reasonable importation.

Mr. MILLER. That is one-sixth—

The CHAIRMAN (interposing). Yes; but does that all apply to your schedule?

Mr. MILLER. It does, every bit of it.

The CHAIRMAN. Do you not think that on the other things in this schedule, on curtains, table covers, and so on, that the present duty is prohibitory?

Mr. MILLER. No, sir.

The CHAIRMAN. It must be if all the importations apply to your Jacquard goods only.

Mr. MILLER. We are making an awful lot of low-priced goods and we have been able to do that on account of the 50 per cent duty. If the duty is reduced and you cut us out of the low-priced goods, we are practically done for.

The CHAIRMAN. We do not want to cut you out of the low-priced goods, Mr. Miller. You do not seem to understand. I am satisfied, or at least it looks that way to me, that there must be a good many of the goods covered by this schedule that are not imported at all. What we are endeavoring to do is to get some reasonable importations all along the line. I recognize what you say, that in these high-class goods a 50 per cent rate is probably a very good revenue rate, but there are undoubtedly some goods in this paragraph where we have an absolute block; there must be. What I would like to do

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is to relieve that block, and I would be glad to have you help me, if you will.

Mr. MILLER. I would if I could, Mr. Chairman.

Mr. KITCHIN. How much of that tapestry and upholstery and that class of goods are imported into this country?

Mr. MILLER. To answer that question I would like to say that there are a great many other goods used for upholstery purposes. For instance, those chairs you are sitting on are covered with leather; they are upholstered in leather.

Mr. KITCHIN. In 1910 the tariff board looked into that question of tapestry and upholstery especially, excluding damask table cloths and other things that the Jacquard machine makes, and they found that only \$235,000 worth came in in 1910 of tapestries and upholstery of that class.

Mr. MILLER. Yes, sir; under that schedule.

Mr. KITCHIN. While the production of that class of goods was \$4,700,000 and some odd thousand dollars.

Mr. MILLER. You must remember this, and that is that there is only one class of goods made by the Philadelphia manufacturer that comes in under this schedule. As I mentioned a moment ago, there are a good many importations that come in under the wool schedule because they have a percentage of wool in them; there is another large class of goods coming into this country under the silk schedule.

Mr. HULL. I noticed in the bill worked out and offered by the Republicans on this schedule, and which they insist conforms to the report of the Tariff Board, they fix a rate on your product of 40 per cent. You do not agree with that conclusion, do you?

Mr. MILLER. I think there are some of the commoner goods that we make that could come in under 40 per cent duty, but it would cut us down and absolutely prevent us from making that class of goods. These classes of goods are coming into fashion again. Upholstery goods are fashionable just the same as ladies' dress goods, only not to the same extent. The fashion for several years has been to use leather or imitations of leather, such as pantasote, velours, and plushes, which come in under a different schedule. Now the fashion has changed back to these goods, and there is no doubt in my mind that if you will give us a 50 per cent duty that you will have almost as much revenue as you would have under a 35 per cent duty, and it would enable us to live. If you cut the rate to 35 per cent, you will simply cause us to close our mills.

The CHAIRMAN. Of course as to the jacquards that come in under the woolen schedule we will take those up at the proper time. We are now considering this particular paragraph in reference to the cotton schedule.

Mr. Kitchin has called my attention to a statement here in the Tariff Board report on Schedule I, page 128, which is as follows:

As tapestries and other jacquard figured upholstered goods are included with the imports of chenille of 1910 and 1911, no comparison can be made between these and earlier years. Imports, however, for 1911 show an increase of more than \$125,000 over that of the previous year, an increase of more than 50 per cent.

Production and imports compared.—The production of tapestries and jacquard figured upholstered goods are much in excess of the imports. The census of 1910 reported the production of these commodities at \$4,723,907. For the corresponding period the imports were only \$235,138, or approximately 5 per cent.

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You see, if the jacquard goods amounted to \$4,700,000 and the total imports amounted to \$235,000, and the total imports under the schedule for everything were only \$350,000, it is evident that in this paragraph there is a prohibitive rate somewhere, and of course we are going to try to find it out, and will be glad for you to help us do it. It may be, and I think you are right, that in these high-grade goods there is a considerable amount imported.

Mr. MILLER. I will help you if I can. I want to say this, that the Tariff Board did not come near our factory, and our factory is one of the largest. From all that I can learn, the Tariff Board visited two factories, the Orinoka Mill and a concern called the Vigilant Mills. The Vigilant Mills is a concern run by a firm of manufacturers on the other side, who have established a branch in America. In addition to that, the Tariff Board took the total production of the American mills. As a matter of fact, as I stated before, more than one-half of the production of the American mills is of articles that do not come under this paragraph; so that the \$4,000,000 worth of manufactures by American upholstery mills would be cut almost in half.

The CHAIRMAN. But the tariff board was referring to this Schedule I and this paragraph, Mr. Miller.

Mr. MILLER. I understand, but in making up their estimates from the two mills that they visited, they took the total production of those mills.

The CHAIRMAN. Oh, no; these are the census figures. They are quoting from the census figures, Mr. Miller, on this paragraph in Schedule I.

Mr. MILLER. Yes; but the production of American mills under that paragraph was not \$4,000,000, but it was a little over two million, so that makes 10 per cent of the goods coming in instead of 5.

Mr. McCALL. That does not include articles coming in under the woolen schedule.

Mr. MILLER. No; it does not include articles coming in under the woolen schedule and coming in under the silk schedule.

The CHAIRMAN. We are not discussing those schedules.

Mr. MILLER. But I have to, Mr. Chairman, when I talk about the production of the American mills.

The CHAIRMAN. I am trying to call your attention to the fact that the Tariff Board has segregated the jacquards in cotton goods under this paragraph from the balance of the jacquards, and has simply given us the figures relating to this paragraph.

Mr. MILLER. That is imported?

The CHAIRMAN. No; the production.

Mr. MILLER. They could not do that. It would be absolutely impossible for any mill to state it.

The CHAIRMAN. They say they have.

Mr. MILLER. Then they are mistaken. Mr. Chairman, here is a class of goods that is made extensively in all the mills in Philadelphia [exhibiting sample] and which does not come in under paragraph 326.

The CHAIRMAN. Mr. Miller, I think those very high-grade jacquards that you have here this morning are luxuries of the highest class. A 50 per cent rate would not be so very high if it does not stop

PARAGRAPH 326—UPHOLSTERY GOODS.

importation. But so far as my mind is made up now—and I am giving this to you for your guidance, if you want to help us—it looks to me like there are certain articles in this paragraph on which the rate is prohibitive. Now, if we can separate those articles and if you can show us how to separate this paragraph so that we can get those higher grade luxuries separated from the other luxuries in the paragraph, so that there will be a reasonable importation all along the line, we will be very glad to have your help.

Mr. MILLER. I wish I could do it. I wish I knew how I could do it. Nothing would suit me better than to do that.

The CHAIRMAN. There is no classification that would differentiate these different classes of goods.

Mr. MILLER. I think it would be very troublesome to the custom-houses.

The CHAIRMAN. I will be glad if you will think over it and submit any suggestion to us. We will be very glad to have your suggestion.

Mr. MILLER. That is all, and I thank you.

DOMESTIC MANUFACTURERS' BRIEF IN THE MATTER OF THE REVISION OF SECTION 326 OF THE TARIFF ACT OF 1909.

The undersigned, on behalf of American manufacturers of cotton upholstery fabrics, present the following facts in support of their contention that the duty imposed by the above section should not be lowered.

In considering this subject it should be kept clearly in mind that these fabrics are not in any sense necessities, but are produced for a discriminating trade that shows marked preference for exclusive and original designs. The present duty has not excluded the foreign fabrics, for in 1909 the importation of chenille fabrics amounted to \$5,332, while in 1911 the importation of chenille and tapestry amounted to \$363,639. However, in comparing these figures it should be remembered that prior to the tariff act of 1909 "tapestries and other jacquard figured upholstery goods," which have almost entirely replaced chenille, were not included in this paragraph, but were entered as cotton cloth.

The weaving of cotton tapestries is an industry entirely separate and distinct from that of producing ordinary cotton cloths, which are woven and marketed in large quantities, as compared with tapestries, the production of which requires special facilities, involving high labor cost. The many different and elaborate patterns are woven, as a rule, in comparatively small quantities. Competition, domestic and foreign, requires new styles twice each year, which necessitates the making of costly new designs and jacquard cards, resulting in a heavy initial cost of production.

This industry will in time provide work for graduates of American technical schools of design, but to-day most of the tapestry designs are drawn abroad by men who are not only artists but who have a technical knowledge of the construction of upholstery fabrics, and these designs when imported into this country pay a duty of 15 per cent when on plain paper (par. 470, Schedule N), 35 per cent when on ruled paper, and an additional duty of 35 per cent on the jacquard cards (par. 415, Schedule M).

In the continental countries, especially France, Germany, and Belgium, the industry is an old one, firmly established and protected by tariffs, and the manufacturers enjoy many facilities not possessed by the American manufacturers. "Consequently a large part of the trade in tapestries is in foreign cloths," as stated in the Report of the Tariff Board on Cotton Manufactures, volume 2, page 567.

The condition of the upholstery industry previous to the enactment of the present tariff law was shown in a brief submitted to the Committee on Ways and Means on December 1, 1908, a copy of which is hereunto annexed, and while the manufacturers were not granted all that they asked for, the inclusion of jacquard-figured upholstery goods, in paragraph 326 of the present act, is slowly but surely improving the condition of the industry without decreasing the imports.

In 1909 the number of establishments had decreased from 270 in 1899 to 230, and the number of wage earners from 5,098 to 4,067. In 1899 the total value of cotton tapestries (piece goods and curtains), silk tapestries and upholsteries, wool upholstery goods and sundries manufactured in the United States amounted to \$8,428,162,

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which had fallen off to \$7,093,057 in 1909 (see bulletin, Manufactures, United States Census, 1910), showing conclusively that although the country was prosperous and underlying conditions good, this industry did not share in the normal growth shown by other lines, not for the reason that less upholstery fabrics were used by the increased population of the country, but simply because the domestic manufacturer could not compete with the foreign producer under the duties imposed prior to the act of 1909.

The close of the year 1912 shows more hands employed at better wages and shorter hours than ever before in this industry, and if the present duty is not disturbed the improvement begun will in all likelihood continue.

The duty of 50 per cent ad valorem on cotton tapestries is neither prohibitive nor excessive, and in some cases does not even cover the difference between which goods can be imported to and manufactured in this country. As evidence of this we submit a sample of tapestry, marked "Exhibit A, No. 2982," from Mellerio, Fossé, Vandier & Cie., of Paris, two pieces of which were imported and passed through the New York customhouse in October, 1912, and doubtless a larger quantity could have been bought at a lower price, resulting also in a reduction of the freight, foreign and customhouse charges. However, the actual cost landed in the port of New York was as follows:

	Francs.	
100.90 meters, at 2.45 francs, less 5 per cent and 1 per cent, equals.....	232.50	
Case and packing.....	5.35	
	<hr/>	
Total.....	237.85	
	<hr/>	
237.85 francs, at 19.3 cents, equals.....	\$45.90	
Duty, at 50 per cent ad valorem.....	23.00	
Freight.....	1.69	
Foreign charges, insurance, and customhouse charges.....	3.72	
	<hr/>	
Landed cost, 100.90 meters.....		74.31

100.90 meters equals 100 $\frac{1}{3}$ yards. Landed cost per yard, 67 $\frac{3}{8}$ cents, net.

The cost at the mills of a like design of same quality produced in the United States in October, 1912 (the cost would be greater now as yarns have risen in value since then), would be 73 cents per yard net without the selling expense added. This cost of 73 cents is made up as follows:

Warp 4,608 ends 1/24's:		
27 $\frac{1}{2}$ pounds, at.....	\$0.22	
Dyeing.....	.05	
Warping.....	.03	
	<hr/>	
		.30
Warp 1,152 ends 2/80's:		\$8.25
6 pounds, at.....	.90	
Dyeing.....	.05	
Warping.....	.08	
	<hr/>	
		1.03
Filling 36 picks 1/4's:		6.18
64 pounds, at.....	.18	
Dyeing.....	.05	
Winding.....	.02	
	<hr/>	
		.25
Filling 18 picks 1/40's:		16.00
3 $\frac{1}{2}$ pounds, at.....	.36	
Dyeing.....	.05	
Winding.....	.08	
	<hr/>	
		.49
		1.57

PARAGRAPH 326—UPHOLSTERY GOODS.

Weaving.....	\$0. 155
Mill expense.....	. 155
Burling and mending.....	. 01
Finishing.....	. 01
Design and cards.....	. 07
Twisting.....	. 01
	. 41
	\$1. 00
100 yards.....	73. 00
1 yard (net).....	. 73

Cost with selling expenses added 87.6 cents.

These goods are sold to the trade by domestic manufacturers on terms of 6 per cent 10 days, 60 days extra; equivalent to 7 per cent 10 days, or 6 per cent for cash within 70 days from date of shipment, and this discount is included in the selling expenses.

In 32 patterns of domestic tapestry examined by the Tariff Board the average cost per yard of production was found to be \$1.0325, and the average mill selling price \$1.1636. (See Table 141, p. 459, vol. 2, Report of the Tariff Board on Schedule I.) The foregoing figures make it quite clear that a reduction in the duty would be extremely harmful to the domestic industry.

The committee's attention is called to the error made in the American selling price of the Tariff Board's sample No. 93, cotton tapestry, which is improperly given as \$1.50 instead of \$1 in the fourth table printed on page 10833 of the Congressional Record of August 2, 1912; the correct price appears at page 567, volume 2, of the board's report on cotton manufactures.

The meaning of the term "upholstery goods" was legally defined in the case of *Bing v. United States*, Treasury Decisions No. 32365, by the United States Court of Customs Appeals, which approved and applied the Standard Dictionary definition of the term as "(1) Goods or material used in upholstery. (2) Textile decoration of an apartment."

As this decision sets aside all doubt as to what is meant by the term "upholstery goods," below is given a list of many kinds of these goods which are not covered by paragraph 326.

1. FABRICS MADE ON JACQUARD LOOMS.

- (a) Tapestries and other jacquard upholstery goods weighing less than 6 ounces per square yard.
- (b) Tapestries and other jacquard upholstery goods made wholly or in part of wool.
- (c) Tapestries and other jacquard upholstery goods of which silk is the chief value.

2. UPHOLSTERY FABRICS MADE ON LOOMS WITHOUT THE JACQUARD MACHINE.

- (a) Repts.
- (b) Plain weaves.
- (c) Fancy weaves.
- (d) Cloths with small patterns.
- (e) Cretonnes and other printed upholstery goods.

Included in the above list are many fabrics that greatly exceed in value the imported goods that come in under paragraph 326, and this goes to show how mistaken was the Tariff Commission in their report on cotton manufactures, page 128, in comparing the value of the fabrics imported and classed under paragraph 326 with the value of upholstery goods manufactured in the United States, given in the United States Census Report for 1910, which sum total included all the different varieties above specified, together with upholstery sundries, and was not by any means confined to tapestries and other jacquard figured upholstery goods of over 6 ounces to the square yard composed of cotton or other vegetable fiber.

Much upholstery is imported and quite properly classed as countable cotton and as manufactures of flax, silk, and wool. They pay duty as such and are not classed as upholstery, but bunched with other manufactures of cotton, flax, wool, and silk, and can not be separated in the customhouse reports of imports.

We would respectfully ask that upholstery goods be specified as such in each textile schedule.

By the United States Census of 1910, it appears that \$1,689,000 in annual wages are paid to wage earners in this industry. Now, conceding that the foregoing facts and figures are true, why should the livelihood of all these wage earners not to say anything

PARAGRAPH 326—UPHOLSTERY GOODS.

of the capital invested, be needlessly jeopardized by a reduction of the tariff now existing, to a point equal to or below that which it has been already demonstrated is insufficient to allow the American manufacturer to successfully compete with the foreigner, and especially in view of the fact that these fabrics are luxuries upon which the American consumer of the imported article can well afford and should pay a sufficient duty to the Government.

Respectfully submitted.

A. Theo. Abbott & Co., Philadelphia, Pa.; The Arbeco Mills, Philadelphia, Pa.; Baldwin Mfg. Co., Elk Mills, Md.; Bradford Textile Co., Bradford, Pa.; J. W. Barber Co., Manayunk, Pa.; Geo. Brooks & Son Co., Philadelphia, Pa.; Bennett & Aspden Co., Manayunk, Pa.; Bromley Mfg. Co., Philadelphia, Pa.; W. S. Deibert Co., Elk Mills, Md.; Robert Lewis Co., Bridesburg, Pa.; John Moore Sons & Co., Philadelphia, Pa.; Moss Rose Mfg. Co., Philadelphia, Pa.; National Tapestry Co., Philadelphia, Pa.; Herbert B. Newton, Philadelphia, Pa.; Orinoka Mills, Philadelphia, Pa.; Philadelphia Tapestry Mills, Philadelphia, Pa.; R. J. & R. Ritchie Co., Philadelphia, Pa.; Geo. Royale & Co., Frankford, Pa.; Fred'k Rumpf's Sons, South Langhorne, Pa.; J. M. Schwehm's Sons, Germantown, Pa.; Stead & Miller Co., Philadelphia, Pa.; Whitely & Collier, Philadelphia, Pa.; Zenith Mills, Philadelphia, Pa.; Penn Tapestry Co., Glen Riddle, Pa.; W. T. Smith & Co., Philadelphia, Pa.

IN THE MATTER OF THE REVISION OF PARAGRAPH 316 OF THE TARIFF ACT OF 1897.

BRIEF FOR MANUFACTURERS.

The undersigned represent domestic manufacturers of upholstery fabrics of various kinds, including furniture coverings, hangings, curtains, couch covers, table covers, etc.

CONDITION OF THE INDUSTRY.

This is an industry which if allowed a reasonable protection would easily employ over 10,000 hands.

Until 1903 imported cotton upholstery goods paid a duty of 45 per cent ad valorem under paragraph 322 of the present tariff act as manufactures of cotton. The importers contested this classification and claimed that such goods were dutiable according to the number of threads per square inch, weight, and value, as provided in paragraphs 304 to 309, known as the countable cotton clauses. In this claim they prevailed (G. A. 5319—T. D. 24352 and decisions therein cited), since which time these goods have entered the commerce of this country on the same basis as ordinary colored cotton fabrics.

That upholstery fabrics are essentially different from ordinary cotton cloths and were not in the contemplation of Congress in drafting the countable cotton clauses is evidenced by the goods themselves which require the attendance of an operator at every single loom, whereas in weaving the ordinary cotton cloth one operator attends to as many as 24 looms.

The effect of this ruling of the courts is that the highest duty imposed on these goods is 40 per cent ad valorem and the lowest 30 per cent ad valorem. The domestic industry is demoralized, thousands of hands being deprived of employment and considerable capital wasted.

The largest manufacturing concern in this line was Hoyle, Harrison & Kay, of Philadelphia, who operated over 300 looms and employed 1,000 persons. They have been obliged to discontinue their operations.

Within the present year, the Oldham Mills of Philadelphia, operating 150 looms, chiefly on the finer grades of goods, have closed for the same reason. This fine plant, less than 10 years old, is for sale, so far without a purchaser.

The Whitbridge Mills of Philadelphia have stopped making upholstery fabrics.

The Matred Mills of Philadelphia, manufacturers of medium and cheap goods, about a year ago discontinued.

We can enumerate many smaller concerns that have quit the manufacturing business, some having kept on to the point of bankruptcy.

That these conditions are not attributable to business depression is clearly shown by a steady growth in importations of these goods,

PARAGRAPH 326—UPHOLSTERY GOODS.

There are in Philadelphia to-day 3,300 looms for the weaving of upholstery fabrics. Since 1903 not more than 1,100 have been producing their usual capacity.

COST OF LABOR AND MATERIALS.

Reference to the official statistics in point will show that wages in this country in this industry are three times as great as abroad.

The American manufacturer does not spin the yarn he uses, for the reason that he employs too wide a variety of yarns upon which there is a protective duty as high or nearly as high as on the finished product.

The business is one of ever-changing style, and the manufacturers are obliged twice each year to prepare new patterns. Sketches, designs, jacquard cards, and the making of new samples all form heavy items of expense here over what they cost abroad where the industry is an old one and very generally distributed.

These facts are well brought out by an examination with respect to an average specimen of upholstery fabric submitted, marked "Exhibit A." This particular fabric represents a large part of the kind of upholstery goods imported. It is pattern No. 3952, from Defrennes Duplony Freres, of Roubaix, France. Under the decisions of the courts before referred to, is now admitted at 40 per cent ad valorem, under paragraph 307. Statement follows:

100 meters, at 3.10 francs, less 10 and 2 per cent.....	francs..	273.40
		273.40
273.40 francs, market value, equals.....		\$53.61
Duty, at 40 per cent ad valorem.....		21.20
Freight.....		2.43
Foreign charges and insurance.....		1.22
Customhouse charges.....		1.50

Landed cost, 100 meters..... 79.96

One hundred meters equals 109½ yards.

Landed cost per yard, 73½ cents.

The cost at the mills of a like fabric produced here in the United States would be 81½ cents per yard.

FOREIGN PROTECTION.

The American manufacturer of these goods has no export business to sustain it. He finds in every continental country of any importance an impassable tariff wall. Germany may be selected as an example (see Kelly's Customs Tariffs of the World, edition of 1908). In Belgium, where these goods can be manufactured very cheaply, the producers find it impossible to export to France on account of the prohibitive French duties thereon.

Since the continental countries have seen fit to protect this industry in their own territory by the imposition of prohibitive duties, no sound reason can be urged why Congress should not profit by their example and save the business from its present stagnation.

PROPOSED PROVISION.

Paragraph 316 of the Dingley Act reads:

"Curtains, table covers, and all articles manufactured of cotton chenille or of which cotton chenille is the component material of chief value, 50 per cent ad valorem."

This paragraph was enacted originally in 1890, a time when chenille was largely employed in upholstery. Since that period chenille has practically disappeared from the industry. It has been replaced by these cotton tapestries, upon which we ask the same measure of protection. We propose the following to replace the present paragraph:

"Curtains, table covers, couch covers, cushion covers and tops, window, door, and wall hangings or draperies, portières, tapestry panels and borders, lambrequins, fabrics and tapestries for furniture covering, hangings, and decorative purposes, and all textile upholstery fabrics, in the piece or otherwise, manufactured of cotton or other vegetable fiber, or of cotton chenille, or of which cotton or other vegetable fiber or cotton chenille is the component material of chief value, 50 per cent ad valorem."

This provision, if enacted, would do no more than allow a fair basis of competition between the domestic and the foreign manufacturer. It would benefit the consumer by allowing the domestic mills to compete with the imported fabrics. It would

PARAGRAPHS 327-328—HOSIERY.

enlarge the revenues of the Government, since it would not prevent importation and would yield duties upon a luxurious article in some fair ratio to its value. Many of these goods are novelties made possible by improvements in the art of weaving since the present tariff was enacted. It was never contemplated that fabrics of their intricate character, simulating closely as they do the handwork of earlier times, should be grouped with gingham, muslins, shirtings, and the like.

Dated, Washington, D. C., December 1, 1908.

KAMMERLOHR & DUFFY,
of New York.

(Appearing for the Orinoka Mills, Philadelphia; Stead & Miller Co., Philadelphia; Philadelphia Tapestry Co., Philadelphia; The Moss Rose Manufacturing Co., Philadelphia; Bromley Manufacturing Co., Philadelphia; Binder & Ellis Co., Philadelphia; Rosenheim Bros., Philadelphia; J. W. Barber & Co., Philadelphia; Whitely & Collier, Philadelphia; George Brooks & Sons, Philadelphia; J. B. Ryder, Son & Co., Paterson, N. J.; Baldwin Manufacturing Co., Bank, Md.; A. Theodore Abbott & Co., Philadelphia; Thomas Davies, Philadelphia; Robert Lewis & Co., Frankford, Pa.; John Moore, Son & Co., Philadelphia; National Tapestry Co., Frankford, Pa.; Pennsylvania Tapestry Co., Glen Riddle, Pa.; R. J. & R. Ritchie Co., Frankford, Pa.; Thompson & Hallowell, Philadelphia; Herbert Newton, Philadelphia; and others.)

PARAGRAPH 327.

Stockings, hose and half hose, made on knitting machines or frames, composed of cotton or other vegetable fiber, and not otherwise specially provided for in this section, thirty per centum ad valorem.

PARAGRAPH 328.

Stockings, hose and half hose, selvedged, fashioned, narrowed, or shaped wholly or in part by knitting machines or frames, or knit by hand, including such as are commercially known as seamless stockings, hose and half hose, and clocked stockings, hose and half hose, all of the above composed of cotton or other vegetable fiber, finished or unfinished, valued at not more than one dollar per dozen pairs, seventy cents per dozen pairs; valued at more than one dollar per dozen pairs, and not more than one dollar and fifty cents per dozen pairs, eighty-five cents per dozen pairs; valued at more than one dollar and fifty cents per dozen pairs, and not more than two dollars per dozen pairs, ninety cents per dozen pairs; valued at more than two dollars per dozen pairs, and not more than three dollars per dozen pairs, one dollar and twenty cents per dozen pairs; valued at more than three dollars per dozen pairs, and not more than five dollars per dozen pairs, two dollars per dozen pairs; and in addition thereto, upon all the foregoing, fifteen per centum ad valorem; valued at more than five dollars per dozen pairs, fifty-five per centum ad valorem. Men's and boys' cotton gloves, knitted or woven, valued at not more than six dollars per dozen pairs, fifty cents per dozen pairs and forty per centum ad valorem; valued at more than six dollars per dozen pairs, fifty per centum ad valorem.

HOSIERY.

BRIEF OF GLOBE KNITTING CO., NORRISTOWN, PA.

GLOBE KNITTING MILLS,
Norristown, Pa., January 8, 1913.

Hon. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: May we impress upon you the danger of adverse legislation regarding the duties on hosiery, in which, as manufacturers, employing some 600 people, we are vitally interested, and in the manufacture of which the question of labor and labor cost are the most important items?

In this industry there is no trust or combination of interests; in fact, we hardly see, under existing conditions, how there could be. It is one in which the entire country is interested—North, South, East, and West, and possibly in no industry are there so many small concerns. The greatest competition for the American manufacturer is the German-made goods. Under the present tariff hosiery has never been cheaper for the consumer, nor has there been offered such a good stocking at the prevailing popular prices as during the past two years. A lowering of the duties would not result in lower prices to the consumer, but we feel sure that it would result in

PARAGRAPHS 327-328—HOSIERY.

increased business for the German manufacturer and the consequent crippling and utter demoralization for the domestic manufacturer to a great extent.

Might we ask your careful consideration to the facts and figures which will be presented to you and your committee bearing on our industry, and that you will give careful thought to any legislation which will not alone be injurious to the many who have invested their capital in the manufacture of this article, but to the hundreds of thousands of men and women who are dependent upon it for their living? If the German-made goods come in freely, it means that much less work for them.

Summing the whole matter up in actual facts, according to figures furnished me—

The average yearly importation of hosiery into the United States for 12 years, 1898 to 1909, inclusive, was 48,513,196 pairs.

The average yearly importation of hosiery into the United States for the last three years was 37,823,100 pairs.

A reduction of duty means increased importation or a lowering of wages in proportion to the reduction of duty.

The reduction of duty without increased importation means less revenue for the Government.

Greater importation means not only the lowering of the wages of our working people, but the nonemployment of the same, as every pair of stockings imported takes the place of a pair made at home.

Yours, respectfully,

JOS. S. RAMBO, *President.*

PROTEST OF SWEETWATER (TENN.) HOSIERY MILLS.

SWEETWATER, TENN., *January 11, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Knowing that the present Congress intends to revise the tariff downward, we desire to enter our protest against any intended tariff reduction on hosiery.

The hosiery and knitting-mill business is far different from other lines of manufactured products, for the reason that there is absolutely no trust in the hosiery business, nor can there be. There is in all probability five or six hundred different hosiery mills in the United States, and are all competitors with one another, and if they are forced to compete further with cheap foreign labor by a reduction of the tariff quite a number of them will be eliminated, which will create a trust, but the trust will be on the other side of the waters.

We feel satisfied that the Democratic Party does not intend to go to extremes on this measure, yet if the consumer is to receive any benefit at all extreme measures will have to be resorted to. Hosiery prices are not made by the manufacturers, but by the jobbers. In other words, the jobbers fix a price for a certain article to be jobbed so it can be retailed at a stated price.

A reduction of 10 per cent on hosiery will not affect the consumer, nor will a 20 per cent reduction affect the price to the consumer, but it will affect the manufacturer. A reduction of 10 per cent on a hose which retails at \$3 per dozen and which has a tariff duty of \$1 will reduce the cost to the jobber 10 cents per dozen, but that article will not sell for less than 25 cents, so the consumer will receive no benefit thereby, but will entail a loss of 10 cents to home manufacturers or labor will have to suffer to that extent.

If the reduction in the tariff is to benefit the consumer and help reduce the high cost of living, we fear it will not produce satisfactory results, and other measures besides tampering with the tariff will be necessary if this end is ever attained.

Trusting we have made ourselves clear and hoping the committee will be satisfied to let the tariff on hosiery alone, we are,

Yours, truly,

SWEETWATER HOSIERY MILLS,
By JOHN M. JONES, *Secretary and Treasurer.*

PARAGRAPHS 327-328—HOSIERY.

STATEMENT SUBMITTED BY MAY HOSIERY MILLS, NASHVILLE, TENN.

NASHVILLE, TENN., *January 17, 1913.*

Hon. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: In considering cotton schedule, we beg to call your attention to these very important facts:

American industry and ingenuity have shown greater progress in this line of work than any other, and the increase in manufacturing has more than doubled in the last 10 years.

In this line of business there are no trusts, for the reason people with a very limited capital are able to buy machines and enter into business as manufacturers of hosiery and underwear.

There is the keenest competition between manufacturers, there are no combinations, no trade agreements, and the success of every mill depends upon the production, as by large production we reduce overhead expense.

The help are well paid, averaging \$1.25 throughout the mill, some earning as high as \$2.50 a day, while European knitters, doing the same work, earn 30 to 40 cents a day.

The net profits of a mill are very small per dozen, our average profit being one-half cent per pair, or one-fourth cent a stocking, totaling 6 cents a dozen, throughout the mill.

The purchasing public are getting more for their money to-day than ever before, as they get a better stocking for 15 cents than they got formerly for 25 cents, and a 25-cent grade is better than they formerly got for 50 cents, so in this case protection has worked to the advantage of the consumer.

There are only two classes who demand lower tariff on hosiery and underwear; one is the importer, who has been compelled to job American-made goods; the other is the foreign manufacturer.

As before stated, labor is well paid; and, should you disturb the conditions that are now existing in this line of manufacturing, it will cause us to reduce our price of labor, and, should we do this, our employees will not be able to live with the high price of necessities. Whatever percentage you reduce on the tariff the foreign manufacturer will add to that price, so as to be just a little lower in price than the American manufacturer.

The writer of this letter and all of the stockholders of this concern are Democrats, and we believe that if the Democratic Party reduce the tariff, they will not reduce the cost of living but will reduce the amount of earnings and cause widespread disaster and suffering not only to the manufacturers but to the wage earners, and before a few years have passed you will have the pleasure of entertaining at Washington another Coxey's army of the unemployed.

Truly, yours,

MAY HOSIERY MILLS,
Per JULIUS MARTIN.

BRIEF OF JOHN S. LAWRENCE, REPRESENTING THE IPSWICH MILLS AND MIDDLESEX CO., RECOMMENDING AN IMPROVED TARIFF ON HOSIERY.

BOSTON, MASS., *January 20, 1913.*

The WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

DEAR SIR: A 40-per cent ad valorem duty on hosiery, as in last year's bill, would, in my opinion, protect the labor of the finer grades of seamless hosiery, provided it is confined to seamless hosiery worth more than \$1 per dozen, but if extended to full-fashioned or cheap seamless hosiery, figures show it would also cripple the seamless business.

Three years ago I was in Washington advocating the separation of full-fashioned from seamless stockings, products of two entirely different methods of manufacture, leaving the rate on full-fashioned substantially where it was under the Dingley bill, but lowering the rate on seamless goods.

Every manufacturer and distributor knows there is a big difference between full-fashioned and seamless hosiery. The Tariff Board clearly shows (see Exhibit A) that the average labor cost is 86 cents on full-fashioned and 27 cents on ladies' seamless stockings per dozen, seamless half-hose being about 10 cents more, or 37 cents.

PARAGRAPHS 327-328—HOSIERY.

It is impossible to protect hosiery labor accurately or give a maximum revenue on an ad valorem basis, because it costs substantially the same to knit a pair of stockings, the difference in quality being almost wholly made up of the yarn poured into the machines. The percentage of labor cost to the total cost of seamless hose varies from 50 per cent on cheap good to 10 per cent on semisilks. Nor is it known what duty you will decide upon for yarns and silk, which should be properly compensated for in the hosiery tariff.

In so much as labor is such a varying proportion of the cost of stockings, it is absolutely necessary to also subdivide seamless and full-fashioned goods. At first this may seem complicated, but you must remember that this industry has been built, quite properly I believe, on specific and ad valorem duties. To turn now to a flat ad valorem basis would greatly overprotect some manufacturers and close others, particularly those located in the South and West. Under proper publicity of invoice a subdivision of duties applying to seamless and full-fashioned hosiery would not be unreasonably difficult to enforce and collect.

I therefore recommend to you the following ad valorem rates:

	Per cent.
On stockings not otherwise specially provided for.....	20
On seamless stockings valued at \$1 or less.....	50
More than \$1 and not over \$2.....	40
More than \$2.....	30
On full-fashioned stockings valued at \$1 or less.....	80
More than \$1 and not over \$2.....	70
More than \$2 and not over \$3.....	60
More than \$3.....	50

By this schedule cut-feet goods remain at the Underwood rate of last year, seamless goods are cut about 50 per cent from the present rates, and on such hosiery when labor is highest I have placed the rate at 50 per cent and draded it to 30 per cent, this latter rate being 10 per cent below that suggested by the Underwood bill of last year. While I have left the full-fashioned rate substantially at 10 per cent less than the present Payne rate, starting at 80 per cent on goods in competition with foreign values of less than \$1, on which I understand labor and depreciation are about 80 per cent of the cost, and reducing to 50 per cent on higher-priced hosiery in which labor forms a smaller part of the cost. By this method of classification I believe you can establish on an ad valorem basis of revenue to some extent the advantages of specific rates.

Under both the Dingley and Payne-Aldrich laws there have been no imports of seamless hosiery. The imports consisted almost entirely of full-fashioned goods, as if the laws applied to full-fashioned only and seamless was prohibited.

It appears that prior to 1908 during the Dingley law approximately one-half of the full-fashioned goods consumed in this country were imported, and in the last year under the Payne-Aldrich bill from one-third to one-quarter of the consumption of full-fashioned goods were imported. I believe under my suggested schedule 33 per cent of the consumption in this country would be imported.

Full-fashioned hose are wholly a luxury. They are mostly sold at more than 25 cents per pair and are bought by those who properly can contribute something toward the expense of the Government.

Seamless hosiery was invented and developed entirely by American ingenuity, and mills thus making stockings employ many thousands of operatives. This method of manufacture continues to vastly improve, and we are making very desirable goods; in fact, no one need wear anything better. We have greatly reduced the laboring man's hosiery bill. Possibly you yourself know that for 25 cents you can get a semisilk stocking, and that 12½ cents a pair at retail is all that one need pay for an excellent serviceable article that no one, however wealthy, need be ashamed of. (I have 12½ cent stockings on now and usually wear them.) I inclose samples of these goods. We can only continue this good work and improve the efficiency and pay of our labor by a reasonable tariff.

We want our fellow citizens to feel, and they are growing to feel, that "Made in America" is worth more than "Made in Germany," although up to a few years ago we were constantly asked to stamp on goods "Made in Germany."

Under the schedule which I suggested (see Exhibit B) you would, in my opinion, (1) Protect hosiery labor (there are over 2,000 plants located in almost every State of the Union); (2) lower the tariff, (3) produce a greater revenue from hosiery (paid by those who can best afford it) than any other previous tariff, or any other rates that

PARAGRAPHS 327-328—HOSIERY.

could be suggested, and (4) continue the improvement and development of the cheap stocking value.

Respectfully submitted.

IPSWICH MILLS,
MIDDLESEX CO.,
By JOHN S. LAWRENCE.

EXHIBIT A.—Average labor cost of ladies' full-fashioned and seamless hosiery.

[Compiled from Tables 184 and 189 on pp. 611 and 621 of the Report of the Tariff Board on Schedule I (Doc. 643, H. R.), 62d Cong.]

	Number of samples.	Average yarn cost.	Average labor cost.	Labor cost to yarn.
Full-fashioned.....	50	\$0.551	\$0.861	<i>Per cent.</i> 61
Seamless.....	55	.486	.2669	35

EXHIBIT B.—Suggested wording for hosiery tariff.

Stockings, hose, and half-hose, made on knitting machines or frames, composed of cotton or other vegetable fiber, and not otherwise specially provided for in this section, 20 per centum ad valorem.

Stockings, hose, and half-hose, selvaged, fashioned, narrowed, or shaped wholly or in part by knitting machines or frames, or knit by hand, including such as are commercially known as seamless stockings, hose or half-hose, but excluding such as are commercially known as full-fashioned stockings, hose, or half-hose, and clocked stockings, hose, and half-hose, on all of the above, composed of cotton or other vegetable fiber, finished or unfinished, valued at not more than \$1 per dozen pairs, 50 per centum ad valorem; valued at more than \$1 per dozen pairs, and not more than \$2 per dozen pairs, 40 per centum ad valorem; valued at more than \$2 per dozen pairs, 30 per centum ad valorem.

Stockings, hose, and half-hose, such as are commercially known as full-fashioned stockings, hose, and half-hose, and clocked stockings, hose, and half-hose, on all of the above, composed of cotton or other vegetable fiber, finished or unfinished, valued at not more than \$1 per dozen pairs, 80 per centum ad valorem; valued at more than \$1 per dozen pairs, and not more than \$2 per dozen pairs, 70 per centum ad valorem; valued at more than \$2 per dozen pairs, 50 per centum ad valorem.

BRIEF OF THE RICHMOND HOSIERY MILLS, ROSSVILLE, GA.

ROSSVILLE, GA., February 14, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman House Ways and Means Committee,
Capitol Building, Washington, D. C.

DEAR MR. UNDERWOOD: As I outlined to you in my personal conversation on Monday my very strong reasons and my very conscientious reasons for not reducing the present schedules on hosiery, I will refrain from going into those reasons that will lengthen this letter.

I merely want to call your attention to the fact that hosiery is already on a competitive basis owing to the fact that the hosiery schedule produced you nearly \$2,200,000 last year. And I request of you to take under earnest consideration the condition of the hosiery business and how it would be affected when making your new schedule, and I trust you will find it consistent with your views not to reduce us over 5 per cent, and furthermore, owing to the great difficulty in arriving at exact valuation of goods in hosiery owing to different methods of finish, dye, packing, and yarn, that the present specific and ad valorem rate be allowed to stand in order to minimize under-valuation.

Furthermore, as you requested my ideas on an additional paragraph covering the cheaper goods, I would suggest having a paragraph read as follows:

"Stockings, hose, and half-hose, selvaged, fashioned, narrowed, or shaped wholly or in part by knitting machines or frames, or knit by hand, including such as is com-

PARAGRAPH 328—MEN'S AND BOYS' GLOVES.

mercially known as a seamless stocking, hose, or half-hose, and clocked stockings, both hose and half-hose, all of the above composed of cotton or other vegetable fiber, finished or unfinished, valued at not more than 60 cents per dozen pairs, 50 cents per dozen pairs, etc."

I have taken the liberty to rewrite section 28 of the present tariff act of 1909, as found on page 41 in the copy sent out by the Government Printing Office in 1909, and am attaching it herewith for your earnest consideration.

I have tried truly, conscientiously, and frankly in rewriting this schedule to submit you one that will not wipe out our business, but at the same time put it on an even more competitive basis than at present. The custom revenues on hosiery speak for themselves, as showing how competitive our basis of tariff is now, and I trust you will give earnest consideration to the schedule I am submitting.

If there are any other points that you desire to know or any of your committee desire to know, it will give me pleasure to comply with any request, and come to Washington at any time, as it is my desire to cooperate with your honorable committee in every way possible.

In submitting this schedule, I beg to state I am representing five mills with which I am connected as general manager, namely, the Richmond Hosiery Mills, Rossville, Ga.; Chattanooga Knitting Mills, Chattanooga, Tenn.; the Rockwood Mills, Rockwood, Tenn.; the Magnet Knitting Mills, Clinton, Tenn.; and the Harriman Hosiery Mills, at Harriman, Tenn., all making a line of seamless hosiery including men's, women's, and children's and infant's goods, that sell from 10 cents to 25 cents retail. If you desire samples of these numbers submitted with the cost of same, I shall be very pleased to submit same to you.

Very respectfully submitted.

RICHMOND HOSEIERY MILLS,
Per G. ANDREWS,
Vice President and Treasurer.

The following is my proposed revision of the hosiery schedule as stated in the first portion of this letter:

Paragraph 327: Stockings, hose, and half hose, made on knitting machines or frames, composed of cotton or other vegetable fiber, and not otherwise specially provided for in this section, 30 per cent ad valorem.

Paragraph 328: Stockings, hose, and half hose, selvedged, fashioned, narrowed, or shaped wholly or in part by knitting machines or frames, or knit by hand, including such as are commercially known as seamless stockings, hose, or half hose, all of the above composed of cotton or other vegetable fiber, finished or unfinished, valued at not more than 60 cents per dozen pairs, 50 cents per dozen pairs; valued at more than 60 cents per dozen pairs and not more than \$1 per dozen pairs, 65 cents per dozen pairs; valued at more than \$1 per dozen pairs and not more than \$1.50 per dozen pairs, 80 cents per dozen pairs; valued at more than \$1.50 per dozen pairs and not more than \$2 per dozen pairs, 85 cents per dozen pairs; valued at more than \$2 per dozen pairs and not more than \$3 per dozen pairs, \$1.15 per dozen pairs; valued at more than \$3 per dozen pairs and not more than \$5 per dozen pairs, \$1.90 per dozen pairs. In addition thereto on all the foregoing, 15 per cent ad valorem. Valued at more than \$5 per dozen pairs, 50 per cent ad valorem.

Men's and boys' cotton gloves, knitted or woven, valued at not more than \$6 per dozen pairs, 50 cents per dozen pairs and 40 per cent ad valorem; valued at more than \$6 per dozen pairs, 60 per cent ad valorem.

MEN'S AND BOYS' GLOVES.**TESTIMONY OF JOHN H. FEDDEN, OF NEW YORK CITY.**

The witness was duly sworn by the chairman.

Mr. FEDDEN. Mr. Chairman, Mr. Ormsby has yielded his 10 minutes to me.

The CHAIRMAN. That is, Mr. C. C. Ormsby?

Mr. FEDDEN. Yes, sir.

The CHAIRMAN. Is Mr. Ormsby present?

PARAGRAPH 328—MEN'S AND BOYS' GLOVES.

Mr. FEDDEN. No, sir; he has written me a letter to that effect.

The CHAIRMAN. Very well; we will recognize you for 20 minutes. We will strike Mr. Ormsby's name off the list.

Mr. FEDDEN. The subject which I desire to discuss, Mr. Chairman and gentlemen of the committee, is men's and boys' cotton gloves.

Men's and boys' cotton gloves, similar to the samples we show, are made by us, and are assessed under the present law at 50 cents per dozen specific duty and 40 per cent ad valorem duty under paragraph 328.

The importations and revenue for the fiscal years ended June, 1910, 1911, and 1912, are as follows:

1910: 148,965.92 dozens; value, \$122,760; duties, \$123,586.98; equivalent ad valorem, 100.67.

1911: 153,258.58 dozens; value, \$165,840; duties, \$142,965.25; equivalent ad valorem, 86.21.

1912: 86,886.77 dozens; value, \$88,362.78; duties, \$78,788.45; equivalent ad valorem, 89.16.

These are the correct figures of importations, as the Government statistics contained some errors which the Department of Commerce and Labor has acknowledged in a letter to me, of date November 17, 1912, reading as follows:

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, November 29, 1912.

Mr. JOHN H. FEDDEN,
4283-4285 Park Avenue, New York, N. Y.

SIR: Replying to your favor of the 13th instant, relative to men's cotton gloves valued over \$6 per dozen pairs, I beg to say that, upon correspondence with the different ports, I find all the gloves returned as above were women's gloves.

The fact that the rate of duty in both cases is the same is the reason for the error in the returns to this bureau.

I desire to express my thanks to you for calling my attention to this matter, since there was no reason before the bureau to question the returns.

Respectfully,

A. H. BALDWIN, *Chief of Bureau.*

With reference to the rate of duty in the former tariffs, men's and boys' cotton gloves were never specifically provided for in any previous tariffs and were assessed as "cotton wearing apparel," paying the following rates:

Under the Dingley bill the rate was 50 per cent.

Under the Wilson bill the rate was 40 per cent.

Under the McKinley bill the rate was 50 per cent.

The Underwood bill, H. R. 12812, gave the rate on men's and boys' cotton gloves at 35 per cent ad valorem.

This is an infant industry. This is a real infant industry. It is a real blue-eyed baby. It is not the kind that usually comes before you leaning on a cane. It is a real infant industry.

Before the enactment of the Payne-Aldrich law, men's and boys' gloves similar to those we make paid 50 per cent duty and were all imported. There was no industry in this country on these men's and boys' gloves.

We realize that the present duty is abnormally high, and did all we could to prevent it from becoming a law. The Government, however, decided against our ideas, and the bill became a law, the

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immediate reason being that all the gloves for the United States Army were imported from Germany and England. The Government therefore, in our opinion, entered into a quasi contract to protect this infant industry, and we started our factory in July, 1910.

The President-elect, in his speeches before the election, declared all excessive duties were against the interests of the American public, but he realized that many of our industries had been built on this basis and that this fact would have to be taken into consideration in revising the duties.

We are in complete sympathy with all of this, and are willing to meet the spirit of the country and of justice by a reduction of two-sixths of our duties, and are willing to see a further reduction of one-sixth three years after. This would reduce the duty within six years after the industry has started to one-half the duty on which it began.

For the first eight months after we started manufacturing we lost half of the capital invested; due to the fact that this was a new industry which necessitated the training and educating of help who spoiled considerable quantities of our product.

The Underwood bill placed the duty on men's and boys' cotton gloves at 35 per cent. This would be reducing the duty 75 per cent on an industry that could not exist under a 50 per cent tariff and was not in existence three years ago.

With reference to the rate on ladies' cotton gloves, the identical goods—and by "identical goods" I mean the same goods except they are made so they will fit a woman's hand instead of a man's hand—which we make in men's and boys' gloves are all imported in the case of ladies' gloves, as ladies' gloves pay a duty under paragraph 324 at 50 per cent as "cotton wearing apparel."

We fear that the Underwood cotton bill is the one on which this committee will base the coming cotton bill, but we do know that if this 35 per cent rate is applied it will wipe out the industry before it is on its feet. As absolute proof of this, we state we have tried to manufacture ladies' cotton gloves in this country, which are protected by a 50 per cent duty, but we have been unsuccessful and can not at the present time make them as cheaply as they can be imported from Germany. If, on the other hand, the industry is allowed to exist for a number of years, we do know that we will be able to put this industry on its feet in this country so it can exist with a normal tariff.

When we insist on the same exact work that is done in Germany, our help is about equally as productive as the German help. Some of our operators may be a little quicker, but this is counterbalanced by the fact that in Germany they have a longer working day.

I would explain to you that everything is done on the sewing machine after the cutting, and the sewing machine runs about so fast. There is such a thing as speeding up the machine, but we do not allow it because that interferes with the fineness and the exactness of the output.

Then, too, the help of Germany is paid, as nearly as we can find out, one-third per unit of labor of what we pay our operators in this country. I would explain that it may be in the course of several years we can get that unit of labor down a little bit as we get more experienced people. We have to-day about 100 operators, perhaps a few less than 100. I suppose we have had 500 in all in the last

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two and one-half years. Probably one out of five is adapted for the kind of work we have to give them.

The only way we can overcome this great handicap—but it can be overcome—is by applying ideas to our product that are better than those in vogue in Germany. We refer, of course, to better and more automatic machinery. This machinery, however, does not exist to-day except in the minds of those men who are trying to put this industry on its feet in this country. It is hardly reasonable or fair to expect them to do within three years what Germany has not been able to do in over a century.

I would like to show you just what I mean by that. [Sample cotton gloves were here distributed to the members of the committee by the witness.]

The cloth from which this glove [indicating] is made comes in great rolls. It is made on a circular machine, a great big machine similar to underwear machines, and the machines work automatically. One man can watch a great many machines, and all he does is to watch them. He does not touch them with his hand at all except to start the machine and stop the machine.

On the other hand, when we get this cloth we have to cut it; that is, we cut it according to the shape of the hand. We cut out a piece for the thumb. We cut out these forgets, as we call them, which are inserted between the fingers. Then we have to put these points on the outside of the glove. We have to sew these one at a time. Then we have to insert the thumb, and go around that, sewing up the thumb first. Then we insert these forgets. Then we sew the glove together, and then sew the welt on top. Everyone of these operations is separate. We sew it on the inside, and then we turn it around on the outside. Then we form it and put it on cardboard, and sew each glove together, so it will not lose its shape. We put bands and tape around it and put a label on the box and box them up and ship them out.

All the man does who makes the raw material is to start his yarn in the automatic machine and it is done up automatically.

The Democratic cotton bill proposes 30 per cent protection on cotton cloth, which is our raw material, and proposes 35 per cent on our finished product. I am not absolutely certain of my facts, but I estimate that the labor in our finished product is at least 10 times the labor in our raw material, yet we get only one-sixth more protection than the cotton cloth from which our gloves are made, which is much too small a differential.

Mr. HARRISON. You stated the rates proposed for men's cotton gloves in the Underwood bill at 35 per cent ad valorem, and the rates proposed on raw material actually manufactured was 30 per cent, and you think the differential is too small?

Mr. FEDDEN. Very much too small.

Mr. HARRISON. What proportion of your finished product is the value of the cotton cloth?

Mr. FEDDEN. Mr. Harrison, the cotton cloth is not our only raw material.

Mr. HARRISON. But dealing with that subject by itself, is it one-third?

Mr. FEDDEN. Oh, no; not nearly so much.

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Mr. HARRISON. How much is it?

Mr. FEDDEN. It is about one-fourth.

Mr. HARRISON. Then the amount of tax in proportion to the amount of tax on your finished product is one-fourth of 30 per cent, or 7½ per cent of the whole laid on your raw material, which makes the differential larger than seemed to you at first?

Mr. FEDDEN. The whole thing is this, that we can buy the raw material in this country, or can produce it in this country, almost as cheaply as in Europe, because labor is the big element of cost of any manufactured product in this country, and there is practically no labor in our raw material, so we can produce that in this country about as cheaply as in Europe, but not quite.

Mr. PALMER. Do the cotton cloth manufacturers agree with you in that statement?

Mr. FEDDEN. I know I have bought some in Germany and I have bought some in this country, and the difference is not to be considered at all.

Mr. HILL. What is this cloth called? What is the commercial name of this material?

Mr. FEDDEN. It would be circular cotton cloth, cotton cloth made on circular machines.

Mr. HILL. It is not knitted cloth?

Mr. FEDDEN. Yes, sir; it is knitted on knitting machines, but on automatic knitting machines.

When I said that we want a chance to put this industry on its feet, I had in mind something like this. I do not exactly like to disclose all the things I am working on to put this industry on its feet, because some of my friends are here present at this time; but one of the things which thus far I have been unsuccessful in has been this:

You will notice on every glove there are three rows of embroidery which we call points. These points do not run parallel. They widen as they go to the fingers. In Germany and in this country everybody making them sews those points on singly. I myself have had one of the best mechanics that I could find in this country working on that problem for nearly a year—I should say about eight months—to get a machine that will allow us to make these points all three at once. If we can succeed in that, and I think we will, that operation will be conducted in this country as cheaply as it is in Europe. But we have to get things like that or they will beat us and keep beating us, and we will never get up to them. I have four or five other things in the same way on which I am working. If we can get those, it will be a great help, of course, but I am sure it will take three or four or five years to do it.

Mr. DIXON. How many factories in the United States manufacture these gloves?

Mr. FEDDEN. There were none three years ago. I think there are about 10 or 12 now. Several of them have started out, and even with this tariff could not exist, but have gone out of business.

Mr. DIXON. What is the total American output?

Mr. FEDDEN. I can only give an estimate. I should say the total American output to-day is in the neighborhood of 200,000 dozen, and we import 100,000 dozen under the present tariff. We have not entirely put them out of business, even with this tariff.

PARAGRAPH 328—MEN'S AND BOYS' GLOVES.

We offered to have the Tariff Board go over our books, and received a letter in reply that the item would shortly be taken up, but it was never looked into. They told me they had not had time to take up our industry, as it was a new one and still a small one, and they would so report, but such report does not exist in the recent Tariff Board report on cottons.

We suggest an immediate reduction of two-sixths the present duty, and a further reduction of one-sixth three years later, and suggest the following paragraph in place of the last part of paragraph 328:

Men's and boys' cotton gloves, $33\frac{1}{2}$ cents per dozen and $26\frac{2}{3}$ per cent ad valorem. Three years after the passage of this act the following is to take the place of the foregoing: Men's and boys' cotton gloves, 25 cents per dozen and 20 per cent ad valorem.

That would mean an immediate reduction of two-sixths of the present duties, and a further reduction of one-sixth, or it would reduce the present Payne-Aldrich duties one-half in about five or six years after the industry was begun in this country.

Mr. PALMER. What is the import price per dozen to-day?

Mr. FEDDEN. What do you mean by import price—plus the duty?

Mr. PALMER. No; without the duty.

Mr. FEDDEN. The gloves can be purchased in Germany for 40 cents a dozen and up to about \$1.25 a dozen. There are some exceptions to that. There may be some few produced better, but as a general statement that is the range in which they come through the custom-house.

Mr. PALMER. You are suggesting that within three years the duty on the cheaper classes of gloves shall be about 75 per cent?

Mr. FEDDEN. That would be about right, instead of 160 per cent as it is at present.

I know that does not sound exactly right, but I did not agree with it either.

Mr. KITCHIN. The Payne-Aldrich act, by increasing the tariff on cotton gloves, put about 200 per cent on many classes of gloves, especially the cheaper gloves, and actually increased the tariff on them more than 100 per cent?

Mr. FEDDEN. Yes, sir.

Mr. KITCHIN. Between 200 and 300 per cent?

Mr. FEDDEN. Yes, sir; on some of them.

Mr. KITCHIN. On these cheaper gloves you are speaking of?

Mr. FEDDEN. On these cheaper gloves it did; yes, sir.

Mr. KITCHIN. That was another illustration of a revision downward. What is the import price of this type of glove [indicating]?

Mr. FEDDEN. The import price of the No. 1 glove is about 41 cents a dozen, with all the labor that I have outlined.

Mr. KITCHIN. None of this kind of gloves came in, because the tariff was so high they were excluded?

Mr. FEDDEN. Before the tariff they were not made in this country. They all came in.

Mr. KITCHIN. Since the Payne tariff, all gloves 60 cents and under a dozen, import price, have been excluded, have they not?

Mr. FEDDEN. I should not say all, but I suppose about 90 per cent.

Mr. KITCHIN. The gloves that came in last year averaged \$1.03 a dozen, exclusive of the duty.

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Mr. FEDDEN. I have looked over those figures, and I can not understand them. I believe there must be a mistake in those figures.

Mr. KITCHIN. They had to value those gloves at the customhouse, because they had a specific and ad valorem duty, and therefore they had to value the gloves to get the ad valorem duty.

Mr. FEDDEN. I think there is some mistake in the statistical department. I am not sure of it, but it seems to me the value of the gloves that were imported was not as high as the Government gives.

Mr. KITCHIN. You make different colored gloves do you not?

Mr. FEDDEN. We make that glove [indicating] in four or five different colors; yes, sir.

Mr. KITCHIN. What would that glove sell for wholesale?

Mr. FEDDEN. We sell them for about \$1 a dozen.

Mr. KITCHIN. And you think they can be sold in Germany for how much?

Mr. FEDDEN. They are sold in Germany for 40 cents a dozen, and did sell in this country, under our previous tariffs, at about 75 cents a dozen to the trade. They will very shortly sell around that figure again. I do not mean exactly 75 cents, but they have been going down.

I would just like to explain to you that we are not in quite as bad a condition as the figures of these gentlemen would seem to indicate. We tried first to import gloves, and could not import them because the prices they gave us plus this duty robbed us of our market, so to speak. We could not sell them to the people. The next thing we did was to try to make them, and I sold that glove there [indicating] at \$1.10 when we began. They cost us \$2 a dozen to make. We were in business four months, and they cost us \$1.50 a dozen to make. We were in business six months, and they cost us about \$1.25. I am giving you general figures; I am not sure within 5 cents. We were in business a year before we broke even on them. We were in business about a year before we could say, "There is a dozen going out on which we made 6 cents."

Mr. KITCHIN. Did you appear before the committee in 1909?

Mr. FEDDEN. I did not, sir.

Mr. KITCHIN. Do you know what manufacturers of these gloves or this class of gloves did appear?

Mr. FEDDEN. That was prior to the Payne-Aldrich bill?

Mr. KITCHIN. At the time the Payne-Aldrich bill was under consideration.

Mr. FEDDEN. There was only one firm that appeared, I think. There was one firm that was instrumental in making this class of gloves, and to-day even with the duty we have, they have almost had to go out of business.

Mr. KITCHIN. That concern suggested this present rate of duty, did they not?

Mr. FEDDEN. I believe they did.

Mr. KITCHIN. And it was so written in the law according to their suggestion?

Mr. FEDDEN. I think they even asked for the same duty to apply on ladies' gloves, but it did not, and consequently we imported the ladies' gloves.

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Our cost of production has gone down practically since we began the manufacture of these goods. We have to-day got it down almost as fine as it can go until we apply automatic machinery on which I am working, and I think we can do it. I do not think they can do it in Germany. They do it there the same as their grandfathers did, and I think we can catch up with them if we get a chance to exist a few years.

Mr. KITCHIN. How long will it take you, as an infant industry, to get "grown up"? What is your best judgment on that?

Mr. FEDDEN. Our cost is going down a little bit all the time. We can see it reduce a little bit every couple of months. We get onto some new way of doing this, and we can have one operator in some way do what two did a year ago, and it is slowly working down, but it is surely working down. The Underwood bill will not work it down. It will work it out.

Mr. PALMER. You will be satisfied with a 75 per cent duty three years from now?

Mr. FEDDEN. Yes, sir.

Mr. FORDNEY. If that will be adequate protection at that time you will be satisfied with it, and if not, you will not be satisfied with it?

Mr. FEDDEN. I am willing to take the chance, if you gentlemen are.

Mr. FORDNEY. I will take a chance with you.

Mr. HILL. When did you start this industry?

Mr. FEDDEN. In 1910.

Mr. HILL. You started it after the adoption of the Payne bill?

Mr. FEDDEN. Yes, sir.

Mr. HILL. Was not the business in operation in the United States prior to that time?

Mr. FEDDEN. Not prior to the Payne-Aldrich law; no, sir.

Mr. HILL. No cotton gloves were made then?

Mr. FEDDEN. No cotton gloves of the kind that formerly had been imported.

Mr. HILL. At what are these gloves valued which you have shown here, import price?

Mr. FEDDEN. Is it marked No. 1?

Mr. HILL. Yes; No. 1.

Mr. FEDDEN. Between 40 and 43 cents.

Mr. HILL. A pair or a dozen?

Mr. FEDDEN. A dozen. You can buy them retail for 10 to 12½ cents a pair.

Mr. HILL. What do you sell them for?

Mr. FEDDEN. I sell them for \$1 a dozen. I say they retail for 10 cents a pair, or 12½ cents.

Mr. McCALL. What was the retail price before the Payne-Aldrich bill?

Mr. FEDDEN. Ten to twelve and a half cents a pair.

Mr. McCALL. About the same as now?

Mr. FEDDEN. About the same; almost the same.

Mr. McCALL. That is, there is always a difference?

Mr. FEDDEN. You might go in one store and pay 10 cents, and go across the street and pay 12½ cents, and walk up to the corner and pay 15 cents. The prices have gone up some.

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Mr. McCALL. Are there any other factories in this country besides yours?

Mr. FEDDEN. Yes, sir; about 9 or 10. I think ours is the largest.

Mr. HILL. All started since 1909?

Mr. FEDDEN. Yes, sir.

Mr. McCALL. And you have competition in selling?

Mr. FEDDEN. Yes, sir.

I just want to tell you another thing. The first year, my firm—I am not referring to my firm that manufactures these gloves, but my firm of O'Callahan & Fedden, in New York—sold these goods without one cent of charges for selling expense. Mr. O'Callahan, who is not interested in the manufacturing end, said, "We have got to give them a chance to get on their feet; we will sell the goods for nothing;" and they did. They put their own work in the entire year and did not draw out five cents for drawing account.

Mr. KITCHIN. You think a duty as low as 50 or 60 per cent would destroy your industry?

Mr. FEDDEN. I am absolutely certain it would.

Mr. KITCHIN. Do you remember reading the bill prepared by the gentlemen on our left and unanimously endorsed and recommended by them, introduced as a substitute for the Underwood bill during the last session?

Mr. FEDDEN. I did not read it, Mr. Kitchin.

Mr. KITCHIN. That bill, it is said, was in conformity with the Tariff Board's report, and also on Mr. Taft's recommendation, and that cut it down to 50 per cent; so, even the substitute bill which these gentlemen prepared for the Underwood bill, it would destroy your industry, would it not?

Mr. FEDDEN. Yes, sir; if they put on a 50 or 60 per cent tariff.

Mr. KITCHIN. Their substitute was 50 per cent.

Mr. FEDDEN. The Tariff Board never looked into it. I asked them to do so, and went before the Tariff Board. They said we were too small to bother with.

Mr. KITCHIN. The gentleman over there who prepared the bill evidently looked into it, if the Tariff Board did not.

Mr. FEDDEN. I do not think he did, sir.

Mr. HILL. The gentleman is mistaken; he did look into it, and read the correspondence.

Mr. KITCHIN. My friend Hill here prepared that schedule; in fact, he prepared most of the substitute bill in conformity with the Tariff Board report.

Mr. FEDDEN. With all respect to Mr. Hill, I would like to say if he looked into it and came to the conclusion a 50 per cent duty would protect the industry, Mr. Hill was mistaken in his results.

Mr. HILL. You have stated here since you have been on the stand that there is practically no difference between that product in this country and in Germany.

Mr. FEDDEN. As to the raw product.

Mr. HILL. Then you do not want to deduct from your duty on the finished product the duty which the gentleman from New York referred to as being an offset of the raw product? Have you made that difference in your calculation?

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Mr. FEDDEN. I do not believe it would affect it in any way at all, sir. I have not calculated that way; no, sir.

Mr. HILL. Suppose you made that raw product, according to your own testimony, at the same rate the German makes it, without any difference in price, it would affect, would it not, the cost of your gloves? The gentleman that prepared the bill, to which the gentleman (Mr. Kitchin) referred, did go carefully into the matter.

Mr. KITCHIN. Let him answer your question and give us some information on this matter.

Mr. FEDDEN. I do not know what the question is.

Mr. KITCHIN. He asked you a question, and without giving you an opportunity to answer it went on with his own statement.

Mr. HILL. You have stated you can produce that material in this country as cheaply as it can be produced in Germany. Would not that affect the price or the cost of your gloves?

Mr. FEDDEN. I am already figuring on what the raw material is to-day produced at, so any coming tariff bill would not affect the cost of my gloves any more than it affects them to-day. I have to figure on what the goods cost me to-day. I do not figure that a coming tariff bill will markedly affect the price. It might affect the raw material 1 or 2 cents, or make some little difference, but I do not think that is material.

Mr. HILL. Does the German use the circular machine at all?

Mr. FEDDEN. Yes, sir; he uses the same machine.

Mr. HILL. Generally?

Mr. FEDDEN. Entirely, on that class.

Mr. HILL. But does he use the circular machine in making cotton cloth for gloves as a general proposition?

Mr. FEDDEN. In making that kind, he must; yes, sir.

Mr. HILL. I want to say to the gentlemen that the gentleman from Connecticut (Mr. Hill) went into the question of gloves as carefully as he could, going over all the material published and unpublished before the Tariff Board, which the Tariff Board submitted to him, and that he made the rate of duty at 50 cents, admitting that it was a very close proposition indeed; and if any change had been made from that by the gentleman from Connecticut, he and the members of the Tariff Board with whom he consulted would have raised the duty rather than lower it. I fully agree with the gentleman [Mr. Fedden] that the rate of duty prescribed in the Democratic bill is absolutely destructive of the industry.

Mr. FEDDEN. May I ask if the Tariff Board gave you information as to the cost of gloves?

Mr. HILL. Oh, certainly they gave me all the information they had.

Mr. FEDDEN. I was told I was the only one that appeared before the Tariff Board on this question of gloves, and I did not give them any such information. I told them to come and look at the books, but they did not do so.

Mr. JAMES. Our friend Hill is apt to destroy your industry.

Mr. FORDNEY. When Mr. Hill wrote this bill, he must have been under the influence of the Democratic majority.

Mr. FEDDEN. I do not mean any disrespect to Mr. Hill.

Mr. HILL. I want to say that in the writing of this bill, by which I still stand, there is in it no expression of my individual views. It

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was written just as nearly as it could be written in accordance with the reports and papers before the Tariff Board, which I believe to be absolutely reliable.

Mr. FEDDEN. I might make the suggestion, if we are trying to ascertain the real facts, that if the committee will appoint any firm of expert accountants in New York, I will pay for the accountants and pay all their expenses, if the committee will write a bill in accordance with the report of those accountants.

The CHAIRMAN. Permit me to ask one question. What is the amount of the consumption of this class of gloves in the United States?

Mr. FEDDEN. I estimate 300,000 dozen.

The CHAIRMAN. How many of them are produced in this country?

Mr. FEDDEN. I estimate 200,000 dozen.

The CHAIRMAN. This country makes two-thirds, and one-third is imported?

Mr. FEDDEN. Yes, sir.

Mr. FORDNEY. There was none of this class of goods made in this country prior to 1908, was there?

Mr. FEDDEN. No, sir.

Mr. FORDNEY. So the two-thirds production now sprang up under the existing tariff law?

Mr. FEDDEN. Yes, sir.

Mr. FORDNEY. May I ask how many people are employed in the production of this class of gloves in this country now?

Mr. FEDDEN. We employ just about 100.

Mr. FORDNEY. What proportion of the output did you make?

Mr. FEDDEN. I think we make about one-half of it; I think we do.

With reference to the phraseology of the last part of paragraph 328 of the present law, I desire to say this: The words "knitted or woven" should be omitted, as the importers contend that gloves in which the knitting or weaving is done into the cloth and not directly into the gloves are exempt from the classification mentioned in paragraph 328.

We also recommend that the following be inserted in the paragraph:

Any gloves which go into consumption for men or for boys shall be held as men's or boys' gloves under the provisions of this paragraph.

We are willing to work under any hardships where there exists a possibility of success, and the reductions we have outlined to the committee are radical ones, and are such as will hold the industry in check for some little time. They meet liberally the democratic spirit, yet will not wipe this industry out of existence.

I thank you, Mr. Chairman.

TESTIMONY OF A. V. VICTORIUS, OF NEW YORK CITY.

The witness was duly sworn by the chairman.

Mr. VICTORIUS. If the committee please, we are manufacturing cotton gloves—men's and boys', mostly men's.

Men's and boys' cotton gloves, manufactured abroad, can be purchased abroad at prices varying from 42 cents to 47 cents per dozen, and when imported under the present Payne-Aldrich law, are subject

PARAGRAPH 328—MEN'S AND BOYS' GLOVES.

to a duty of 50 cents per dozen, and 40 per cent ad valorem, amounting to from 16.8 cents per dozen to 19 cents per dozen, making an aggregate of from 66.8 cents per dozen to 68.8 cents per dozen duty.

It was not until this tariff went into effect that the manufacture of these gloves was started in the United States, and under the present law there are now about nine manufacturers engaged in the manufacture of these gloves, the largest employing about 100 people.

All these industries were started in reliance upon the present tariff.

The manufacturers were required to purchase considerable machinery and to practically start a school to educate the hands in the manufacture of these gloves. The preliminary stages of experiment and education caused a severe loss, extending in our case for a period considerably over a year, the labor cost alone per dozen for this period being considerably in excess of the price obtained for the finished product.

The material used in the manufacture of this glove is about one-sixth of the total cost and the remaining five-sixths is made up of labor employed in their manufacture, so that the cost of the labor and incidental expenses in proportion to the cost of material is in this glove 5 to 1 and in better gloves still more.

As the material used can be manufactured and sold cheaper in Germany than in the United States, the advantage abroad consists of both cheaper material and cheaper labor, but, as above indicated, the labor constitutes so great an item that the chief protection required is against the cheaper labor abroad.

In view of the fact that the labor has gradually become more expert and the experimental stages have been passed, we do not require as much protection as is provided under the present law, although had the protection been smaller it is likely that the industry would never have been started.

We are not opposed to a gradual reduction in the amount of the tariff, but the proposed reduction to a 35 per cent rate is so radical that, if enacted, it will immediately destroy the industry in this country.

Simply adding a duty of 35 per cent to the price of 42 to 47 cents abroad would bring the import price, duty paid, to from 56.7 cents up to 63.5 cents per dozen, and it would be utterly impossible, under the American standard, to compete against such prices.

We respectfully submit that if the 50 cents per dozen specific duty be reduced to 40 cents, and each year thereafter 5 cents per year be taken off until it reaches 25 cents per dozen, and if the 40 per cent ad valorem be reduced to 35 per cent ad valorem, the manufacturers may then be able to adjust matters so that they may continue in business. Any reduction more drastic than this will kill this industry and render the present machinery and plant utterly worthless. The logic of this is apparent when it is considered that the manufacturers have not yet had opportunity to make sufficient profits to cover any part of the cost of the machinery or any part of the expenses incurred in the initial stages above mentioned.

The manufacture of cotton gloves is carried on by independent manufacturers. They maintain sanitary, well lighted, well heated and ventilated plants. They pay standard wages and maintain

PARAGRAPH 328—MEN'S AND BOYS' GLOVES.

legal hours of employment. On the other hand, in Germany, these gloves are manufactured to a considerable extent in homes and on farms by women and children under conditions and hours of labor that American workers would not tolerate and at wages that the American worker could not possibly accept. As I understand it, girls and women work in this industry, working from 7 o'clock in the morning until 9 o'clock at night, in their homes and in the farmhouses, turning out the goods for which they get from 50 cents to \$1 a day.

To meet foreign competition attendant upon a heavy or sudden tariff reduction the American manufacturer would be forced either to greatly reduce wages or he would be driven out of business entirely. This would manifestly be unfair to the American worker who tediously learned the trade and to the American manufacturer who has spent several years to establish the business and invested thousands of dollars in machinery and development.

We are just getting under way. We have not had a chance to test out the business, and we simply can not exist if a radical reduction is made. We have not realized a cent for our machinery yet. My plant in particular has not even earned enough within this period, while we are educating the hands, for me to draw more than a very small drawing account. My drawing account was \$35 a week, and we have not begun to earn that yet.

When we started in business, we felt we were amply protected, but we found that it took the girls about four times as long to make these gloves as we figured, and it cost us \$1.60 per dozen for labor alone for gloves which we sold for \$1.10 a dozen.

We have gradually worked this thing down and studied it, and the girls have become very proficient, and we have it down to a basis where the proposition we make here of a reduction, and a gradual reduction for three years, will just about enable us to compete with the German manufacturer, and eventually we may be able to install some improved methods whereby we will be able to compete with them on the basis of a low rate of duty. At the present time we have our plant and our investment in our machinery, but it will all be worthless if the duty is taken off—absolutely worthless.

Mr. DIXON. Did you manufacturers get together and agree upon this, or is this your individual opinion?

Mr. VICTORIUS. This is my individual opinion.

Mr. DIXON. Forty cents?

Mr. VICTORIUS. It is now 50 cents a dozen and 40 per cent, and I suggest 40 cents a dozen and 35 per cent ad valorem and a reduction of 5 cents for each year until it is brought down to 25 cents a dozen plus 35 per cent ad valorem. This proposition as I make it will just put us on a competitive basis with Europe, and we hope, by improving our methods and machinery, to be able to get in a position where we can compete against Germany. We have accomplished a great deal in the past few years and hope to accomplish a great deal more. We can not accomplish it by reducing the price of our labor, because they will not work for less.

We established a school and engaged two instructors and had them there for eight months to instruct the girls to make these gloves. The girls never knew how to run a sewing machine until we educated them to do it. It is their trade now.

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Here we are, gentlemen, at your mercy in this matter, entirely.

Mr. HULL. From which country in Europe does your competition come?

Mr. VICTORIUS. From Germany.

Mr. HULL. The business you represent manufactures ladies' gloves as well as men's gloves?

Mr. VICTORIUS. Just men's gloves. We can not manufacture ladies' gloves, because the duty on ladies' gloves is 50 per cent ad valorem, and we can not compete against that. It is impossible for us to manufacture now under any such duty. We have not made a dozen pairs of ladies' gloves on the 50 per cent duty basis. They sell them at about 42 cents a dozen at a profit in Europe, because they farm out these goods to women who are satisfied to make 25 cents a day. They gather them together after the women get through with them and take them into the factory and finish them up. They sell their goods over there at from 42 to 45 cents a dozen, and our labor alone is away in excess of that, to say nothing of material and rent and other incidental costs.

Mr. HULL. Back in 1908, when the hearings on the Payne bill were about to commence, it seems that some request was made to these different countries for such figures as they might be willing to furnish as to the cost of production. I notice that the chambers of commerce of two or three German cities furnished some figures on the question of gloves. Have you examined those figures?

Mr. VICTORIUS. I have never imported a dozen pairs of gloves. I started this industry after the tariff went on. I never imported and never was familiar with the industry. I was only encouraged to start in this business after the tariff was put on. It was a class of goods never made here before, and it has developed since. We started out by employing just a half a dozen hands, and now we have 50. There is another plant which employs 100, and I believe another plant employs 50. Among us all we probably have 400 or 500 hands employed. It has greatly developed. We do not know what we will be able to do. We think we can develop this into quite an industry if given an opportunity.

Mr. HULL. I will not carry the matter further with respect to your industry. These figures are quite general. I do not know whether they apply to your branch of the industry. They include ladies' gloves and other kinds of cotton gloves.

Mr. VICTORIUS. I think ladies' gloves might come under it. The cost of labor might be the same.

Mr. HULL. For instance, one chamber of commerce makes this comment on the brief filed by three firms here—the Niagara Silk Mills, the Clark Mills, and the Gloversville Textile Mills—on page 4506 of the hearings, in which they set out comparative figures. This chamber of commerce states that the cost of making cotton gloves is 30 per cent higher on the lower grades than given in this brief to which I have just referred, and they state an additional cost of more than 30 per cent exists on the higher grades. I was wondering which figures were more nearly correct?

Mr. VICTORIUS. They can not apply in our case, because it is an indisputable fact that you can buy goods finished there at anywhere

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from 42 to 47 cents a dozen. That is the price that I have been impressed with, although I recently heard they have been sold as low as 40 cents a dozen.

Mr. HULL. Another chamber of commerce, at Dresden, Germany, stated the wages paid by German manufacturers to be from 40 to 47 cents—

Mr. VICTORIUS (interposing). That is a different kind of gloves.

Mr. HULL (continuing). While the American manufacturer in the Payne hearings reported them as 24 to 30 cents. The German chamber of commerce states another wage at \$1.10 to \$1.20, while the American manufacturer reported that wage to be 54 to 60 cents.

Mr. VICTORIUS. That is a different kind of gloves. That is a silk glove or possibly a leather glove. Does it say fabric glove? It must be a silk glove.

Mr. HULL. Probably so.

Mr. VICTORIUS. Our price for the finished article is less than \$1 now, or in the neighborhood of \$1 complete.

Mr. DIXON. Do you pay your employees by the day or by the piece?

Mr. VICTORIUS. Piecework. They are gradually earning more money, too, and we pay them while we are instructing them. We furnished the teachers and paid them while we were instructing them.

Mr. DIXON. Do you know how your competitors pay?

Mr. VICTORIUS. They pay piecework.

Mr. DIXON. In this country and abroad?

Mr. VICTORIUS. Abroad, I believe, it is piecework.

Mr. DIXON. Do you know what they pay as compared with what you pay?

Mr. VICTORIUS. I do not know what they pay. I do know it must be a great deal less, because the price of the finished product, with the material and their profit, is a great deal less than our labor alone, so that it is self-evident the labor is hardly one-third of ours.

These gloves are made by women and children in the farmhouses, as I have explained.

Mr. HULL. Where do you get your machinery?

Mr. VICTORIUS. We bought it here, a special machine built for our purpose.

Mr. HULL. What proportion of the cost of plant or factory is the cost of the machinery?

Mr. VICTORIUS. The proportion of the investment that we have in the machinery?

Mr. HULL. Yes; as compared to the amount invested in your entire plant or factory?

Mr. VICTORIUS. About 35 per cent of our investment is in machinery.

Mr. HULL. What is the tariff on the machinery you use?

Mr. VICTORIUS. I do not know. It is American machinery we are using. I am not familiar with that question. I was not in this business until the tariff was put on, and then I started up. I have never imported a dozen pairs of gloves.

Mr. FORDNEY. There is a higher rate of duty on men's gloves than on ladies' gloves, is there not?

Mr. VICTORIUS. There is.

PARAGRAPH 328—MEN'S AND BOYS' GLOVES.

Mr. FORDNEY. Has that high rate of duty increased the production of men's gloves in this country?

Mr. VICTORIUS. Yes; that created the industry.

Mr. FORDNEY. Has it changed the price to the consumer materially?

Mr. VICTORIUS. It has not. These goods retailed at 15 cents a pair 25 years ago, and they are retailing at 15 cents a pair to-day. There is no difference in price to the consumer; absolutely none.

Mr. FORDNEY. The production of ladies' gloves has not increased in this country?

Mr. VICTORIUS. I do not know of any being made.

Mr. FORDNEY. Because there is no change in the tariff rates?

Mr. VICTORIUS. That is correct.

Mr. FORDNEY. If the same rate of duty were given the manufacturer of ladies' gloves, do you believe the production would increase proportionately to that of men's gloves?

Mr. VICTORIUS. There is no question about that.

As I say, we are gradually getting our costs down. We are working under a great hardship, but we are gradually getting them down, and we do not need as much protection as is given us now; but we do need good protection for the time being.

Mr. FORDNEY. As you become more skilled in the industry, and as your labor becomes more educated in the industry, which means more skillful, you believe you can get along with less protection than now?

Mr. VICTORIUS. Yes, sir. I mentioned that we are satisfied with less than that now, and we are satisfied with a gradual reduction.

I want to state also that our labor earns pretty good money. Compared to what the girls working on sewing machines in other factories are making, I believe we pay our girls the same, if not more.

Mr. FORDNEY. Is your information to this effect, that the wages paid by you are much higher than the same class of labor gets in Europe?

Mr. VICTORIUS. Oh, very much more. I believe on one article alone one of our girls will earn \$12 a week, and they would not get more than \$3 a week in Germany.

Mr. FORDNEY. In order to maintain that high standard of living here, you need an amount of protection just to offset the difference in cost of labor here and abroad?

Mr. VICTORIUS. We do. We do not need as much protection as we have now, but we need enough protection so as to keep on an equitable competitive basis.

Mr. FORDNEY. The protection you are asking for is to protect your labor?

Mr. VICTORIUS. Exactly. Our labor is almost five-sixths of the gloves.

Mr. FORDNEY. Five-sixths of the cost of the gloves is labor?

Mr. VICTORIUS. Yes.

Mr. KITCHIN. What other manufacturing industry in this glove business was here in 1909?

Mr. VICTORIUS. There was not any at all.

Mr. KITCHIN. I thought the gentleman who spoke this morning, Mr. Fedden, said there was one.

Mr. VICTORIUS. I do not know of any.

PARAGRAPH 328—MEN'S AND BOYS' GLOVES.

Mr. FEDDEN. I said, Mr. Chairman, there was not any industry prior to 1909. We and everybody started afterwards.

Mr. HILL. Up to what figure, in value per dozen, do you make gloves?

Mr. VICTORIUS. Our gloves average about \$1 a dozen.

Mr. HILL. You do not make anything \$6 and over?

Mr. VICTORIUS. Oh, no; our goods average \$1 a dozen. Our profit is very small. The price we ask over the cost of our goods is very small indeed. We figure very close on our costs in fixing our price. We have not been able to work the thing out so as to get anything out of the machinery yet. We are just getting started in this country, as I say.

Mr. KITCHIN. What is the necessity for this paragraph with reference to gloves of \$6 and over?

Mr. VICTORIUS. I do not know. I am not familiar with that at all.

Mr. HULL. What is the difference, or is there any material difference, between the present import price of these gloves and the manufacturers' price here?

Mr. VICTORIUS. They are importing very few of these gloves now. The duty is now so high, and we have been able to reduce our price through improved methods, and we have also been compelled to reduce our price on account of competition, that they import very few of these gloves now.

Mr. HULL. Do you know the present import price?

Mr. VICTORIUS. I know that they cost, as I say, 42 to 47 cents a dozen in Germany. They will average 45 cents a dozen. The duty is 50 cents a dozen and 40 per cent.

Mr. HULL. My inquiry is whether you know what the import price of these gloves is when imported?

Mr. VICTORIUS. I know what they would be. There are very few imported. I am informed it is \$1.15, with the duty.

Mr. HULL. I wanted to see what the figures are without the duty.

Mr. VICTORIUS. They cost 45 cents a dozen in Germany, on an average.

Mr. HULL. They are imported at 45 cents a dozen, when imported at all?

Mr. VICTORIUS. Yes, but there are very few imported; hardly any at all.

Mr. CHAIRMAN. Your time has expired, Mr. Victorius.

BRIEF SUBMITTED BY W. B. CHANT & SON, PORT JERVIS, N. Y.

WASHINGTON, *January 22, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR MR. CHAIRMAN: I beg to submit the statement herewith from W. V. Chant & Son, of Port Jervis, N. Y., in my district, manufacturers of men's cotton gloves, and to request that their letter to you be included in full in the printed hearings under Schedule I, and that careful consideration be given the same when the cotton schedule is under consideration for revision.

With best wishes, very truly, yours,

THOS. W. BRADLEY,
Twentieth New York.

PARAGRAPH 328—MEN'S AND BOYS' GLOVES.

W. B. CHANT & SON,
Port Jervis, N. Y., January 10, 1913.

HON. O. W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: The undersigned are manufacturers of men's cotton gloves such as are commonly used by undertakers, hotel waiters, military, and other marching organizations, lodges, etc. These gloves are made in white, black, and gray. We are also making gloves of a better quality which are sold under contract to the United States Government for use in the Army. As the cloth used in making gloves on the Army contract is not bought by the undersigned, we are unable to give you the exact cost on this glove. The greater part of our production, however, is on the cheaper gloves which are sold in the market for the uses given above.

These gloves are sold at varying prices, according to the color and make, for 75 to 83 cents, the cheaper gloves being white. They pass through the hands of a jobber and are generally sold by the retailer at 10 cents per pair.

We are informed that such gloves as these can be bought in Germany for export at a price of 1.60 marks, less 5 per cent discount. We give below a table showing the actual cost of these gloves made, here and the approximate cost of the same class of gloves made in Germany.

	Our cost.	Approximate foreign cost.
Cloth.....	\$0.19	\$0.16
Sewing cotton.....	.03	.02
Boxes, bands, etc.....	.04	.02
Labor.....	.40	.10
	.66	.30
Add 10 per cent overhead.....	.066	.03
	.726	.33
Prices obtained.....	.78	1.361
Profit.....	.054	.031

¹ 1.60 marks=38 cents, less 5 per cent=36.1 cents.

These gloves are dutiable under paragraph 328 of the tariff act of 1909, at 50 cents per dozen pairs and 40 per cent ad valorem. Prior to the passage of this act the duty on these gloves was 50 per cent ad valorem.

At that time no cotton gloves were manufactured in this country, but since then several small factories have been established and competition between them has reduced prices to a point where the profits are very small. While at the present time few of the better goods are made here, the factories engaged in making the cheaper goods will undoubtedly gradually take up the better gloves and additional employment for labor will be found in them.

We would strongly urge your attention to the fact that the retail price to the consumer before this present tariff law went into effect was the same as it is now, and to the further fact that except for the very lowest grade of men's gloves, nearly all cotton gloves are still being imported and are productive of a large revenue. We respectfully submit that if any reduction on the duty of these gloves is made it would be impossible for us to compete with the foreign goods and that such a reduction would not bring about any reduction in price to the consumer. We would especially call your attention to the difference in the labor cost in Germany and here. It is a well established fact that the labor cost on such manufactures in Germany is never more than one-fourth of our cost and is often as little as one-sixth of our cost. The cotton yarn of which the cloth used in these gloves is made is higher than the cloth used in Germany because of the duty on cotton yarn and the increased cost of labor.

We therefore respectfully urge that the present duty on these cotton gloves be retained, knowing that if this is not done, it will be absolutely impossible for us to continue making these gloves. This duty is not causing any hardship to the consumer because, as stated above, the price is the same now to the consumer as it was under the old rate of duty.

Respectfully submitted.

WILLIAM B. CHANT.
WM. H. CHANT.

PARAGRAPH 329—UNDERWEAR.

PARAGRAPH 329.

Shirts and drawers, pants, vests, union suits, combination suits, tights, sweaters, corset covers and all underwear of every description made wholly or in part on knitting machines or frames, or knit by hand, finished or unfinished, not including stockings, hose and half-hose, composed of cotton or other vegetable fiber, valued at not more than one dollar and fifty cents per dozen, sixty cents per dozen and fifteen per centum ad valorem; valued at more than one dollar and fifty cents per dozen and not more than three dollars per dozen, one dollar and ten cents per dozen, and in addition thereto fifteen per centum ad valorem; valued at more than three dollars per dozen and not more than five dollars per dozen, one dollar and fifty cents per dozen, and in addition thereto twenty-five per centum ad valorem; valued at more than five dollars per dozen and not more than seven dollars per dozen, one dollar and seventy-five cents per dozen, and in addition thereto thirty-five per centum ad valorem; valued at more than seven dollars per dozen and not more than fifteen dollars per dozen, two dollars and twenty-five cents per dozen, and in addition thereto thirty-five per centum ad valorem; valued above fifteen dollars per dozen, fifty per centum ad valorem.

UNDERWEAR.

BRIEF OF THE NATIONAL ASSOCIATION OF HOSIERY AND UNDERWEAR MANUFACTURERS.

JANUARY, 1913.

Hon. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

SIR: The cotton underwear manufacturers tariff committee of the National Association of Hosiery and Underwear Manufacturers, representing manufacturers engaged in the knitting industry in nearly every State in the Union, submit for the consideration of your committee some statements, which we trust will receive full and careful consideration.

The present tariff rates are exactly the same under the Payne law as they were under the Dingley law, there having been no change or increase of rates whatsoever, and we ask that the present rates shall remain unchanged.

Our business is one that can be engaged in by small manufacturers with limited means in almost any community.

There are about 800 concerns engaged in the manufacture of knitted cotton underwear scattered all over the United States doing a total business of over \$60,000,000. The amount of wages paid out by these 800 concerns represents fully 50 to 75 per cent of the total, or about \$35,000,000.

There has never been a trust or combination formed by manufacturers in our branch of the knitting industry for the purpose of controlling either selling price or output, and we do not believe that a trust, combination, or monopoly would be possible, owing to the small amount of money it takes to engage in the knitting business.

Furthermore, there is no American industry in which competition is so keen and returns from investment or enterprise so unsatisfactory; as a proof of this statement we can point to at least 125 failures in the knit-underwear business within recent years.

We enjoy no advantages on account of being nearer the source of our raw materials than foreign manufacturers, as cotton can be delivered as cheaply in Hamburg, Havre, or Barcelona as it can be delivered in the leading manufacturing cities of this country.

We enjoy no advantage owing to the use of special and more rapid machinery, inasmuch as the foreigners have adopted and are building the same class of knitting and sewing machinery that we use.

The present rate of duty is absolutely essential to the continued existence of manufacturers in our line. Any lowering of the rate would result eventually in the closing down of the mills of this country and throwing out of employment thousands of wage earners who receive compensation three to four times as great as the same class of employees receive in foreign countries and where the help are better trained and more settled.

Skilled sewing-machine operators in this country earn from \$1.50 to \$2.50 per day. Other classes of labor, such as winders, knitters, and general help, earn fully three to four times as much as similar classes of help in France, Germany, or Spain, and

PARAGRAPH 329--UNDERWEAR.

we know from the prices paid for knitted underwear sold in the West Indies and the Latin-American countries to the exclusion of American goods that if the tariff were lowered it would be possible to bring into the United States an unlimited quantity of goods which would undersell the cheapest of the American products.

The rates of duty should not be based alone upon the difference in labor costs of manufacturing and greater expense of doing business in this country as compared with foreign countries, but should also take into consideration the higher rates of interest, the greater cost of installation.

The cost of building and equipping a cotton underwear mill in the United States is fully 70 per cent greater than in Europe, therefore a mill constructed and equipped abroad with a capital of \$100,000 could not be duplicated in the United States for less than \$170,000. This would result in a corresponding reduction of general expense in favor of the foreign manufacturer.

The foundation of all these higher costs for construction, equipment, and maintenance lies in the higher wages paid to American artisans and laborers in the building, mechanical, and other trades and industries drawn upon by American manufacturers and are most important factors in the cost of production.

If the tariff should be reduced the jobber and retailer would give preference to foreign goods, but the consumer buying the foreign article would still pay the fixed retail selling price; thus there would be no advantage whatever to the consumer but a greater profit to the retailer.

At this point we wish to emphasize the fact that in spite of the increased cost of living the quality of our class of manufacture has steadily improved, but the fixed selling prices to the consumer for the past 20 years have remained the same.

The concerns engaged in this line of business use great quantities of cotton yarns, spun largely in the Southern and Eastern States; pearl buttons, cotton fabrics, bindings, cardboard, and many small wares from other sections of the United States, and these industries would likewise be adversely affected by the lowering of the present rate.

Furthermore, the American manufacturer would be compelled to curtail output as importations increase, and in a short while all these industries would be removed from this country to foreign countries.

Of course, we always have the alternative of reducing wages to offset the cheap labor, greater number of working hours, and lower standard of living which obtain in foreign countries, applying to our own as well as the collateral branches named; but we can not believe that it is the intention or desire of your committee to inflict such conditions upon our work people, and, as American citizens, we hope that such will not be done.

We urge upon you that a specific duty is absolutely necessary in fairness to our industry, in which there are so many grades and classifications of goods, and also for the reason that an exclusive ad valorem duty makes it possible for the foreign manufacturer to use our market as a dumping ground, disturbing conditions in this country, which a specific duty will prevent, and at the same time eliminate the opportunity for undervaluation.

In conclusion, we invite the closest investigation of our statements, and we stand ready to prove the facts which we have set forth.

Respectfully submitted.

Andrew Frey, chairman, Utica, N. Y.; Clifton P. Baker, Boston, Mass.; L. M. Flesh, Piqua, Ohio; P. H. Hanes, Winston-Salem, N. C.; W. C. Spaulding, Minneapolis, Minn.; Henry S. Cooper, Kenosha, Wis.; W. C. Ruffin, Mayodan, N. C.; Harry Querns, Philadelphia; Nathan Hatch, Albany, N. Y.; William Sloane, Norfolk, Va.; Edward H. Clift, New York City; John K. Stewart, Amsterdam, N. Y.; J. W. Hanson, Macon, Ga.; Geo. W. Kavanaugh, Waterford, N. Y.; Jos. Feldenheimer, secretary, Philadelphia.

ANDREW FREY, *Chairman.*

JOS. FELDENHEIMER, *Secretary.*

WASHINGTON, D. C., *January 22, 1913.*

Subscribed and sworn to before me this 22d day of January, 1913.

[SEAL.]

E. B. SHAVER, *Notary Public, District of Columbia.*

My commission expires October 21, 1915.

PARAGRAPH 329—UNDERWEAR.

BRIEF OF THE AMERICAN HOSIERY CO., OF NEW BRITAIN,
CONN., REGARDING UNDERWEAR.

JANUARY 11, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

GENTLEMEN: As the time allotted to the public hearings upon the textile schedules is so short in comparison with the many and varied interests involved, and as we are not to be directly represented at the hearings, we desire to file a brief statement for the consideration of your committee.

The American Hosiery Co. since 1868 has been engaged in the manufacture of a great variety of knit goods, comprising shirts and drawers, union suits, athletic shirts, knee drawers, pajamas, bathing suits, abdominal bands, knitted jackets, coat sweaters, ribbed vests, ribbed tights, corset covers, stockings, half hose, and socks, for men, women, children, and infants.

We make exclusively high-grade goods in a very extensive variety of weights, gauges, and sizes, using yarns of combed sea-island, Egyptian, Peruvian, and the best grades of American cotton, in lisle thread and mercerized; also cashmere, merino, worsted, reeled silk, spun silk, linen, and mixtures or combinations of silk and cotton, silk and wool, silk and merino, etc.

A large proportion of our underwear is "full-fashioned," in which the shape is imparted to the garment by the transference of stitches as the knitting proceeds, thus widening or narrowing the article to the desired form.

The machinery for the manufacture of these goods is very costly, and it requires a large expenditure of money to establish a plant, our own concern paying local taxes on \$1,000,000.

This expensive machinery also requires skilled workmen, and the "fashioning" process, whereby the perfection of form is obtained in the high-grade underwear which we manufacture, is a much slower method, and involves much more labor than the plan employed in the manufacture of the lower grades, when the garments are simply cut from circular cloth to the desired shape.

After the knitting is completed the subsequent processes of seaming (in which each loop or selvage stitch is taken separately), stitching, applying facings, waistbands, and other trimmings, with the careful workmanship required in goods of this character and quality, involves a great amount of detail and work which makes the item of "labor" a very large factor in the cost of the finished goods.

While the customs reports may show that the importation of the higher grades of knit underwear is not very large, it is because the demand is mainly from wealthy or well-to-do people, and may be classed among the "luxuries."

It is a fact, however, that the competition with the foreign manufacturer is extremely close, as they have the advantage of much lower priced labor.

Reliable official and unofficial reports, together with information from many sources, establish the fact that European wages in this industry are not more than 33 per cent of what is paid for the same work in this country.

We do not advocate excessive duties on any class of manufactured goods, but we earnestly contend that the American manufacturers should have sufficient protection to enable them to successfully meet the competition of European countries where much lower wages and inferior standards of living prevail.

We simply urge that the tariff on knit goods under schedules I and K should be sufficient to cover the increased cost of labor over that of competing countries which we now pay and which we ought to be able to continue to pay, so as to enable the knit-goods worker of the United States to maintain the American standard of living.

The margin of profit in this business is now very small, and we are confident in the opinion that a material reduction of the present tariff (as in the bill passed at the previous session of Congress) would be destructive of much of the knitting industry of this country, and would inevitably bring hardship and distress to many working people.

Respectfully submitted.

AMERICAN HOSIERY CO.

PARAGRAPH 329—UNDERWEAR.

MEN'S KNIT UNDERWEAR.

ELMIRA KNITTING MILLS,
 Elmira, N. Y., January 21, 1913.

COMMITTEE OF WAYS AND MEANS,
 House of Representatives, Washington, D. C.

GENTLEMEN: This letter is to give you our views in reference to reduction of tariff on knit goods, which matter is now before you.

We are manufacturers of men's knit underwear in Elmira, N. Y., since 1893. Since that time we have seen the prices of our goods, both winter and summer, fall, season by season, while our expenses constantly increase. Cotton was then 8½ cents; for years it has averaged 4 cents higher. Coal, once \$2 per ton, was \$2.60 last spring. Our labor has increased in value, the only exception in our expenses is the price of buttons, which has not advanced.

The cause of the falling price is American competition, which has steadily brought in heavier goods and better finish and packing, along with the lower prices. We have met this decline in value by increased production, and by building a mill in which we make all of our yarns, beginning with the raw cotton from the field.

Our profits, including both mills, do not average 1½ cents per garment, or 18 cents for a dozen shirts and drawers, equal to 6 per cent value of goods as sold. In our Government report for 1911, the last one complete, the profit was less than one-half this amount. This is not because of the small production, for our mill each year makes enough goods to furnish two suits of underwear to every man, woman, and child in the city of Buffalo.

We do not know the cost of producing such goods in foreign countries, but we do know that if any change is made in the tariff which will add that competition to the strong competition now existing here, our only recourse is to reduce the wages, and that would mean the closing of the mill until the lower wages would be acceptable.

Yours, respectfully,

CASPER G. DECKER.

KNIT VESTS AND SCHOOL BAGS.

HOUSE OF REPRESENTATIVES,
 Washington, D. C., January 17, 1913.

The COMMITTEE ON WAYS AND MEANS,
 House of Representatives, Washington, D. C.

GENTLEMEN: In the name of the Camden Knit Goods Co. (Inc.), of my city of Camden, N. J., I desire to submit the following facts and figures upon which this firm base an earnest request that the present tariff rates be not lowered:

"The records of the appraisers of the customhouse of New York show that the cheapest imported Swiss ribbed vests sell abroad at a wholesale price of 7.50 francs, or \$1.44, per dozen garments, to which a specific duty of 60 cents and an ad valorem duty of 15 per cent must be added, plus the landing charges, making a total cost of \$2.31 per dozen in the United States; this would be the price per dozen at which this garment would reach the importer.

"On goods of less value and which is the largest of our production there are no importations, since the margin of profit per dozen is small.

"Now, if only 6 per cent were taken off the duty, we could not compete with the foreign manufacturers on our goods which we sell up to \$1.50 per dozen, and, furthermore, could not operate our mill without attempting to cut the price of manufacturing from the help. This could not be done. We would be compelled to close up. Therefore we most earnestly request that the present tariff rates on these goods be maintained."

Regarding the tariff on school bags made from waterproof canvas, leather, and other cotton goods, etc., with straps attached, this firm state:

"We firmly believe the rates should be increased on this class of goods because of the enormous quantities of school bags coming here from foreign manufacturers, imported bags being sold at 25 cents to the consumer, a price which we could not attempt to make. Therefore we beg you to even ask to have the present duty on these goods increased."

Yours, very truly,

WM. J. BROWNING,
 Member Congress, First District of New Jersey.

PARAGRAPH 330—TIRE FABRICS.

PARAGRAPH 330.

Bone casings, garters, tire fabric or fabric suitable for use in pneumatic tires, suspenders and braces, and tubing, any of the foregoing made of cotton or other vegetable fiber, and india rubber, or of which cotton or other vegetable fiber is the component material of chief value, and not embroidered by hand or machinery, forty-five per centum ad valorem; spindle banding, woven, braided or twisted lamp, stove, or candle wicking made of cotton or other vegetable fiber, ten cents per pound and fifteen per centum ad valorem; loom harness, healds or collets made of cotton or other vegetable fiber, or of which cotton or other vegetable fiber is the component material of chief value, fifty cents per pound and twenty-five per centum ad valorem; boot, shoe, and corset lacings made of cotton or other vegetable fiber, twenty-five cents per pound and fifteen per centum ad valorem; labels, for garments or other articles, composed of cotton or other vegetable fiber, fifty cents per pound and thirty per centum ad valorem; belting for machinery made of cotton or other vegetable fiber and india rubber, or of which cotton or other vegetable fiber is the component material of chief value, thirty per centum ad valorem.

TIRE FABRICS.

TESTIMONY OF H. J. LYALL, OF THE BRIGHTON MILLS,
PASSAIC, N. J.

The witness was duly sworn by the chairman.

Mr. LYALL. If the committee please, I represent the Brighton Mills, of Passaic, N. J.

The remarks which I am about to present relate to tire fabrics, or fabric suitable for use in pneumatic tires, being included in section 330 of the tariff law of 1909.

The fabric used for automobile tires is made of a fine quality of sea-island or Egyptian yarn, which, in turn, is made of long staple, combed and carded, sea-island or Egyptian cotton. This is usually made up into a closely woven material to obtain as great tensible strength as possible. Extreme care must be employed not only to spin the yarn, but also to weave the fabric so that its strength shall be both as uniform and as great as it is possible to make it.

There are a dozen mills in this country keenly competing for this business, many of them, as in our case, making this by far their most important product. There is no trust, gentlemen's agreement, or agreement in restraint of trade in any form, and competition is amply strong to prevent excessive prices and keep profits down to a reasonable basis.

While the automobile business and, in consequence, the tire-fabric business has grown very rapidly during the last few years, the demand for tire fabrics has, however, never exceeded the ability of the mills of this country to supply it. There never has been a time when both we and, we believe, our competitors were not looking for more business and were not well able to take care of more business.

Prior to the Payne tariff law there was no specific provision in the tariff law covering this material, but when imported it was taxed under the provision for cotton duck and paid 35 per cent duty. Figures obtained from the auditor's department of the customhouse of the port of New York show that during two years prior to the passage of the tariff law of 1909 the following quantities of cotton duck were imported, and all of this material was for use in automo-

PARAGRAPH 330—TIRE FABRICS.

bile and heavy vehicle tires, except a negligible quantity of much lighter material imported to be made up into raincoats.

With reference to cotton duck imported into the port of New York for the year ending June 30, 1908, the importation was 461,799 square yards, or a monthly average of 38,483 square yards. For the year ended June 30, 1909, the importation was 925,132 square yards, or a monthly average of 77,094 square yards.

The monthly average for the year ended June 30, 1909, was an increasing one, being about 73,000 per month for the first six months of this period and over 81,000 per month for the last six months. The total production in the United States, as nearly as we are able to estimate from our own production and from our knowledge of the wants of the tire manufacturers supplied by our competitors, was, on the average, during the year ended June 30, 1909, about 225,000 square yards per month, so that the amount of this material imported at 35 per cent duty during the year ended June 30, 1909, averaged over 34 per cent of the amount of the American production and over 25 per cent of the total consumption.

These figures indicate, as is apparent, an increasing importation, which was seriously cutting into the business of the American manufacturers of these goods, and which, if it had continued, would have been disastrous to them. In these figures we have actual results obtained from a practical trial of a duty of 35 per cent, which are more convincing than any argument based on the estimated difference in cost of labor, plant, material, etc.

Thirty-five per cent duty means that at least one-quarter of the business will be done abroad, and how much more we can not say.

The conclusion, from these figures, of what less than 35 per cent duty would mean is simple but appalling to the manufacturers engaged in the business.

That the goods were not imported because of any superiority in the material or manufacture we know, because we were able to procure samples of these foreign-made goods and thoroughly tested them alongside our American product and found that ours were as good in every essential, and often better.

Our great handicap, of course, in the cost of producing these goods is the much higher priced labor. This is not compensated for by greater efficiency, since we practically have the same labor that is used in the foreign mills; moreover, our machinery is the same machinery; in fact, the most important part of it is imported. The amount of product is dependent upon the speed at which the machines are run, and we are able to run them no faster than our foreign competitors. The business of spinning yarns and weaving is an old one, and skilled help can be cheaply and readily obtained in foreign manufacturing centers. There are no advantages in the way of new inventions that we have, or could have, over our foreign competitors, any improvements in these days being almost immediately known and utilized the world over.

We understand that it has been stated that in the proposed tariff measure there is no desire or intention to injure American manufacturers in any way. We believe that the foregoing facts do positively indicate that this business will be injured seriously by a material reduction in the present duty.

PARAGRAPH 330—TIRE FABRICS.

Unless we lower the wages of our hands we can not manufacture any cheaper than we do. The possible reduced cost of other items under a general reduction of the tariff law will not affect us. The material, of course (cotton), will not be relatively any cheaper (i. e., relative to the foreign manufacture) and our investment will not change, so that labor is the only item by which any economy could be effected whereby foreign competition might be met.

We have not exported and we know of no exportation of these goods since back in 1893 or 1894, when they were a novelty and not manufactured abroad. As soon as the foreigners learned to manufacture them, we could not compete, and what little exportation there had been ceased entirely.

It should be further borne in mind that these goods are in the nature of a luxury, being entirely for use in making pneumatic tires for automobiles and bicycles, and therefore, aside from any question of protection to the American manufacturer, they should be rightly taxed with a comparatively heavy duty as luxuries.

If there is any further information we can furnish to assist in arriving at a just conclusion in reference to the duties on these goods, we will be glad to respond to a call.

The CHAIRMAN. How much do you say is the amount of the production in this country?

Mr. LYALL. In 1909 we figure that the American production was about 225,000 square yards per month.

The CHAIRMAN. With a value of how much?

Mr. LYALL. That varies considerably, but probably at that time was 50 or 60 cents a square yard, or possibly higher, according to the value of sea-island cotton.

The CHAIRMAN. Two hundred and twenty-five thousand square yards per month?

Mr. LYALL. Yes, sir.

The CHAIRMAN. And valued at 50 cents a square yard, you say?

Mr. LYALL. Yes, sir.

The CHAIRMAN. That would make something over \$100,000 per month in the value of the production?

Mr. LYALL. Considerably over; it has grown very materially.

The CHAIRMAN. \$100,000 a month would make \$1,200,000 per annum.

Mr. LYALL. It has grown considerably since that time.

The CHAIRMAN. About what is it now?

Mr. LYALL. I imagine last year it was probably in the neighborhood of \$11,000,000.

The CHAIRMAN. What is the amount of the importations?

Mr. LYALL. None.

The CHAIRMAN. You recognize it will have to be reduced?

Mr. LYALL. I presume so.

The CHAIRMAN. At what point do you estimate a reduction would bring about a reasonable amount of competition, because we can not get revenue even on a luxury without something comes in. We would like to have your estimate of what would bring about a cost so closely balanced as to allow a reasonable amount of competition.

Mr. LYALL. Of course, the past facts we have to go on are the importations that took place at 35 per cent. That was a growing

PARAGRAPH 330—SUSPENDERS, ETC.

situation. The last year of it was over twice what the previous year had been, and it amounted, as I say, to about 25 per cent of the total consumption. That looked fearful to us at the time. We began to get considerably afraid of it—it was cutting into our business. Of course, the Payne law put 45 per cent on it and that stopped the importations.

The CHAIRMAN. The difference between 35 and 45 per cent made a prohibitive tariff?

Mr. LYALL. It seemed to do so; yes, sir. I suggest we might try 40 per cent.

The CHAIRMAN. Your business was advancing at 45 per cent, was it not? You were still holding your own?

The CHAIRMAN. Your business was advanced at 35 per cent, was it not? You were still holding the market?

Mr. LYALL. We were still doing an increasing business, but at the same time the importations were increasing still faster.

The CHAIRMAN. Was that due to the fact that they were invading your territory or to the fact that developments of that line of industry were growing in the country?

Mr. LYALL. They were invading our territory. We lost some of our customers. Some people that we had sold goods to before—

The CHAIRMAN (interposing). I did not mean in that sense. Of course, if they were coming in they would have to take some of your customers. Were they taking part of your percentage of the business or were you holding your own in the percentage of the business?

Mr. LYALL. We were doing as much business as we did before, but the business was increasing so that we were not holding our proportion of the increase. You see, it has increased very rapidly with the increase of automobiles, and even faster than the automobiles, because the old automobiles need new tires.

I thank you.

SUSPENDERS, ETC.

BRIEF OF THE RUSSELL MANUFACTURING CO., MIDDLETOWN, CONN.

JANUARY 24, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.:

In presenting this brief relative to Schedule I—cotton manufactures—I refer to sections 13 and 14, which particularly pertain to goods such as we (the Russell Manufacturing Co.) manufacture, namely, cotton belting, garter web, suspenders or braces, tubing and web or webbing, belting for machinery, Government cartridge belts, many kinds of elastic web, break banding, and cotton duck for Government use.

Our average weekly production is as follows:

	Yards.
Suspender web.....	300,000
Garter web.....	500,000
Nonelastic web.....	200,000
Machine belt.....	38,000
Break bands.....	10,000
Total.....	1,048,000

PARAGRAPH 330—CANDLE WICKING.

Also 350,000 dozen pairs of suspenders annually.

We also make a great quantity of olive drab cartridge belts and olive drab duck for the Government and a great many Army halters.

For this work we run 800 looms and about 10,000 spindles, employ between 1,100 and 1,200 hands, with a pay roll of over half a million.

On the above-described work we have been able to earn and pay the following dividends on a capitalization of \$900,000 during the past 12 years:

	Per cent.		Per cent.
1901.....	2	1907.....	4
1902.....	2	1908.....	5
1903.....	5	1909.....	6
1904.....	5	1910.....	6
1905.....	2	1911.....	6
1906.....	3	1912.....	4

An average of $4\frac{1}{3}$ per cent.

There is such hard and close competition between manufacturers in this country to keep ahead of those abroad in the same lines, that it would be impossible to run our factories if the tariff which is now 45 and 30 per cent on these goods was reduced to 25 and 15 per cent, respectively, as proposed in sections 13 and 14.

During the past year we had a strike on our hands, and if we should be compelled to make any reduction in wages it would cause another.

Our sales amounted to \$180,000 last year, out of which we were only able to pay a 4 per cent dividend.

The Russell Manufacturing Co. was established in 1834, and we have some employees who have been with us for many years, and it is for them and the 1,100 or 1,200 others whom we employ, rather than the stockholders, that I beg your honorable committee to consider most seriously before you reduce the tariff on goods mentioned in Schedule I, sections 13 and 14.

With this small profit we feel the competition which we fight against and which comes from foreign countries and causes such hard and close business conditions here at home.

With such a reduction as your bill proposes it will unquestionably accomplish nothing more than to close many of our mills and build up those abroad.

THE RUSSELL MANUFACTURING Co.,
Middletown, Conn.
 SAMUEL RUSSELL, Jr., *Vice President.*

CANDLE WICKING.

BRIEF SUBMITTED BY THE ATKINS & PEARCE MANUFACTURING CO., CINCINNATI, OHIO.

Candle wicking under paragraph 330, Payne Act of August 5, 1909.—Candle wicking is included in paragraph 330 of the Payne Act of August 5, 1909, which provides as follows, to wit:

“330. Bone casings, garters, tire fabric or fabric suitable for use in pneumatic tires suspenders and braces, and tubing, any of the foregoing made of cotton or other vegetable fiber and india rubber, or of which cotton or other vegetable fiber is the component material of chief value, and not embroidered by hand or machinery, 45 per cent ad valorem; spindle banding, woven, braided or twisted lamp, stove, or candle wicking made of cotton or other vegetable fiber, 10 cents per pound and 15 per cent ad valorem; loom harness, healds or collets made of cotton or other vegetable fiber, or of which cotton or other vegetable fiber is the component material of chief value, 50 cents per pound and 25 per cent ad valorem; boot, shoe, and corset lacings made of cotton or other vegetable fiber, 25 cents per pound and 15 per cent ad valorem; labels, for garments or other articles, composed of cotton or other vegetable fiber, 50 cents per pound and 30 per cent ad valorem; belting or machinery made of cotton or other vegetable fiber and india rubber, or of which cotton or other vegetable fiber is the component material of chief value, 30 per cent ad valorem.”

Paragraph 13 of Underwood House bill 25034.—Candle wicking is included in paragraph 13 of Underwood House bill 25034, which provides as follows, to wit:

PARAGRAPH 330—CANDLE WICKING.

"13. On bandings, beltings, bone casings, cords, garters, ribbons, tire fabric or fabric suitable for use in pneumatic tires, suspenders and braces, tapes, tubing, and webs or webbing, any of the foregoing made of cotton or other vegetable fiber, or of which cotton or other vegetable fiber is the component material of chief value, whether composed in part of india rubber or otherwise, and not embroidered by hand or machinery, spindle banding, woven, braided, or twisted, lamp, stove, or candle wicking made of cotton or other vegetable fiber, loom harness, healds, or collets made of cotton or other vegetable fiber, or of which cotton or other vegetable fiber is the component material of chief value, boot, shoe, and corset lacing made of cotton or other vegetable fiber, and labels, for garments or other articles, composed of cotton or other vegetable fiber, 25 per cent ad valorem; on belting for machinery made of cotton or other vegetable fiber and india rubber, or of which cotton or other vegetable fiber is the component material of chief value, 15 per cent ad valorem."

Candle wicking made of cotton should be classified by itself.—Candle wicking manufactured from cotton is to be distinguished from all other manufactures of cotton, as hereinafter more particularly set forth, and should be classified by itself and the present duty of 10 cents per pound and 15 per cent ad valorem retained thereon in substance even if not in form.

Candle wicking not trust-made goods.—Candle wicking is made from cotton by small factories with small capital and not made by any trust or combination of capital, and is sold on the market in free competition.

Candle wicking made at small factories.—Candle wicking is made at small factories, and the making of candle wicking requires high skill and its production is personally supervised by the heads of these small factories.

Candle wicking does not affect materially the cost of living.—But 110 pounds of candle wicking enters into the manufacture of a carload of candles of 36,000 pounds. As 4 candles make a pound, a carload of candles would contain 144,000 candles, and one pound of candle wicking enters into the manufacture of 1,125 candles. The value of candle wicking in 100 candles is but 3 cents.

Labor cost.—Seventy per cent of the cost of producing candle wicking from cotton is labor. Candle wicking is not made by automatic machines, as are numerous commodities produced from cotton.

Unit labor cost—American v. foreign labor.—From best information obtainable, it may be fairly estimated that the unit of labor cost in producing candle wicking in England, Belgium, and France (which countries are the present competitors in and exporters to American markets), is but 40 per cent of the same unit of cost in American factories.

No material transportation burden to foreign competitor.—Candle wicking per unit of use is so small in weight and shipments so small in volume that the freight charges thereon are comparatively insignificant, while in the case of heavier commodities moving in greater volume than candle wicking the freight charge is an important factor in meeting foreign competition, the freight charge on cotton wicking is practically negligible as a factor in meeting competition of the foreign manufacturer. In addition the import transportation charge, ocean and rail, to a point of American consumption is on an average lower than the domestic rail transportation charge from a point of American manufacture to a point of American consumption.

American excluded from foreign markets.—American producers of candle wicking have sought to extend their markets to foreign countries, particularly Central and South America and Mexico. After large expenditures to reach these foreign markets, the American manufacturer of candle wicking has given up this attempt (after very large expenditures) because it is impossible to compete in these foreign markets with candle wicking produced by other countries, particularly England, Belgium, and France. This is due largely to the fact that 70 per cent of the cost of producing candle wicking from cotton is labor, and the English, Belgian, and French unit of labor cost is but 40 per cent of the American unit. The American producer of candle wicking is therefore shut out of foreign markets for the reasons just stated.

THE QUERY PRESENTS ITSELF: SHALL AMERICAN PRODUCERS OF CANDLE WICKING BE ALSO SHUT OUT OF THEIR HOME MARKET BY THE SAME FOREIGN COMPETITION?

Candle wicking distinguished from all other commodities with which it is not classified.—Under paragraph 330 of the Payne Act of August 5, 1909, numerous items clearly distinguishable from cotton wicking inherently, industrially, and commercially bear a duty of 45 per cent ad valorem.

Under the same paragraph, 330, boot, shoe, and corset lacings are dutiable at 25 cents per pound and 15 per cent ad valorem, while candle wicking is dutiable only

PARAGRAPH 330—CANDLE WICKING.

at 10 cents per pound and 15 per cent ad valorem, while there is every reason inherently, industrially, and commercially why candle wicking should be rated higher than the items enumerated.

Under section 13 of the Underwood House bill 25034 all articles embraced in said paragraph 330 are grouped together at 25 per cent ad valorem. Such grouping is too general, and candle wicking ought to be excluded therefrom, because his commodity presents inherent physical, industrial, and commercial factors peculiar to itself.

Specific duties.—There are constant fluctuations in the price of the raw material which enters into the manufacture of candle wicking and as the basis of prices for candle wicking is based on the prices of raw materials and the weight of candle wicking is small and valuation is a constantly fluctuating factor, while weight remains constant, by assessing a duty made up of a combination of a specific duty and an ad valorem duty, the tariff on cotton wicking becomes fairly stable.

Reclassification of cotton wicking.—Taking normal market conditions of material and labor and the true valuations at ports of entry, the present duty on candle wicking of 10 cents per pound and 15 per cent ad valorem is the equivalent of 65 per cent ad valorem.

Under paragraph 13 of Underwood House bill 25034, reducing the duty to a flat 25 per cent ad valorem (with no specific duty), would permit candle wicking to be landed at New York and other ports where this commodity is sold at a price so much below the cost of American production as to render American manufacture impossible.

The lowest ad valorem duty needed on candle wicking is 65 per cent ad valorem, which is the breaking point, in order to meet foreign competition in our home market.

It is therefore suggested to strike out candle wicking made from cotton from section 13 of Underwood House bill 25034 and add thereto either one or the other of the following new paragraphs:

(a) First suggestion:

“13½. On candle wicking made of cotton or other vegetable fiber, 10 cents per pound and 15 per cent ad valorem.”

(b) Second suggestion:

“13½. On candle wicking made of cotton or other vegetable fiber 65 per cent ad valorem.”

Estimated increase of duties.—Under the present act candle wicking yields approximately \$6,000 per year, and the proposed act would yield \$9,000 per year, or an increase of only \$3,000 in revenue, with the effect of effacing the present American industry of candle wicking and wiping out the capital invested therein and driving a multitude of employees into other employments, and thus increasing competitive conditions of labor, with a tendency toward a lowering of the level of American wages.

Effect on American industry of producing candle wicking.—It is confidently asserted that to reduce the present duty on candle wicking produced from cotton will drive out of existence the American manufacturer of candle wicking and place the American market of candle wicking exclusively in the hands of foreign manufacturers.

In conclusion.—The industry of producing candle wicking from cotton is conducted by small manufacturers with small capital with the freest competition and entire absence of combination; it is produced under the personal supervision of the heads of the small factories and strongly contrasted with other cotton fabrics which are produced in large quantities by automatic machines; 110 pounds of candle wicking enter into 36,000 pounds of candles and but 3 cents worth of candle wicking are needed in the production of 100 candles; the price of candle wicking in no manner enters into the high cost of living; its tonnage is so small per unit that transportation charges are a negligible quantity in meeting foreign competition; foreign production has driven American candle wicking out of foreign markets and the American producer of candle wicking is limited in his activities to the American market; the unit of labor cost abroad is but 40 per cent of the unit of labor cost in its production in an American factory; to reduce the duty on candle wicking is to drive the American manufacturer out of his own domestic American market and throw that American market open to the foreign producer and destroy the American capital now invested in its production.

Candle wicking produced from cotton is in a class by itself and should form a separate section in Underwood House bill 25034, or any substitute therefor, as follows:

(a) First suggestion:

“13½. On candle wicking made of cotton or other vegetable fiber 10 cents per pound and 15 per cent ad valorem.”

PARAGRAPH 330—CORSET LACINGS, ETC:

(b) Second suggestion:

"13½. On candle wicking made of cotton or other vegetable fiber 65 per cent ad valorem."

Respectfully,

THE ATKINS & PEARCE MANUFACTURING CO.,
By FRANK P. ATKINS, *Vice President.*

CINCINNATI, OHIO, *January 22, 1913.*

CORSET LACINGS, ETC.

PROTEST AGAINST REDUCTION IN DUTY.

ANSONIA, CONN., *January 18, 1913.*

HON. EBENEZER J. HILL,
Washington, D. C.

DEAR SIR: We are manufacturers of various goods covered by the present tariff as follows:

Boot, shoe, and corset lacings, covered by Schedule I, paragraph 330, present duty on ad valorem basis about 65 per cent.

Webbings, covered by Schedule J, paragraph 349, 60 per cent ad valorem; Schedule K, paragraph 383, about 85 per cent ad valorem; and Schedule L, paragraph 401, 50 per cent ad valorem.

We understand that the new tariff bill will be along the lines of the so-called Underwood bill passed by the House August 2, 1912, which carried a duty of 25 per cent on the goods mentioned above.

We wish to make the strongest kind of a protest against any such reduction in duty. The proportion of direct labor entering into the cost of these goods is very great, and any such reduction as proposed would mean heavy reductions in the wages of our employees, and even then on a very large part of these goods it would be impossible to meet European competition.

Considerable quantities of these goods are now imported even with the present rate of duty, and it will be readily understood that any large reduction would mean the importation of a large amount of goods which are now made in this country and consequent disaster to our industry.

We appreciate the fact that some reduction may be expected, but in place of a radical reduction as proposed, and consequent upheaval of established conditions, we would respectfully suggest a gradual reduction of, say, 10 per cent a year for two or three years, which would give us time to prepare for the change in conditions.

The profits on these goods are very small. Competition is open and free. In fact, competition is very fierce, and only the best-equipped plants can exist at all. Some concerns have paid no dividends for years and within the last three months one of the largest concerns in this line was sold for 30 cents on the dollar.

We may say further that there are no trusts or combinations of any kind in this line of business.

Trusting the above facts will be given your careful consideration, we are,
Yours, truly,

THE ANSONIA O. & C. CO.,
A. T. TERELL, *Secretary.*

BRIEF OF THE INTERNATIONAL BRAID CO., PROVIDENCE, R. I.

PROVIDENCE, R. I., *December 11, 1912.*

HON. GEORGE F. O'SHAUNESSY,
Washington, D. C.

DEAR SIR: Referring to the Underwood cotton tariff bill as passed by the House of Representatives August 2, 1912, which we understand is to be the basis of the new cotton schedule to be enacted by Congress at the coming extra session, we respectfully beg to call your attention to paragraph 13, covering bandings, beltings, bindings, etc.

We are manufacturers of most of the items covered by this paragraph, and beg leave to point out that the articles enumerated therein require a very high percentage of labor in their manufacture, going through many more processes than almost any other class of cotton goods. For instance, in the Underwood bill the duty on

PARAGRAPH 331—TABLE DAMASK.

plush, velvets, velveteens, corduroys, and pile fabrics is 30 per cent (par. 8), and on stockings and hosiery 40 per cent (par. 11). None of the above materials require the percentage of direct labor that is necessary in the manufacture of the articles enumerated in paragraph 13.

Reducing the specific duties of the present tariff law to ad valorem, the duty on boot, shoe, and corset lacings figures about 65 per cent, and on woven, braided, or twisted lamp, stove, or candle wick about 50 per cent, while the duty on bandings, beltings, bindings, etc., is 45 per cent ad valorem.

To reduce the above rates to 25 per cent ad valorem would be a very severe cut, necessitating the abandonment of the manufacture in this country of most of the finer articles covered by this schedule, and the continuation of the manufacture of the coarser items only under a greatly reduced scale of wages.

We, of course, appreciate that a material reduction from the present rate of duty is to be anticipated, and in fact we are not unfavorable to any reasonable reduction, but we do feel that such a cut as proposed by the Underwood bill would bring disaster to the industry.

We respectfully beg leave to suggest that a rate of duty about halfway between the present rate and that proposed by the Underwood bill would probably enable the industry to proceed without very much disturbance or reduction of wages, and would at the same time be a pronounced step toward the downward revision of the tariff.

We also beg leave to state that in the cotton small ware industry, covered by paragraph 13, an absolutely free market exists. There is no trust or combination of any kind, nor can there be from the very nature of the business. In fact, competition is such that the business is carried on at an average profit of less than 5 per cent on sales as we can demonstrate from our books, and we believe our company to be a very fair representative of the trade in general.

We may add that cotton small ware industry is centered in the States of Rhode Island and Massachusetts, Providence and vicinity probably producing a larger quantity of these goods than any other district in the United States.

Yours, respectfully,

INTERNATIONAL BRAID CO.,
J. O. AMES, *Treasurer.*

PARAGRAPH 331.

Cotton table damask, forty per centum ad valorem; manufactures of cotton table damask or of which cotton table damask is the component material of chief value, not specially provided for in this section, forty per centum ad valorem.

TABLE DAMASK.**BRIEF OF THE ROSEMARY MANUFACTURING CO., ROANOKE RAPIDS, N. C.**

In presenting this brief to your honorable committee I will not attempt to go into a lengthy discussion of the tariff on cotton goods, but will only mention pertinent facts and figures concerning our class of product.

The part of paragraph 331, Schedule I, of the tariff act of 1909, directly relating to cotton damask reads as follows: "Cotton table damask, forty per centum ad valorem," and the part of paragraph 323 of the same schedule, relating to mercerized cotton goods, reads as follows:

"In addition to the duty or duties imposed upon cotton cloth by the various provisions of this section there shall be paid the following cumulative duties, the intent of this paragraph being to add such duty or duties to those to which the cotton cloth would be liable if the provisions of this paragraph did not exist, namely: * * * on all cotton cloth mercerized or subjected to any similar process, one cent per square yard."

In December, 1908, before the tariff act containing the above provisions was passed, I presented a brief discussion of the tariff concerning cotton damask before the Ways and Means Committee, advocating a more specific wording of paragraph 321 of Schedule I of the tariff act of 1897, to cover only the classes of cotton damask known to the trade at the time that act was passed, namely, plain bleached and colored damask.

I stated that since that time an entirely new class of damask had come on the market, known as mercerized cotton damask, which was justly entitled to a higher rate

PARAGRAPH 331—TABLE DAMASK.

of duty on account of its finer and more costly construction and finish, and asked that a new classification be given this kind of damask, with an attendant higher rate of duty.

Similar requests were made by other manufacturers of mercerized cotton cloths, at that hearing, and the Ways and Means Committee (and unanimously, we understand), decided when framing the tariff act of 1909 that mercerized cotton cloths were entitled to a higher rate of duty and intended to cover the field broadly, in the part of paragraph 323 quoted above, by adding a duty of 1 cent per square yard on all mercerized cotton cloth.

This additional duty was just and proper, as the cost of finishing mercerized cotton cloths is fully that much per square yard more than the cost of a plain bleach finish, and in the case of damask the difference is from $1\frac{1}{2}$ to $1\frac{1}{4}$ cents more per square yard, notwithstanding the statements of certain importers to the contrary.

It is unnecessary to argue before an intelligent body of men that a duty of this kind, levied for good and just reasons, should apply to some classes of mercerized cotton cloths and not to others, as such an inconsistency is hardly credible, and yet that was the ruling of the customs department in regard to mercerized cotton damask. With the exception of \$224 (Government record figures) worth of mercerized damask, the additional duty of 1 cent per square yard has never been collected on imports of mercerized damask.

The history of our efforts to convince the customs department of its unjust and inconsistent ruling in this matter was given at length in the brief which I submitted to your committee in July, 1911, and will not be repeated here.

I have mentioned this matter to call your attention to the fact, first, that sufficient evidence had been presented to a former Ways and Means Committee (which was constituted in part by a number of your present committee) to convince it of the justice and propriety of awarding mercerized cotton cloth an extra duty; second, that an unjust discrimination had been made against a certain class of mercerized cotton cloth, namely, cotton damask.

In presenting our requests concerning a tariff rate on our class of product (cotton damasks) I do not know exactly what basis to adopt. The platform of the political party at present in power has declared for a tariff for revenue only. What basis constitutes a tariff for revenue only is the question. As I see it, there can not be a tariff for revenue only without it being at the same time a tariff incidentally of protection. A tariff too low would unquestionably cause a business depression in this country which would reduce imports, and correspondingly reduce the revenue derived therefrom, whereas a tariff rate high enough to insure manufacturing prosperity and at the same time allow a reasonable and healthy foreign competition would incidentally be one of protection. We understand it is the opinion of your committee that a competitive and revenue-producing tariff rate is one that will allow imports to the extent of from 10 to 25 per cent of the total American consumption of any product. This opinion we heartily indorse, believing a tariff on that basis will prove to be a large revenue-producing one, will conserve the manufacturing industries of this country, and I will assume it as a basis for our requests.

Under the present tariff rate—i. e., 40 per cent ad valorem—which rate has existed since the year 1899, the imports of cotton damask have increased in value (foreign value) from \$172,607.75 in 1900 to \$551,637.50 in 1910. In 1900 the revenue from these importations was \$69,043.10 and in 1910 the revenue amounted to \$220,655, showing a large increase in importations and a corresponding increase in the amount of revenue derived therefrom. For the past two years the importations have been slightly less than in the year 1910, but for the three years 1910, 1911, and 1912, taken as a basis, show total imports amounting to \$1,285,634.50 (foreign value) and the revenue derived amounting to \$514,253.80.

These figures do not include the imports of manufactures of cotton damask, which were \$12,085 in 1910, \$13,590.50 in 1911, and \$31,535 in 1912, showing a rapid increase, and the combined duties for the three years resulting therefrom amounted to \$22,986.97. The Government records show that these manufactures of cotton damask were subjected to the extra specific duty of 1 cent per square yard levied on mercerized cloth.

As the total consumption of cotton damask in the United States (American value) is only from two to two and one-half millions of dollars a year, showing that from 25 to 30 per cent of the cotton damask used is of foreign manufacture, we contend that the present rate of duty is equitable and on a revenue basis.

For the past six years, even with the existing rate of duty, the foreign and domestic competition on cotton damask has been so keen that the mills making this product have been unable to earn a satisfactory profit on the comparatively large amount of invested capital. Several of the mills have gone into the hands of receivers and others have made very little, if any, money, and there are many idle looms on this

PARAGRAPH 331—TABLE DAMASK.

product to-day. The prices of the finished product, due to the close and keen competition, have decreased, whereas at the same time the cost of labor and the cost of raw materials have increased.

We respectfully submit the following requests for your earnest consideration:

First. That paragraph 331, Schedule I, of the present tariff law, be segregated into two parts—cotton damasks and the manufactures of cotton damask.

Second. That a rate of not less than 40 per cent ad valorem (the present rate) be placed on the first division (cotton damask), and that a rate of not less than 45 per cent ad valorem be placed on the second division (manufactures of cotton damask), which is a little less than the combined rates as now collected.

Our reasons for making these requests are briefly as follows:

First. The present rate of duty on cotton damask (40 per cent ad valorem) is clearly on a competitive basis and should not be lowered.

Second. The manufactures of cotton damask which are made almost entirely of the finer constructed qualities of mercerized damask require in their conversion a substantial extra labor cost and should accordingly be awarded a higher rate of duty than cotton damask. These manufactures of cotton damask, consisting of hemmed and hemstitched damask cloths and napkins and special length damask cloths, carry now an ad valorem duty of approximately 48 per cent and the imports are increasing under that rate.

Third. The Government figures of revenue derived from the importation of cotton damask and the manufactures of cotton damask compared with the small total American consumption certainly indicate the present duty (40 per cent ad valorem) as being on a revenue basis, and we contend that any lower rate of duty would not be in conformity with the spirit of a revenue-producing tariff.

Fourth. As fully 25 per cent of the entire American consumption of cotton damask is now, and has been for a number of years, of foreign manufacture, indicating a keen foreign competition on this product, the American consumer is thereby assured as low a cost as possible consistent with the cost of manufacture.

Fifth. On account of the width of cotton damask, the elaborate nature of the pattern designs, and the precision and care with which it has to be satisfactorily made, very expensive weaving machinery, pattern cards, and equipment are required. Skilled and comparatively high-priced labor is necessary, and this, together with a large cost of upkeep of the machinery and a comparatively small production, make the cost per pound high.

The above features are accentuated in the finer grades of mercerized damask, coupled with an additional investment for preparatory machinery, and as the tendency is to make still finer grades to supplant as far as possible linen products, we contend that a duty of 40 per cent ad valorem is equitable and fully justified for this class of work.

Sixth. To the best of our knowledge and belief comparative manufacturing costs have and will continue to prevent any exportation of cotton damask.

Respectfully submitted

JNO. L. PATTERSON.

BRIEF OF THE FARWELL MILLS, LOCATED AT LISBON, ME.

BOSTON, *January 31, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives.*

SIR: We wish to file the following brief on behalf of the Farwell Mills:

This is a mill incorporated under the laws of the State of Maine, located at Lisbon, Me., of \$500,000 capital, with about 23,000 spindles and 600 looms.

Formerly the mill ran largely on sheeting and other plain cloths, but about five years ago, finding this line of goods unprofitable for a small mill, 12 Jacquard looms were put in for the manufacture of cotton table damask. The mill has since developed this line until at the present time there are about 200 Jacquard looms in the mill, making such table damask, over six-sevenths of which consists of napkins, and samples of these are inclosed with this letter, the remainder being bureau scarfs, tray cloths, etc.

These napkins vary in size from 15 to 22 inches square and are bleached, mercerized, and hemmed, and sold by us at prices varying from 37½ to 90 cents per dozen. We are informed that retailers receive from 60 cents to more than \$1.50 per dozen for these

PARAGRAPH 332—COTTON BLANKETS.

same goods. The napkins are called "Nikpan napkins" and are sold under that ticket, and we have advertised the line to a moderate extent.

We feel that there is a distinct call for mercerized cotton napkins to take the place of the cheap linen and cotton napkins, or of the more expensive all-linen napkins, particularly in the homes of families of more moderate means, as linen napkins of these sizes will cost at least twice as much.

The present duty upon these goods is 40 per cent ad valorem, and we do not feel that we can successfully compete with the foreign-made goods if this duty is in any way materially lowered. It is impossible for us to give the exact imports of such napkins, as they are classed with other table damasks, and we are informed by letter from Mr. A. H. Baldwin, Chief of the Bureau of Foreign and Domestic Commerce, that no subdivision of the cotton table damask imports has been made into napkins and that used for table tops and other purposes, which are dutiable under paragraph 331 of the present tariff law.

This matter is taken up on pages 144 to 146 of the "Report of the Tariff Board, on Schedule I of the tariff law."

It will be seen that for several years, from 1896 to 1910, the importations of damasks increased, although the rate of duty was for the greater part of this period as high as at present. For the last two years there has been somewhat of a decrease in the importations. This we attribute to the exceptional conditions of trade in Europe which have temporarily decreased the incentive of exportation to America, rather than to any effect which the tariff may have, as it will be noted that in the past these imports have varied with the general business of the country. Also American manufacturers have recently engaged in this industry and supplied part of the demand.

There is sharp competition with other mills in the United States and we feel that as this is a comparatively new industry it should receive the protection which has heretofore been given it. In no year since 1907 have dividends of more than 4 per cent been paid by the Farwell mills, and in two of these years but 2 per cent was paid, owing in a large degree to the necessary expense in introducing a new product to the American people. We have confidence in the product, and expect that after the cloth becomes better known the earnings will increase.

For the same revenue to accrue to the Government under H. R. 25034 the importations must increase 60 per cent. This means that an additional demand must be created for this amount, which can not be done at once, or that the American producers will be crowded from the field.

We therefore would ask your committee to retain the present duty on cotton table damask napkins which is not a hardship to any of the American people, and to thereby encourage the growth of mills making such damasks in America, that a greater supply of such cloths may be available to take the place of the higher-priced linen, which is almost entirely imported.

Very truly, yours,

FARWELL MILLS,
By JOHN E. ROUSMANIM,
Assistant Treasurer.

PARAGRAPH 332.

All articles made from cotton cloth, whether finished or unfinished, and all manufactures of cotton, or of which cotton is the component material of chief value, not specially provided for in this section, forty-five per centum ad valorem.

See Bemis Bro. Bag Co., page 3477.

COTTON BLANKETS.

TESTIMONY OF CHARLES A. CONANT, OF THE ESMOND MANUFACTURING CO.

The witness was duly sworn by the chairman.

Mr. CONANT. Mr. Chairman, I appear as a representative of the Esmond Manufacturing Co. in regard to cotton blankets.

We have no desire to ask any increase of duties above the existing law, and are quite willing to submit to certain reductions on certain grades of goods; but we would like a little different classification than is embodied in the bill which passed at the last session.

PARAGRAPH 332—COTTON BLANKETS.

There is a great difference in the quality of the different classes of blankets. The staple goods which are manufactured in the cheapest way and of domestic yarns involve much less labor cost than the higher grade of goods, the wool finish, and the jacquard finish, and therefore we think there should be a classification which puts a higher duty on the wool finish and the jacquard than on staples. The labor costs are much higher and the wool finish and jacquard goods are more or less in the nature of luxuries, especially the jacquard blankets.

We do not very well like the sweeping of these high-grade blankets into a class with wash rags, mop cloths, and inferior material of that sort. It is a little humiliating to have high-class goods of that character classed with wash rags.

That rate of 25 per cent, embodied in that paragraph of the bill which passed at the last session, may be applicable to a lower grade of blanket, but certainly the process of producing the higher grade blankets justifies putting them in a different schedule.

What we would like would be a separate clause for blankets, specifically providing, roughly speaking, that the plain blanket should pay 25 per cent, as we have it in the bill which passed the last House, that the wool finish should pay 35 per cent and the jacquard finish 45 per cent, as it is under the existing law. Therefore, we are asking no increase in the rate even on the finest grade of blankets, and have no objection to a reduction on these staple blankets which are used by the masses. I think a special clause is preferable. If it were desired to put the blankets under the countable clauses, then there should be an additional paragraph adding 7.5 to 10 per cent for the fact they are made into articles.

Necessarily the making of blankets separately, the binding, the preparation, putting them into boxes, etc., runs into considerable additional cost, and the rate should be advanced 5 per cent upon articles as compared with the rates under the countable clauses, if blankets are kept under the countable clauses. I think it would afford a much simpler administration and more equity to establish a separate paragraph for blankets.

The CHAIRMAN. There are none of the low-grade blankets imported at all?

Mr. CONANT. No; the present duty is, I believe, substantially prohibitive of the lower grades being imported.

The CHAIRMAN. I can not find in any place the importation of any jacquard blankets. What is the importation of jacquard blankets?

Mr. CONANT. A good many are imported, but so far as I know we have not any separate statistics made by the Bureau of Commerce. Have you been able to obtain them?

The CHAIRMAN. Our statistics do not show any importations of blankets.

Mr. CONANT. They are all massed under miscellaneous manufactures of cotton. There is no separate classification by the Bureau of Statistics, or the Bureau of Manufactures as it is now called. If you have any statistics, we will be very glad to have them.

The CHAIRMAN. I have not got them. I will try to get them from the Treasury Department. I am of the impression, unless you can show me otherwise, that this schedule of 45 per cent, the present tax on blankets, is practically prohibitive all along the line.

PARAGRAPH 332—COTTON BLANKETS.

Mr. CONANT. On these higher grades, the statistics are lacking. As I understand it, considerable quantities of the higher grades are brought in, just as in the case of quilts.

Mr. RAINEY. What grades do you manufacture?

Mr. CONANT. Principally the finer grades of wool finish, but some staples.

A lower rate is quite adequate on staples, as Mr. Underwood suggested.

Mr. LONGWORTH. Are there many blankets made only of cotton?

Mr. CONANT. I think the larger proportion of blankets now made are made of cotton. "Wool finish" does not mean that they are made of wool, but finished in such a way as to give them the same quality as wool, and they are very much cheaper.

Mr. RAINEY. They pay 45 per cent, do they not?

Mr. CONANT. They pay 45 per cent under the existing law, under the general clause for "Miscellaneous manufactures of cotton not otherwise enumerated."

Mr. RAINEY. Do you want them raised above 45 per cent?

Mr. CONANT. Not at all; 45 per cent is quite satisfactory upon the high-grade blankets.

Mr. LONGWORTH. What does "jacquard blanket" mean?

Mr. CONANT. It is a blanket made on a special loom, which works in figures and decorative effects. So far as warmth and comfort are concerned, it is a luxury. Plain blankets sell cheaper than the jacquard. Plain staple blankets, at wholesale or manufacturers' price, sell down to about \$1.25 a pair. Jacquards run up to \$2 or over.

Mr. LONGWORTH. You agree with Mr. Parker that all jacquards are luxuries?

Mr. CONANT. To a large degree, yes.

Mr. HAMMOND. What are the figures on jacquards? Do you refer to these stripes that we see so frequently on them?

Mr. CONANT. No; but to decorative effects. I can show you some samples if you would like to see them.

Mr. HAMMOND. You need not take time for that now.

Mr. CONANT. Some of them are all jacquard finish.

Mr. RAINEY. Is this sample a jacquard [indicating]?

Mr. CONANT. That is jacquard ornamentation.

Mr. HAMMOND. Blankets sold by the manufacturers at from \$3 to \$5 a pair—

Mr. CONANT (interposing). Prices here for jacquards are only \$2 a pair for a very good article. That is the manufacturer's price. I am not talking about the retail price. I suppose they produce them as high as that, but a very large line of them are produced at \$2.

Mr. HAMMOND. They are jacquards?

Mr. CONANT. They are jacquards; yes, sir. The plain blankets are \$1.25 a pair.

Mr. DIXON. What would be the retailer's price on those blankets at \$1.25?

Mr. CONANT. I have not made any inquiry, but they would add 50 or 60 or 75 per cent, according to local conditions and overhead charges.

PARAGRAPH 332—COTTON BLANKETS.

Mr. PALMER. I notice that this list of the witnesses for the hearing to-day does not give the concern which you represent?

Mr. CONANT. I represent the Esmond mills, near Providence, R. I.

Mr. PALMER. Are you an officer of that company?

Mr. CONANT. No; I was simply asked to appear.

Mr. PALMER. You are representing them here?

Mr. CONANT. Yes.

Mr. PALMER. They are manufacturers of blankets exclusively?

Mr. CONANT. Yes, I believe so; possibly a few accessories, like bathrobe material.

Mr. PALMER. But largely high-grade blankets?

Mr. CONANT. Yes.

Mr. PALMER. On which the duty, you say, is satisfactory to your people?

Mr. CONANT. Yes.

Mr. PALMER. You mean by that, I suppose, that you have been as prosperous under the Payne law as you wish to be?

Mr. CONANT. Reasonably so. Of course, we would not mind being more prosperous.

Mr. PALMER. Of course not.

Mr. CONANT. The industry is more or less now in an experimental stage, but I think under the existing duty it can develop.

Mr. PALMER. I assume no manufacturer would come here and say he was satisfied with the rate unless he was as prosperous as he felt he dared to be under the present rate.

Mr. CONANT. We did not think it was advisable for us to ask for any increased rates, nor did we contemplate it.

Mr. PALMER. You have been prosperous under the Payne law?

Mr. CONANT. Reasonably so. They have only been in business a few years. It is more or less in the experimental stage, but the evidence goes to show they can be and will be prosperous.

Mr. PALMER. Can be and will be prosperous under the present rate?

Mr. CONANT. Yes.

Mr. PALMER. How many people do you employ?

Mr. CONANT. About 500—that is, in this single mill. There are a number of other mills.

Mr. PALMER. In the Esmond mill, how many people do you employ?

Mr. CONANT. Three hundred and seventy-five men and 141 women, most of them skilled. The number of skilled men is 354, there only being 21 unskilled. The women are all skilled.

Mr. PALMER. Are they as satisfied as the owners of the mill with their prosperity under the Payne law?

Mr. CONANT. I can not say as to that positively, not being a director of the company. I think there was some trouble of some kind recently, but I am not prepared to say positively.

Mr. PALMER. They are engaged in a strike for higher wages now, are they not?

Mr. CONANT. I think I have heard they are.

Mr. PALMER. You represent them here, and I should think if there was a strike of the employees for higher wages, you would know it.

Mr. CONANT. It has not been brought to my attention.

PARAGRAPH 332—COTTON BLANKETS.

Mr. PALMER. Did you know that your company in the last day or two issued an ultimatum that they shall receive no higher wages?

Mr. CONANT. I did not know as to that.

Mr. PALMER. That is what the newspapers report.

Mr. CONANT. It may be so.

Mr. PALMER. Have you seen the newspapers?

Mr. CONANT. No.

Mr. PALMER. Do you read the newspapers?

Mr. CONANT. Yes, sir; but I do not read every item.

Mr. PALMER. Do you not read items in the newspapers in reference to the Esmond mills?

Mr. CONANT. I would if they were brought to my attention, but I might overlook them.

Mr. PALMER. And you have not seen anything in the papers to the effect that your company has lately refused to grant any increase in wages to your employees?

Mr. CONANT. No; I have not seen that, as a matter of fact.

Mr. PALMER. I will tell you, by the way, that that is a fact, and your employers will tell you so.

Do you think you are in a very good position, as a manufacturer, to come here and ask for a retention of duty, presumably in the interest of labor, when you say your company has been prosperous as it could ask to be under the present law, and you are right now refusing to give your employees their share of that prosperity?

Mr. CONANT. We naturally need a retention of the duty to pay them their wages. I do not know the merits of the labor trouble.

Mr. PALMER. You do not know anything about that?

Mr. CONANT. No. I will furnish you the information, if you like.

Mr. RAINEY. Senator Lippitt, from Rhode Island, is one of your directors?

Mr. CONANT. I have not a list of the directors.

Mr. RAINEY. That is true. He is one of them. I can tell you that. Mr. Clarence Griffin is another one.

Mr. CONANT. I believe Mr. Lippitt was a director at one time, but he has not been for the past two years. Mr. Clarence Whitman is a director. Mr. Lippitt resigned when entering the Senate and has absolutely nothing to do with the mill. I do not think to-day he is even a stockholder.

Mr. RAINEY. And you have a surplus at the present time of nearly \$150,000, have you not, although you have only been in business a few years?

Mr. CONANT. I do not know that I have that data here. I think there is a surplus.

Mr. RAINEY. They did not give you any information that we might need.

Mr. CONANT. I will furnish you with any information you might desire.

Mr. RAINEY. How much is your surplus?

Mr. CONANT. I have not a statement of the surplus here. I have it down town.

Mr. RAINEY. Did they not tell you what their surplus is?

Mr. CONANT. Yes; I have it down town.

PARAGRAPHS 332—COTTON BLANKETS.

Mr. RAINEY. You did not think that was important enough to bring up here?

Mr. CONANT. No; I did not suppose that question would be asked.

Mr. RAINEY. I will tell you that your surplus is nearly \$150,000 at the present time, and yet you refuse to divide with these striking employees.

Do you know how much the surplus has increased over this \$150,000, which I see is what it was six months ago? Do you know how much it has increased in the last six months?

Mr. CONANT. No, sir; I do not.

Mr. RAINEY. I know so much more about your firm than you do that I have to tell you all these things. It has increased \$50,000* in the last six months.

Do you know how much your capital stock is?

Mr. CONANT. Yes. Preferred, \$750,000; common, \$655,000.

Mr. RAINEY. All together \$1,249,000, according to my information.

Mr. CONANT. I make it \$1,405,000.

Mr. RAINEY. You have it wrong. It is \$1,249,000. You ought to get more correct information from your employers.

Mr. CONANT. Give me your figures again, please.

Mr. RAINEY. My figures are \$1,249,000, and six months ago you had a surplus of \$144,717, which in the last six months has increased to the extent of \$50,000. Look these things up and see whether they are true or not, and if they are not, you can come before the committee again. Do you not also make the cheaper grades of cotton blankets?

Mr. CONANT. Yes; some, I think.

Mr. RAINEY. Is it not true that you and the Beacon Manufacturing Co., of New Bedford, Mass., make about all of the cheaper grades that are made?

Mr. CONANT. I think likely.

Mr. RAINEY. You have a monopoly of the manufacture of cheap blankets in this country, have you not? You have a monopoly of the cheap blankets that are made?

Mr. CONANT. I would not say that.

Mr. RAINEY. You make nearly all of them?

Mr. CONANT. We make a good proportion of them.

Mr. RAINEY. You do not want the tariff taken off the cheap blankets to any considerable extent, do you?

Mr. CONANT. They are willing to accept the proposition of Mr. Underwood in that respect.

Mr. RAINEY. And you also make a large proportion of the better grades of blankets that do not come in at all?

Mr. CONANT. Yes.

Mr. RAINEY. And you do not want the tariff on that changed any?

Mr. CONANT. In saying yes to your question I do not admit that none come in at all. I understand they do, but the statistics are not ascertainable.

Mr. RAINEY. Did you ever see one?

Mr. CONANT. Oh, yes; a great many.

Mr. RAINEY. Of the better grades?

Mr. CONANT. Yes. I have some samples here.

PARAGRAPH 332—COTTON BLANKETS.

Mr. RAINEY. Tell me what that is [handing an article to Mr. Conant]. I want to see what you know about it.

Mr. CONANT. I am not qualifying as an expert. If you want to ask a series of technical questions, I will——

Mr. RAINEY (interposing). Is not that one of your jacquard blankets?

Mr. CONANT. I believe so. I do not know whether it was made in our mill.

Mr. RAINEY. It was made in your mill, and on that you have a tariff of 45 per cent under the Payne-Aldrich bill.

Mr. CONANT. Yes, sir.

Mr. RAINEY. That was an increase on blankets over the prior tariff bill of 15 per cent anyway, was it not?

Mr. CONANT. My recollection is it was an increase from 35 to 45.

Mr. RAINEY. Is there any other mill except your own mill and Beacon mill that makes that kind of blankets, of which I have just submitted to you a sample?

Mr. CONANT. I understand there are six mills making high-grade blankets.

Mr. RAINEY. They do not make very much of them, do they?

Mr. CONANT. Yes; about the same. I can give figures on that, if you like.

The National mill makes 25,000 cases; the Beacon, 15,000 cases; the Sprague, 6,000; another mill, of which I have not the name, 14,000; and the Esmond, 20,000. We make about 25 per cent of the aggregate.

Mr. RAINEY. You and the Beacon mill make nearly half?

Mr. CONANT. Yes; approximately half.

Mr. RAINEY. You are able to sell your product, and do sell it, at just a little bit less than the duty-paid price of the Germans, do you not?

Mr. CONANT. We succeed in selling a considerable porportion; yes.

Mr. RAINEY. And you do charge just a little bit below the duty-paid price of the German goods?

Mr. CONANT. I have not the quotations here.

Mr. RAINEY. You would sell them a good deal cheaper if you had to, would you not?

Mr. CONANT. I could not say as to that; that is a prediction.

Mr. PALMER. Are you asking for the retention of the present duty?

Mr. CONANT. Not at all, only on the finer grades. On the lower we are quite willing to accept the proposal of the Underwood bill for a reduction.

The CHAIRMAN. Your time has expired, Mr. Conant.

BRIEF OF THE ESMOND MANUFACTURING CO.

THE ESMOND MILLS,
Providence, R. I., Februray 1, 1913.

MY DEAR SIR: I beg leave to supplement herewith the statements made by Mr. Charles A. Conant on behalf of the Esmond Mills in the formal hearing before your committee on Thursday, January 23, last. The Esmond Mills is one of several manufacturers of cotton blankets, including plain or staple blankets, those of wool finish, and those made on a Jacquard loom. These types differ materially from each other and it is necessary, in our opinion, that there should be a higher rate of duty on the

PARAGRAPH 332—COTTON BLANKETS.

higher grades than on the staple blankets, in order to afford adequate protection to the skilled labor employed.

The argument made by Mr. Conant before your committee on the subject of classification has our approval, but we would like to supplement his statements by some additional facts and by a reply to the questions put by Mr. Palmer, of Pennsylvania, in regard to the recent strike, and those put by Mr. Rainey, of Illinois, in regard to the finances of the company. Jacquard blankets represent a luxury and their manufacture demands high-class labor. The average wages in the mill are \$10 per week, which is high for a cotton mill. As already stated, out of a total number of 375 men employed in the Esmond Mills, there are 354 who are skilled workmen, and there are also 141 women, all of whom are skilled and receive good wages.

The present strike at the mills was instigated by the I. W. W., which had caused trouble in a neighboring mill, and sought to promote discord in our mill in order to increase their influence. Over 80 per cent of our help did not desire to strike, but were afraid to do otherwise. Evidence of this is afforded by the fact that while a so-called meeting of the strikers was held on January 24, which voted not to return to work, the engine was started up at 2 o'clock, and 60 of the looms were in operation at 3.30 o'clock.

On the next morning 90 looms were in operation, and the return of almost all of our help was promised for the following Monday. It was reported that one of the reasons an increase of 20 per cent was asked in wages was the belief that it might be possible to get it now before a reduction of the tariff necessitated a reduction in wages.

Our whole policy toward our working people has been to give them the benefit of the most modern working conditions, in the belief that a healthy employee is the cheapest workingman. A large part of our investment, some \$200,000, is in homes that we have built for our workmen, and we believe that we have the beginning of one of the most beautiful and at the same time practical mill villages in the United States. This is at all events our aim. All through the mill, we have made every effort to make the working conditions the best, because it is essential, with the high wages which we pay, to obtain efficient and contented workmen. All of this has cost us much money, which has been invested upon the assumption that we would always be reasonably protected from the inroads of German competition.

One of the things which we fear the most in case of a reduction of the tariff is that the German goods will flood our market and will compel us to lower not merely the price of our goods, but their quality and value. A large part of the German goods are made from all kinds of low-class, filthy waste, and sold at lower values than we can afford because of their low cost of capital. Even under the present tariff, we have been endeavoring to make a 32-inch piece-goods cloth to compete with the German goods which are now brought in, and have not been able to make it at a profit. Our industry is still very young, having been in actual operation only a little over five years, and it requires some additional experience to make goods of honest quality which will compete with the price of the German product. Our Jacquard weave is of a very special type and requires highly trained weavers, because it has all of the difficulties of all kinds of weaving.

That is, we have the combined difficulty of the Jacquard and the box loom (for colored weaving.)

In Germany the business is much older and it is possible to obtain a larger supply of experienced help, which is more steady and less disposed to drift about than in this country. The German manufacturer, moreover, has the world for his market, because of his low cost of production and comparatively small capital. This affords him an uninterrupted opportunity for disposing of his goods, because when business is dull in one section of the globe, it is pretty certain to be good in another. In this country, on the other hand, we are dependent upon our own market, because our cost of manufacture and the high quality of materials used does not enable us to meet German competition in outside markets.

The data upon which questions were asked in regard to our financial condition at the hearing of January 23 was based apparently upon a statement prepared by representatives of certain importers which is out of date and essentially misleading. Our capital stock at present, as stated by our representative before the committee, is \$1,405,000. Of this capital, \$750,000 represents preferred stock and \$655,000 represents common stock. A dividend of 7 per cent has been paid upon the preferred stock, but none whatever at any time upon the common stock. It is because we have not thought it prudent to pay a dividend on the common stock, although it represents actual cash investment, that we have been able to add small amounts from time to time to the surplus, in order to guard against periods of depression and bad business.

PARAGRAPH 332—BEDSPREADS.

The figures taken from our statement of 1910 cover the only year in which we were able to make a fair profit and the only year in which any such addition as \$50,000 was made to surplus within six months. During 1911 and 1912 the surplus was increased only by some \$30,000 for the period of two years.

The ratio of annual product to capital invested is small, because of the character of the business and the high cost of machinery and labor. The annual product does not much exceed two-thirds of the capital, and represents an investment about 50 per cent greater than would be required to produce the same amount of goods in Germany. Our plant consists in part of machinery imported under duty of 45 per cent.

Mr. Henry F. Lippitt, now United States Senator from Rhode Island, has absolutely nothing to do with the Esmond Mills, and is not at present the holder of a single share of stock. He never had but one share, and that was to qualify him as a director. Mr. Lippitt resigned as director before entering the Senate and has no interest whatever at the present time, either as an officer or stockholder, in the company.

If desired by the committee I shall be very glad to appear before them and afford them any information in my power regarding methods of manufacture, the finances of the company, or any other branch of the subject of which I have knowledge.

Yours, very respectfully,

ARNOLD C. WHITMAN.

The Hon. OSCAR W. UNDERWOOD,
*Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.*

BEDSPREADS.

STATEMENT OF GEORGE A. TENNEY, OF CLAREMONT, N. H.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Tenney.

Mr. TENNEY. Mr. Chairman, I am not adverse to a revision of the tariff or to a reduction of the same, provided sufficient protection is given to adjust the difference in labor cost here and abroad and so leave us on such a basis of equality that we can with a reasonable profit on our spreads successfully compete in our home market with the foreign manufacturer.

Cotton bedspreads or quilts are provided for in the present tariff under paragraph 332 of Schedule I, where all other cotton goods not specifically named in the schedule are to come in under an ad valorem duty of 45 per cent.

I would recommend that cotton bedspreads be specifically named in the new tariff and graded as to quality and value. My reason for this is that there is a difference in value of over 500 per cent between the various grades of spreads imported into this country. Other cotton goods are subject to duty according to grade and value and bedspreads should be likewise.

Bedspreads fringed and scalloped should be classed separately and carry an extra duty because of the additional labor expended upon them.

The present duty on the medium grade of spreads is only sufficient to give us the protection needed to compete successfully with the English manufacturer, as I propose to illustrate by the example of an English-made spread in comparison with one made here. The foreign-made spread is one obtained direct from the manufacturer last spring, and the cost figures came from the superintendent of an English bedspread mill. The figures on the American spread were taken from our cost system.

PARAGRAPH 332—BEDSPREADS.

For a better administration of the present law I would suggest that ways and means be found to prevent the undervaluation of goods imported when the duty is ad valorem.

Mr. PALMER. What do you mean by the protection necessary to permit successful competition with the foreigner?

Mr. TENNEY. I mean such protection as will enable us to sell our goods in competition with the foreign manufacturer in this country.

Mr. PALMER. You mean to sell your goods in this country to the exclusion of the foreigner?

Mr. TENNEY. No, sir; not to the exclusion of the foreigner.

Mr. PALMER. What is "successful competition" from your point of view?

Mr. TENNEY. Successful competition would be competition that would allow us a reasonable profit on our goods and yet bring us in direct competition with the foreign manufacturers in this market. We are not asking for any duty that will exclude his goods.

Mr. PALMER. You are willing we should fix a rate of duty which will bring in a certain proportion of the foreign article?

Mr. TENNEY. Yes, sir; I am willing so far as I am concerned.

Mr. PALMER. What proportion of the goods comes in now?

Mr. TENNEY. In the higher grade of goods the English market has absolute control in this country, absolutely. In some of the lower grades of goods I think we have control of it.

Mr. PALMER. Are you suggesting a lowering of the duty on the lower grades of goods?

Mr. TENNEY. Yes, sir; I would suggest a graduated lower duty on the cheaper grades and a higher one on the finer grades. In other words, a duty so graduated that it would equalize the difference in cost between a high and a low grade spread.

Mr. PALMER. An ad valorem duty would be a graduated duty, would it not?

Mr. TENNEY. It would be graduated as to value; yes, sir. But the value of the spread is altogether different; that is, the labor cost in the high-grade spread is altogether different than it is in the low-grade spread.

Mr. PALMER. How much do you want us to reduce the duty on the low-priced spread?

Mr. TENNEY. I would suggest that we have a schedule based on the figures which Mr. Parker handed in for the jacquard in his cloth schedule. I think that would be a satisfactory basis on which to start. I did not come down here with any prepared schedule and therefore am not in position to give final figures that I think would properly adjust the matter. In the absence of certain English cost figures it is very difficult to say what would protect us or what would be right, but we are willing to start with his suggestion.

Mr. PALMER. Was his rate a suggestion below the present rate on low-priced goods?

Mr. TENNEY. His rate, I think, was 25 per cent for a minimum and 55 per cent for a maximum.

Mr. PALMER. You want the cheaper articles reduced?

Mr. TENNEY. Yes, sir.

Mr. PALMER. And the higher articles increased?

PARAGRAPH 332—BEDSPREADS.

Mr. TENNEY. Yes, sir.

The CHAIRMAN. Do you think that would make a more competitive rate all along the line?

Mr. TENNEY. I feel absolutely positive about it, and I think I can prove it, too.

Mr. PALMER. You are tending in the right direction all right.

Mr. TENNEY. I want you to understand our situation and what we are willing to accept. If I have gathered correctly the disposition of this committee, you are disposed to consider rates that would be classed as competitive, and this schedule that we ask you to consider would, in my opinion, be made up of such rates.

The CHAIRMAN. If it will be a reasonable amount of importations that will come in under it.

Mr. TENNEY. That would be true, sir, for I believe that the duties we are advocating would permit of such importation and at the same time allow of competition by the American manufacturer in the higher grades. The market to-day, in a grade of spreads higher than the one shown here, is entirely in the control of the foreign manufacturer. In proof of this I would relate this incident. I went into one of the leading dry goods stores in Boston, one that caters to the better class of trade, and upon inquiry was informed that two-thirds of the spreads they sold were imported. I venture to say that you can not find in the highest class hotels of this country any but imported spreads, and this would hold true also in the homes of the people of wealth. This is true, as I understand it, and goes to prove that in the high-grade spread referred to, the foreign manufacturer now has a monopoly of this market.

The CHAIRMAN. Do you think that the classification which Mr. Parker suggested yesterday differentiates between the various spreads so that we would let the heavy rate fall on the luxurious spreads that are used by the rich class of people and the reduction fall on the lower grade of spreads?

Mr. TENNEY. I think from a hasty examination of the schedule—of course I knew nothing about it until I came down here—that would be about the ratio we would want. I believe under that ratio we would get an importation of foreign spreads that we are not getting to-day. I believe also under that schedule we could manufacture a class of spreads that we can not manufacture to-day.

Mr. PALMER. Do you think we would get a cheap spread imported?

Mr. TENNEY. I think you would; yes, sir.

Mr. PALMER. Is that the kind you are manufacturing now?

Mr. TENNEY. Yes, sir; that is the kind largely we are manufacturing.

Mr. PALMER. And you do not manufacture the higher class of spreads?

Mr. TENNEY. We do not manufacture the higher class of spreads.

Mr. LONGWORTH. Why do you not?

Mr. TENNEY. Because we can not compete.

Mr. LONGWORTH. Why can you not compete?

Mr. TENNEY. Because the English manufacturers can undersell us and pay the 45 per cent duty.

PARAGRAPH 332—BEDSPREADS.

Mr. LONGWORTH. Why is that?

Mr. TENNEY. Because his labor is so much cheaper than ours.

Mr. LONGWORTH. His labor is cheaper?

Mr. TENNEY. Yes, sir.

Mr. LONGWORTH. Do you think Mr. Parker's basis would equalize the difference in the labor cost?

Mr. TENNEY. I am prepared to say I think it would, so far as I can judge.

Mr. LONGWORTH. Then that rate is high enough to enable you to pay American wages and compete against the English?

Mr. TENNEY. I hope so.

Mr. LONGWORTH. And therefore you would be able, under that protective tariff, to sell these higher classes of goods?

Mr. TENNEY. I think so, and I hope so, but I am not sure of that. If I was going to do anything to that schedule I would ask for a higher maximum rate.

The CHAIRMAN. In other words you can afford to have the prohibitive rates of the present law reduced on the lower grades of goods and face some competition if you can get a better rate for the higher grade goods?

Mr. TENNEY. Yes, sir.

The CHAIRMAN. And there would still be reasonable competition, you think, in the lower grade goods?

Mr. TENNEY. Yes, sir; I have no doubt about it.

Of course, Mr. Chairman, as a manufacturer, I am not devoid of a selfish desire to get all I can out of the business. We would like a rate that would give us complete control of the quilt business. To be quite frank, I am sure each one of us would like a monopoly of any business he is in. However, I understand that nothing of that nature is going to be entertained by this committee and that we must contemplate a reduction in this tariff. I am inclined to believe that a reduction so fixed that the American manufacturer can still live and do business with a reasonable profit, but with some foreign competition, is fair. I look at this foreign competition in the lower grades of spreads as additional competition. I should like to avoid it, but I feel that we perhaps have no right to ask to have it excluded so long as we are to be allowed to meet it on an equal footing. If that is to be the situation I am prepared to say "Amen."

Mr. LONGWORTH. All you are asking is to be put on the same basis as to your labor cost?

Mr. TENNEY. Yes, sir; that is what it amounts to.

Mr. LONGWORTH. You do not want protection on your energy or brains or anything of that kind?

Mr. TENNEY. No, sir.

Mr. LONGWORTH. If you paid the same rate of wages they are paying in England now, you would not need any protection?

Mr. TENNEY. I would not need any.

Mr. LONGWORTH. In view of the fact you have to pay the American wage scale protection is necessary?

Mr. TENNEY. I think it is necessary; absolutely necessary.

Mr. LONGWORTH. And that is all you are asking?

Mr. TENNEY. That is all we are asking for.

PARAGRAPH 332—TURKISH TOWELS.

The CHAIRMAN. Your time has expired, Mr. Tenney.
Mr. TENNEY. Thank you, Mr. Chairman.

BRIEF OF THE STEVENS MANUFACTURING CO., FALL RIVER,
MASS., RE BEDSPREADS.

FALL RIVER, MASS., January 27, 1913.

HON. OSCAR W. UNDERWOOD, M. C.,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: I attended the hearing before the Ways and Means Committee on January 22, but was not on the list of speakers, but spent some time conferring with others who did speak on the different schedules.

I am taking the liberty of writing you to place our particular condition before you and your committee, and to ask you to kindly give the matter your careful consideration.

The Stevens Manufacturing Co., which I represent as superintendent only, manufactures fine and coarse cotton jacquard bedspreads, or quilts, as they are usually called. We have been running since 1892; have a plant doing very nearly \$1,500,000 worth of business and that on a capital of \$700,000. We have never paid an extra dividend of any kind, and have passed many. We also finish our own product, and are very large borrowers of money. After 20 years, roughly, we have just gotten out of debt, as shown by our annual statement of last October.

Now, as testified by Mr. Tenney and Mr. Parker, jacquard equipment is very expensive and requires a much larger investment than most other cotton mills.

In regard to competition, England and Europe practically control the fine quilt business of America. We have never had a chance to compete; we have just been able to get by on medium and coarser grades. As an example: Recently we were given a friendly opportunity to quote an order for 4,000 very fine spreads for a new large hotel, and, after careful figuring, we quoted \$5 each. We would have made on these quilts about 40 cents each had we gotten the order. Later we found that these quilts were bought of an importer for about \$4.

The bedspread or quilt industry is rather limited in this country. There are not a great many of us.

In your own bill, the so-called "Underwood bill," I note you have quilts in the clause with mop cloths, sheetings, etc. This is what almost scared us to death. Quilts are a luxury, and we have all the competition we can possibly stand, and we trust that you will see it in this light and give us as much consideration as we deserve.

Very respectfully, yours,

CHARLES B. CHASE, *Superintendent.*

TURKISH TOWELS.

TESTIMONY OF M. P. HOFFMAN, PHILADELPHIA, PA.

Mr. HOFFMAN. Mr. Chairman and gentlemen, I just want to state that I am not a manufacturer of Turkish towels, but I am engaged in selling the yarns to the manufacturers of Philadelphia and that vicinity. I felt that there had been a little negligence in not submitting a brief for your consideration, when there is a proposed reduction of 20 per cent on Turkish towels manufactured in this country, and that it would only be right and fair to submit a few facts in regard to the manufacture of those towels.

The profit is not abnormal; the industry is not overcapitalized; it is largely individual manufacturers, and there are no corporations, except two, which in the past two years have become insolvent. If you reduce the duty 20 per cent it would work a hardship on an industry that I think should at least be left on its present basis. The manufacturers are using the products of our cotton mills in this country, almost entirely all the coarse counts, ranging from 8's to

PARAGRAPH 332—TURKISH TOWELS.

20's. I think there is only a fair profit, and if you were to disturb and eliminate or curtail the manufacture of towels it would work a hardship on the spinners of our country, and I think they are entitled to at least a fair consideration at your hands, and that the tariff should remain as it is.

I thank you.

BRIEF SUBMITTED BY THE MANUFACTURERS OF TURKISH TOWELS, OF PENNSYLVANIA.

PHILADELPHIA, PA., *January 23, 1913.*

WAYS AND MEANS COMMITTEE, *Washington, D. C.*

GENTLEMEN: We, the undersigned manufacturers of terry fabrics, do hereby respectfully enter our protest to your honorable body against any reduction of tariff on the above-named articles, namely, Turkish towels, doilies, bath mats, bath sheets, wash cloths, etc., for the following reasons:

Because we need a tariff of at least 45 per cent to make a reasonable profit and give our employees a good living wage for a nine-hour work day.

Turkish towels have been made in the United States for upward of 30 years, and at the present time there are approximately 3,000 looms engaged in weaving goods of that character, and the annual product in money value is approximately \$4,500,000. The amount of wages paid employees would be about \$1,000,000. Although the manufacturers of terry fabrics have, during the period above mentioned, cultivated a knowledge of the manufacturing of this class of goods that enables them to produce any quality of Turkish towels at present in use by the consumers of this country, still the fact remains that the product at the present time is, in the greatest proportion, devoted to the making of goods of a lower grade. According to our best information, the division is about as follows:

	Per cent.
Goods retailing under 25 cents each.....	33
Goods retailing at 25 cents each.....	33
Goods retailing from 35 cents to 50 cents each.....	20
Goods retailing from 50 cents to \$1.50 each.....	14

These figures, if confirmed, illustrate the contention of the manufacturers that, although engaged in the industry for 30 years or more, they have now reached a point where they can produce the better grades of goods and market them in competition with similar goods of foreign make under the present tariff. This also accounts for the fact that the industry, although 30 years of age, remains to-day at a figure that is not equal in product to any one of the large individual mills manufacturing other classes of cotton goods. We cite one instance.

The Amoskeag Manufacturing Co., which have 22,200 looms, while we have but 3,000 in the United States. This is only one instance of many we could mention, each of which have a capacity over and beyond the entire industry in the Turkish towel production.

Imported Turkish towels are purchased by the consumer for two reasons: (1) The cheapness of the article as compared with the domestic product, and (2) the desire on the part of a certain portion of our population to use foreign goods. The latter class will buy foreign goods at any price—the higher in value the more appreciated—but the former class are looking for quality and to buy that quality at the lowest price possible. This trade belongs to the manufacturers of this country and is theirs if we are in a position to bid for the business on an equal basis.

The consumer has been accustomed to look for goods of certain weights and sizes at fixed retail prices. These sizes and weights were established at a time when cotton could be bought at from 6 to 8 cents per pound. The advance in cotton since that time has made it necessary for the manufacturer to use every device known and practice every economy possible to produce the article so that the retail price might be maintained. The manufacturer has had his limit of possibilities in this direction and it became necessary that the retailer share the difference with him by raising the price that he formerly paid for this article to a price that to-day means that the business is only profitable as an advertising medium. This statement applies only to the towels sold at retail at 50 cents each or under. Beyond that price the retailer gets

PARAGRAPH 332—CORSETS.

normal profit, but those goods are not made in America in any considerable proportion.

The manufacturer, on his part, has had to contend with the rapidly advancing price of cotton and cotton yarns.

Business done by the manufacturers of the United States on the better grades of goods is made possible by unexpected requirements of the retailer—demands that come to him for goods of a better grade when he is not in a position to furnish the foreign article. Were it not for this there would be no goods of this grade manufactured and sold by the manufacturers of the United States.

It is an absolute fact that the possibility for profit in the manufacturing of Turkish towels is not attractive to those contemplating engaging in the manufacturing of cotton fabrics, and their conclusions are prompted by the conditions that we have herein set forth.

In proof of this we can cite several cases where parties have started in this business in the last few years and have failed, with large losses to themselves and others. Another thing to take into consideration is the value of the amount of yarn purchased by the manufacturers of these goods, which are largely the product of cotton mills of the Southern States, which will amount, approximately, to \$3,000,000 per annum, which would be affected by the curtailment of this business.

In presenting this protest we earnestly hope it will have the favorable consideration which we are convinced it should receive, as this industry is comparatively in its infancy, and that you will give it the consideration it merits, without which the industry can not continue.

Respectfully submitted.

W. H. & A. E. MARGERISON & Co.
D. JAMIESON'S SONS.
STAR & CRESCENT Co.
WARD-MAHAN Co.
RAJAH MANUFACTURING Co.
JOHN W. KERSHAW & Co.

LAFAYETTE MILLS Co.
P. J. MASTERTON, *Proprietor*.
LOUIS H. FOSTER.
NELSON KERSHAW.
THOS. MCGOWAN.

CORSETS.

BRIEF PRESENTED ON BEHALF OF THE CORSET MANUFACTURERS' ASSOCIATION OF THE UNITED STATES.

The Corset Manufacturers' Association of the United States, which includes in its membership most of the corset manufacturers of the country, begs to submit the following facts in connection with their industry:

There is absolutely no trust or combination amongst the corset manufacturers, and the freest competition prevails.

There is, approximately, \$15,000,000 invested in this industry in the United States. The total production is about \$40,000,000 per year, and about 30,000 people are employed in the manufacture of these goods.

The wages paid for labor entering into the manufacture of corsets and corset materials abroad are seldom more than one-third of the price paid for similar labor here, and never as much as one-half. The cost of the labor in the construction of corsets made in this country represents about 50 per cent of the total cost of the finished article.

The corset manufacturers believe that their product should be adequately protected, in view of the fact that so many of the materials entering into the construction of the same are largely taxed and the wages paid in foreign countries are such a small percentage of what are paid to the same class of operatives in this country.

Under existing conditions the present tariff rate is satisfactory; but if the rate of duty on the imported materials entering into the manufacture of corsets should be reduced, a proportionate reduction could be made in the rate of tariff on the finished article. There are certain materials entering into the manufacture of fine corsets (which at the present time come into closest competition with the foreign corset makers), such as yarn-dyed and yarn-bleached cloths, laces, and embroideries, fine silk materials, etc., most of which are not made in this country at all, and when made in this country are sold at a price just under the price of the imported article.

We present herewith a schedule of duties on materials entering into the construction of corsets and the difference in the rate of wages referred to above, maintaining that no lower rate of duty on corsets would give reasonable protection to American labor or to American corset manufacturers.

PARAGRAPH 332—CORSETS.

The following are the rates of duty on the principal corset materials:

	Per cent
Cotton cloths.....	35- 40
Silk materials.....	50- 60
Thread.....	40-100
Laces, edgings, and embroideries.....	70
Silk ribbons.....	50
Lacers.....	60- 75
Clasps.....	45
Boning wire.....	45

The following rate of wages prevails in the American corset factories:

	Per week.
Cutters.....	\$12.00-\$21.00
Sewing-machine operators.....	7.00- 13.50
Hand operators.....	6.00- 12.00
Examiners.....	6.00- 12.00
Overseers (male).....	15.00- 40.00
Overseers (female).....	9.00- 25.00
Designers.....	25.00-100.00
Boners.....	6.00- 10.00

The following are the rates of wages paid in foreign countries for similar work:

ENGLAND.

	Per week.
Cutters.....	\$8.00-\$9.00
Sewing-machine operators.....	2.00- 3.50
Hand operators.....	1.50- 2.50
Examiners.....	2.00- 2.50
Overseers (female).....	4.00- 6.00
Boners.....	2.00
Pressers.....	5.50- 6.00
Trimmers.....	2.00- 2.50

The above quotation of wages is from Portsmouth, England.

GERMANY.

Four of the largest corset manufacturers in Germany report average wages of experienced operators at about \$5 per week, and the average wage throughout the factories about \$3 per week. Heads of departments, \$6 to \$9 per week.

The report from Saxony, where a large number of corsets are manufactured, shows that the wages are a trifle lower than in the centers just noted.

Further information shows that in Germany German corset manufacturers pay for labor about 62 cents per day for a day of 12 to 14 hours.

In Canstatt, Germany.

Experienced stitching operators earn from \$2 to \$3 per week.

	Per week.
Cutters (men).....	\$3.75-\$5.00
Designers.....	6.50-10.00

Corset manufacturers having factories in small towns, and who make cheap goods, pay from 20 to 30 per cent less than the prices quoted.

BELGIUM.

Reports from Brussels, Belgium, state that there operatives earn from \$2 to \$6 per week. In the country districts, \$1.80 to \$3.60 per week; cutters, \$6 to \$9 per week.

Any reduction in the present tariff on corsets, unless accompanied by an equalizing reduction in tariff on materials used, would necessitate a reduction in the wages paid,

PARAGRAPH 332—MANUFACTURES OF COTTON CLOTH.

and you will note from list of manufacturers given below that any such reduction in wages would not be confined to any one locality but be widely distributed.

THE CORSET MANUFACTURERS' ASSOCIATION
OF THE UNITED STATES,

By W. A. MARBLE, *President.*

JANUARY 21, 1913.

MEMBERS.

American Lady Corset Co., Detroit, Mich.	Kops Bros., New York City.
Aurora Corset Co., Aurora, Ill.	La Resista Corset Co., Bridgeport, Conn.
Geo. C. Batcheller & Co., New York City.	Lay & Way Co., New York City.
Bay State Corset Co., Springfield, Mass.	Lily of France Corset Co., New York City.
Joseph Beckel & Co., New York City.	Linehan-Conover Co., Worcester, Mass.
Benjamin & Johnes, Newark, N. J.	Massachusetts Corset Co., Worcester, Mass.
W. E. Cain Co., Newark, N. J.	Miller Corset Co., McGraw, N. Y.
Corset H Co., Worcester, Mass.	I. Newman & Sons, New York City.
Crown Corset Co., New York City.	R & G Corset Co., New York City.
Chas. R. De Bevoise Co., New York City.	Royal Worcester Corset Co., Worcester, Mass.
Empire Corset Co., McGraw, N. Y.	Sahlin Corset Co., Chicago, Ill.
Ferris Bros. Co., New York City.	The Spirella Co., Meadville, Pa.
Gage-Downs Co., Chicago, Ill.	Strouse, Adler & Co., New York City.
H. & W. Co., New York City.	Strouse Corset Co., New Haven, Conn.
E. H. Horwood & Co., New York City.	Van Orden Corset Co., Newark, N. J.
International Corset Co., Aurora, Ill.	Weingarten Bros., New York City.
Jackson Corset Co., Jackson, Mich.	Warner Bros. Co., Bridgeport, Conn.
Kabo Corset Co., Chicago, Ill.	
Kalamazoo Corset Co., Kalamazoo, Mich.	

MANUFACTURES OF COTTON CLOTH.

COTTON WADDING.

BOCHOLT W., *March 19, 1912.*

To the WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

GENTLEMEN: According to the advice received from the American consul general of Hamburg in reply to my inquiry, the above request was at first addressed to the United States customs service, of New York. Having, however, learned from the latter that the matter is to be presented to you, I now beg to submit the same to your kind attention, referring for the necessary particulars to the correspondence carried on between the above office and my firm, as per letters and copies inclosed herewith, for your kind perusal. Kindly return the same with your reply.

In addition to the particulars given in the aforementioned letters I once more wish to emphasize that as cotton wadding is not made of cotton, but of the cheapest raw materials obtainable, such as inferior cotton waste (not exceeding Mk. 8 to Mk. 20 per cent Ko.), furthermore, rags, jute, old packing cloth (American wrapper), costing from Mk. 5 to Mk. 10 per cent Ko., the duty of 45 per cent ad valorem is quite out of proportion to the value of the article and to the trifling profit that can be realized on the same. It, therefore, ought to range in a special class of goods instead of being returned, as it is now, as manufacture of cotton not specially provided for.

I shall be glad to learn whether you can see your way to reduce the above rate of duty, and meanwhile I remain, gentlemen,

Respectfully, yours,

J. BORGERS.

(Inclosures.)

PARAGRAPH 332—MANUFACTURES OF COTTON CLOTH.

COTTON BINDINGS OR GALLOONS.

HAVERHILL, MASS., *January 17, 1913.*

Hon. AUGUSTUS P. GARDNER,
Washington, D. C.

DEAR SIR: As the subject of tariff revision is now up before the Ways and Means Committee, I wish to call to your attention a few facts in regard to a small industry which has been established in Massachusetts. About 8 or 10 years ago the experiment was tried of making cotton galloons or bindings for shoes in this country. These had never been made here before and everything which was used had always been imported. The business was started in a small way in Lowell and has gradually increased until at the present time there are very few, if any, cotton bindings or galloons for shoes imported. Some of these previously came from England, some from Germany and Switzerland; and owing to the tremendous advantages of labor enjoyed by those countries they were able to land their goods here cheaper than we could make them before the imposition of the present duty.

Within five years' time we have increased the wages of weavers in this business 50 per cent to 75 per cent; girls who at first earned \$6 to \$7 per week now get from \$9 to \$12. If any serious reduction in tariff should be made, it would mean that this industry would have to be abandoned. Since its start several other manufacturers have gone into it, making similar goods, and we hope you will use what influence you can to save the industries of Massachusetts.

Any further information which I can give you I shall be glad to furnish.

Respectfully, yours,

CHARLES N. DYER.

P. S.—My plant is now producing goods to the value of about \$50,000 per annum.

DRESS TRIMMINGS.

NEW YORK, *January 8, 1913.*

Hon. Mr. UNDERWOOD,
House Committee on Ways and Means, Washington, D. C.

HONORABLE SIR: On account of the many difficulties that we have been encountering with the present tariff on goods in our line (such as dress trimmings, braids, as well as buttons), we suppose that some changes in the tariff on this class of goods are contemplated.

Under the present schedules there are so many conflicting articles referring to the same class of merchandise, that being uncertain under which article particular goods are being classed, has in many instances resulted in serious loss to us, and no doubt to other importers in our line. Under the present tariff, quite a few items of low value are paying higher duty than formerly.

The reason we take the liberty of addressing this letter to you is not so much a matter of securing a reduction on certain goods, but what we, and no doubt all other importers in our line, are striving for is a tariff under which we will know just what the duty is on any specific article in our line.

We would thank your committee to take this matter under kind consideration, and if any further information pertaining to this is desired by you, we shall be only too pleased to be at your command.

Very respectfully, yours,

S. KATZ & Co.

COTTON GARMENTS.

NEW YORK, *January 9, 1913.*

Hon. OSCAR W. UNDERWOOD.

DEAR SIR: As a member of the National Cotton Garment Manufacturers' Association, interested as such in the future welfare of not only myself, but also the fellow members of our association, it would seem an easy problem to prove the disastrous consequences to our line of business should a decided reduction be made as contemplated in our tariff.

Conditions of living and environments in the localities abroad where similar grades of garments to ours are made are so radically different from those about us that no one need doubt as to the result should the exact facts be known.

MISCELLANEOUS.

There are two classes of cotton garments made for the American trade, viz, termed fantastic—extremely high class; made principally in Paris; price not cutting such a high figure as the style and quality of the trimmings and materials used.

In amount this class constitutes about 10 per cent of the total importation.

The great bulk of the foreign garments manufactured are of a low-priced, classical character for the use of the masses, and are gotten up to be sold at the lowest possible price.

The greater part of these low-grade goods are made in that section of France and Belgium formerly known as Flanders, though many of the hand-embroidered garments are made in the Department of Lorraine.

It is a well-known fact that with one exception living in these sections is at a lower percentage of cost than anywhere else in Europe.

In some towns and cities in Picardy and northern France it is computed that fully 70 per cent of the people patronize the Boucherie Hippique, or horse butchers.

Other conditions, such as amusements, housings, and all those things that go toward forming a home, are on a commensurate scale; consequently labor, with no incentive, becomes cheap.

These garments were formerly made entirely by hand, but the rapid strides made by the leading makers of American sewing machines have worked wonders.

We find at present factories of upward of three to five hundred operators, manufacturing this low grade of women's cotton garments, at wages ranging from 15 francs to 30 francs weekly.

The overhead expenses of these establishments are very small compared to similar American plants; shipping facilities are good; being within easy distance of the coast, goods can be landed in New York with no more expense than if shipped from any point in our Eastern States to New York City.

Then again, the cotton materials of which these garments are made are manufactured on the ground, so to speak, these mills all being situated in northern France, near certain streams famed for their bleaching properties.

The manufacturer is not obliged, therefore, to provide large floor space for the storing of reserve raw material as his American competitors do now.

With all these advantages, amounting to about 70 per cent in his favor, what will be the future of the American manufacturer if, in addition to the constantly changing whims of the fickle Goddess of Fashion; with a growing expense account and increased cost of labor, he is to face an inroad of low-cost merchandise, thrown on our market by foreign makers who have no interest in our people, our country, or its institutions other than a financial one?

The writer has thoroughly investigated this subject, having made semiyearly trips abroad for many years as European buyer of these goods for leading New York stores, visiting all the various countries where these goods are manufactured.

This matter is a very serious one to a large number of people and should be dealt with in an enlightened manner, consistent with the facts.

Respectfully, yours,

MENAGH & Co.,
Per L. R. MENAGH.

MISCELLANEOUS.

The following is a copy of a letter circulated by Messrs. Hornblower & Weeks, of Boston:

BOSTON, *January 3, 1913.*

The Harmony Mills, located at Cohoes, N. Y., operates over 206,000 spindles, making a medium grade of gray goods or converters' cloth. The capitalization per spindle amounts to approximately \$7.26 in notes, \$7.26 in preferred stock, and \$6.60 in common stock. The notes were issued to provide for new construction and the ordinary floating indebtedness of a mill corporation, representing purchases of cotton, etc. All this new construction has been completed, all new machinery installed, and surplus earnings will now be applied to the retirement of the notes. This will ultimately make the preferred stock a first lien on the property at about \$7.26 per spindle, which is one of the lowest capitalizations in the industry.

The new machinery is of the most modern type, including over 5,000 Northrop automatic looms. The entire property has been put in splendid condition, and as it stands to-day could not be duplicated at a cost much below \$25 per spindle.

Although the mill was not fully tuned up and operated at only about 70 per cent during the last quarter, costs were very low. The mill is to-day probably running

MISCELLANEOUS.

fuller than any similar mill in New England, is sold well ahead, and showing preferred dividends amply earned.

The kind of cloth manufactured can be produced in this country in competition with any foreign product, and, in fact, a considerable quantity is exported from this country each year. A cotton mill capitalized and operated on the above basis should be able to make good profits irrespective of tariff changes and other political conditions. In the present case we can say that the management views tariff revision with no apprehension.

The property is controlled by the Draper Co. and Saco-Pettee Co. interests through ownership of all the outstanding common stock. They are well known as among the world's leading manufacturers of textile machinery, and we do not know of any other case in which they have acquired so large an interest in a mill corporation.

The management is in the hands of the following: President, George A. Draper, Hopedale, Mass.; treasurer, Albert Greene Duncan, Boston, Mass. Directors, the above and Ex-Gov. Eben S. Draper, of the Draper Co., Boston; Frank J. Hale, of the Saco-Pettee Co., Boston; Robert F. Herrick, of Fish, Richardson, Herrick & Neave, Boston; Henry Hornblower, of Hornblower & Weeks, Boston; Lorenzo Semple, executor of the Garner estate, New York; Thomas W. Slocum, of Minot, Hooper & Co., New York; R. Paul Snelling, of the Saco-Pettee Co., Boston.

The preferred stock is selling at 118 and accrued dividend to net approximately 6 per cent free of tax in Massachusetts, at which price we offer any part of 300 shares. We can, if you desire, send you more complete information as to how the property was acquired by the above interests and put in its present condition on this very low capitalization.

Yours, truly,

HORNBLOWER & WEEKS.

STATEMENT BY HORNBLOWER & WEEKS.

Under date of January 4, 1913, there was sent out from the office of this firm a circular in reference to preferred stock of the Harmony Mills, which circular, contrary to the usual practice of this office, and by mistake, was not shown to any of the partners of this firm, nor to the officers or directors of the mill, before it was sent out.

This circular, among general statements in reference to the mills, its capitalization, equipment, etc., contained a statement to the effect that the management of the mills viewed tariff revision with no apprehension.

The officers of the corporation were named in the circular, including President George A. Draper and Ex-Gov. Eben S. Draper, of Massachusetts, one of the directors.

Since that time we have seen in the public prints various statements, some of them quoting accurately portions of the circular and others referring to it inaccurately, but to the general effect that the management of this mill had expressed themselves as having no fear of the action of the Democratic Party in the matter of tariff revision with respect to the prosperity of this company, and referring particularly to this as representing the views of Ex-Gov. Eben S. Draper, of Massachusetts, and his brother, George A. Draper, and this circular was referred to in the hearings before the Ways and Means Committee in Washington by a member of the committee when the cotton schedule was under discussion, and was offered as representing the views of Ex-Gov. Eben S. Draper, of Massachusetts, and his brother, George A. Draper.

The Messrs. Draper and the other directors have informed us and, because of the foregoing, desire us to publish that their views are not in accordance with the circular, so far as it refers to the tariff, but entirely at variance therewith.

HORNBLOWER & WEEKS.

BRIEF OF GARVIN & CO., NEW YORK, N. Y.

NEW YORK, April 7, 1911.

Hon. OSCAR W. UNDERWOOD,

*Chairman Committee of Ways and Means,
Washington, D. C.*

MY DEAR CONGRESSMAN: We desire to commend for the consideration of the committee about to present or frame a new tariff act or amendments to the present law the following:

That so far as the cotton schedule is concerned, we believe that the schedule covering cottons of the tariff of 1883 would be the very best your committee could recom-

MISCELLANEOUS.

mend. First, it was plain and simple to understand; second, it was a good revenue producer; third, it gave sufficient protection to American manufacturers.

(We might add now that at the present time the manufacturers do not need so much protection, but by reenacting the law of 1883 they could not offer valid objection.)

We believe we voice the sentiment of the majority, or nearly all the membership of the National Association of Custom Brokers, of which our firm are prominent members, in saying that we are vitally interested in reasonable and intelligent tariff legislation which means a general downward revision of the tariff. We call your attention in a special manner to the cotton schedule.

We hope that our suggestion will be remembered kindly by your committee, and wishing you the greatest amount of success, we are,

Respectfully, yours,

E. L. GARVIN & Co.

COTTON MILL STATISTICS.

[Geo. N. Duffee, banker and broker, Fall River, Mass.]

Name of corporation.	Dividends payable.	Capital.	Spindles.	Date of report.	Net surplus.	Net debt.	Last sale.	Price per spindle.
American Linen Co.	JAJO	\$300,000	94,528	Nov. 6, 1912	.....	\$180,597	81	8.77
Arkwright Mills	do	68,432	65,432	Oct. 22, 1912	.....	253,568	70	8.31
Barnard Manufacturing Co.	do	500,000	80,301	Oct. 24, 1912	.....	416,797	70	9.55
Border City Manufacturing Co.	FMAN	1,000,000	121,228	Nov. 6, 1912	\$138,762	.....	108	7.76
Bourne Mills	do	1,000,000	91,258	Oct. 16, 1912	.....	141,742	110	13.61
Chace Mills	JAJO	1,200,000	114,096	Oct. 23, 1912	228,409	.....	115	10.09
Charlton Mills	do	1,500,000	51,352	Nov. 4, 1912	.....	406,228	84	21.00
Connicut Mills	JAJO	251,700	29,412	Oct. 23, 1912	16,410	.....	160	8.00
Cornell Mills	do	400,000	45,040	Nov. 12, 1912	191,340	.....	170	10.85
Davis Mills	do	1,250,000	130,368	Oct. 22, 1912	.....	423,531	101	12.88
Durfee Mills 1	do	500,000	44,728	Dec. 31, 1912	93,336	.....	90	7.97
Durfee Mills 2	do	500,000	143,952	Oct. 21, 1912	488,974	.....	.....	.....
Flint Mills	JAJO	1,100,000	107,000	Nov. 4, 1912	1,851	.....	97	10.50
Granite Mills	FMAN	1,000,000	122,048	Oct. 28, 1912	143,437	.....	112	8.00
Hargraves Mills	JAJO	800,000	115,874	Oct. 31, 1912	.....	150,806	60	5.44
King Philip Mills	do	1,500,000	135,232	do	750,174	.....	135	9.43
Laurel Lake Mills	do	600,000	60,464	Oct. 15, 1912	185,739	.....	145	14.06
Lincoln Manufacturing Co.	do	1,250,000	105,000	Oct. 22, 1912	.....	251,877	98	11.32
Luther Manufacturing Co.	FMAN	350,000	52,048	Oct. 30, 1912	71,447	.....	185	11.07
Merchants Manufacturing Co.	JAJO	1,250,000	134,336	Oct. 23, 1912	38,619	.....	98	8.83
Mechanics Mills	do	750,000	60,512	Nov. 7, 1912	268,353	.....	90	6.72
Narragansett Mills	do	400,000	54,192	Oct. 30, 1912	.....	47,917	115	9.11
Ostorn Mills	do	750,000	70,332	Dec. 31, 1912	222,067	.....	70	6.46
Parker Mills	do	800,000	111,684	Nov. 5, 1912	.....	161,413	108	10.45
Pilgrim Mills 2	do	1,007,600	50,112	Dec. 28, 1912	41,165	.....	130	8.98
Pocasset Manufacturing Co.	MJSD	1,200,000	120,016	Nov. 1, 1912	393,507	.....	175	14.17
Richard Borden Manufacturing Co.	JAJO	1,000,000	100,944	Nov. 12, 1912	.....	28,481	62	8.70
Sagamore Manufacturing Co.	FMAN	1,200,000	150,200	Oct. 23, 1912	.....	223,031	88	6.92
Seaconnet Mills	JAJO	600,000	68,384	Nov. 7, 1912	.....	53,533	92	9.30
Shove Mills	do	550,000	77,728	Dec. 31, 1912	49,317	.....	117 1/2	.....
Stafford Mills	do	1,000,000	114,584	Oct. 22, 1912	.....	145,200	90	10.17
Stevens Manufacturing Co. 3	do	700,000	.....	Dec. 31, 1912	217,916	.....	90	10.07
Tecumseh Mills	do	750,000	78,896	Oct. 22, 1912	.....	.....	120	8.65
Troy C. & W. Manufacturing 4	do	300,000	50,880	Dec. 31, 1912	.....	41,000	1,100	13.78
Union Cotton Manufacturing Co.	FMAN	1,200,000	110,496	Oct. 23, 1912	322,563	.....	210	15.38
Wampanoag Mills	JAJO	750,000	54,760	Oct. 28, 1912	.....	187,316	90	10.17
Weatmore Mills	do	500,000	45,594	Dec. 31, 1912	.....	8,128	90	10.07

1 Private ownership—no sales of stock.
 2 Preferred stock, \$350,000. Common stock, \$657,600.
 3 Makes quilts and fancy goods.
 4 Par value of shares, \$500. This corporation owns about \$300,000 worth of central city real estate which is not included in the mill statement.
 JAJO—Dividends January, April, July, October.
 FMAN—Dividends February, May, August, November.
 MJSD—Dividends March, June, September, December.
 Par value of all shares \$100 except those of the Troy C. & W. Manufacturing.
 Attention is called to the fact that shares in these corporations are nontaxable to resident owners in Massachusetts.

New Bedford and Fall River mill statistics, No. 8, November, 1912.

[Hawes, Tewksbury & Co., members Boston Stock Exchange.]

NEW BEDFORD MILL CORPORATIONS.

Name of mill.	Dividends paid 1912 to date.	Total dividends paid in years.										Change in capitalization 1901-1912.	Stocks and bonds outstanding.	Number of spindles.	Number of looms.	Capitalization per spindle.	Class of goods.
		1911	1910	1909	1908	1907	1906	1905	1904	1903	1902						
Acushnet.....	March, \$2; June, \$2; September, \$2; December, ¹	8	16	16	16	16	16	16	16	16	16	16	105,336	3,700	\$9.49	Sheetings, twills, silks, cottons.	
Booth com. ²	{ Entitled to dividend after preferred has been paid.												{ 350,000	1,300	34.03	{ Fine plain fancy cotton and silk goods.	
Booth pfd ³	Dividends accrue from July 15, 1911.												\$ 750,000				
Bristol.....	March, \$1; June, 0; September, 0; December, ¹	5	6	6	6	6	2½	0	2	4	4		67,000	1,900	14.92	Twills, fancy cottons.	
Butler.....	March, \$2; June, \$2; September, ² ; December, ^{0,1}	8	8	9	8	8	5	0	0				105,000	2,100	14.28	Fine cotton, plain and fancy yarns.	
City.....	February, \$1.75; May, 0; August, 0; November, ⁰	9½	16	16	18	25	14	9	8½	10	8½		58,096		12.90	Fine yarns.	
Dartmouth com.....	March, \$4; June, \$4; September, \$4; December, ¹	16	16	13	66	66	26	20	8	8	8		{ 300,000	5,700	13.00	{ Fine, plain Jacquards.	
Dartmouth pfd.....	March, \$1.25; June, \$1.25; September, \$1.25; December, ¹	5	5	5									{ 1,200,000			{	
Gosnold com.....	Owned by N. E. Cotton Yarn.		0	0	0	0	0	0	0	0	0		\$25,000				
Gosnold, pfd.....	May, \$3; November, \$3.	6	6	6	6	15	15	0	0	0	0		\$25,000	3,264	20.06	Fine goods.	
Grinnell.....	March, \$2; June, \$2; September, \$2; December, ¹	8	8	8	8	8	12	6	6	6	6		1,000,000	3,100	7.81	Plain and fancy silk filling.	
Hathaway.....	March, \$2.50; June, \$2.50; September, \$2.50; December, ¹	10	10	10	10	40	10	10	10	10	10		800,000	3,700	7.33	Fine cottons.	
Holmes com ¹	Entitled to dividend after preferred has been paid.												\$ 600,000		20.00	Fine yarns.	
Holmes pfd ²	February, \$1.50; May, \$1.50; August, \$1.50; November, \$3.	6											\$ 600,000				

SCHEDULE I.

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Kilburn.....	January, \$1.50; April, \$1.50; July, \$1.50; October, \$1.50.	6	6	6	6	5	0	0do.....	1,500,000	119,120	12.59	Fine cotton and all combed yarns.	
Manomet.....	February, \$2; May, \$2; August, \$2; November, \$2.	8	8	8	8	5	0	0	.....do.....	2,000,000	127,000	.....	15.74	Combed hosiery yarns.
Nashawena ²	Dividends paid when earned.	0	0	.....	.....	.....	.....	.....	.....	3,000,000	125,000	3,322	19.84	Plain and fancy gray, fine cotton cloths.
N. Bed. cot. com. ²	Entitled to dividends after preferred has been paid.	.....	.....	.....	.....	.....	.....	.....	.....	3,500,000 4,350,000 6,750,000	73,000	1,400	21.91	Fine cotton, plain and fancy, and cotton yarn.
N. Bed. cot. pfd. ²	January, April, July, \$1.50; October, \$1.50.	0	0
N. E. cot. yarn com. ²	April, \$3.75; October, \$3.75.	7½	6	6	6	3	0	0
N. E. cot. yarn pfd. ²	February, \$1.50; May, \$1.50; August, \$1.50; November, \$1.50.	6	6	6	6	6	6	1½	.....	34,827,000 43,900,000 62,000,000	540,000	.....	20.09	Yarns.
Page.....	February, 0; May, 0; August, 0; November, 0.	4	5½	5	1½	.....	.....	.....	.....	1,000,000	63,000	1,740	15.87	Cotton cloth, fine, combed.
Pierce.....	March, \$6; June, \$6; September, \$6; December, \$6.	24	22	16	16	32	27	9	8	600,000	116,008	3,592	5.17	Fine cotton, plain and fancy.	
Potomska.....	January, \$1.50; April, \$1.50; July, \$1.50; October, \$1.50.	6	6	6	6	6	6	6	.....	1,200,000	109,000	2,600	11.00	Linens, lawns, satens, fancies.
Quisset com. ²	Dividends paid when earned.
Quisset pfd. ²	June, \$1.25; September, 0; December, \$3. ⁶	.....	.....	.....	.....	.....	.....	.....	.....	1,250,000 3,305,000 135,000	80,000	.....	19.37	Fine yarns.
Sharp com. ²	Entitled to dividends after preferred has been paid.	.....	.....	.....	.....	.....	.....	.....	.....	4,900,000	60,000	.....	20.00	Do.
Sharp pfd. ²	Dividend paid Nov. 1, \$1.50.	6,300,000
Soule.....	February, 0; May, 0; August, 0; November, 0.	4½	8	8	8	8	6½	2	0	.....	93,000	2,300	13.54	Lawns, dimities, lenes, fancies.
Taber.....	February, 0; May, 0; August, 0; November, \$1.50.	6	6	0	0	.....	.....	.....	.....	1,300,000	70,720	1,692	18.38	Fine cotton, poplins.
Wamsutta.....	March, \$1.50; June, \$1.50; September, \$1.50; December, \$1.50.	6	6	6	6	11	6	6	6	3,000,000	230,000	4,100	13.04	Sheetings, cambrics, etc., and yar.s.	

¹ Next dividend due.
² New mill.
³ Bonds.
⁴ Common stock.
⁵ Preferred stock.
⁶ Paid in adjustment of bonds exchanged for preferred stock.

New Bedford and Fall River mill statistics, No. 8, November, 1912—Continued.
NEW BEDFORD MILL CORPORATIONS—Continued.

Name of mill.	Dividends paid 1912 to date.	Total dividends paid in years.										Change in capitalization 1901-1912.	Stocks and bonds outstanding.	Number of spindles.	Number of looms.	Capitalization per spindle.	Class of goods.	
		1911	1910	1909	1908	1907	1906	1905	1904	1903	1902							
Whitman.....	February, \$1.50; May, \$1.50; August, \$1.50; November, \$1.50.	9½	10	9	8	8	8	6½	6½	8	8	8	8	2,000,000	159,872	4,432	12.51	Fine plain and fancy cotton goods, cotton and silk fabrics.
Am. linen.....	February, 0; May, 0; August, \$1; November, 0.	2½	6	6	6	6	6	3	5½	7½	8	8	8	\$800,000	94,528	2,609	8.46	Print cloths and odd counts.
Ancona con.	January, \$1.50; April, \$1.50; July, \$1.50; October, \$1.50.	6	6	6	6	0	0	0	0	0	0	0	0	1,200,000	39,136	1,050	12.77	Prints and satens.
Ancona pfd.	January, 0; April, 0; July, 0; October, 0.	0	2½	6	6	6	4½	3	5½	6	5	5	5	450,000	68,432	1,451	6.58	Odds and specialties of print cloth yarn.
Arkwright.....	February, 0; May, 0; August, 0; November, 0.	3	4	2	0	0	0	0	0	1	4½	4½	4½	350,000	25,424	1,040	13.76	Fine gingham, shirtings, novelties.
Barnaby.....	February, 0; May, 0; August, 0; November, 0.	1½	6	6	7	7	4½	2	0	4½	6	6	6	175,000	80,304	1,816	6.22	Print cloth yarns.
Barnaby pfd	January, 0; April, 0; July, 0; October, 0.	6	6	6	6	2½	9½	3½	3½	6	6	6	6	1,500,000	121,228	2,988	12.37	Converter's goods.
Barnard.....	February, \$1; May, \$1; August, \$1; November, \$1.	6	6	5	4½	5	4	3	3½	9½	12½	12½	12½	1,000,000	91,258	2,700	10.95	Cottons, satens, twills, orders.
Border City.....	February, \$1.50; May, \$1.50; August, \$1.50; November, \$1.50.	6½	8	8	8	6½	6	4½	3	6	6	6	6	1,200,000	114,096	2,639	10.51	Cotton goods.
Bourne.....	January, \$1; April, \$1; July, \$1; October, \$1.	6½	8	8	8	6½	6	4½	3	6	6	6	6	800,000	52,320	1,200	15.28	Fine plain fancy cotton, silk goods, and novelties.
Chace.....	February, 0; May, 0; August, 0; November, 0.	6	6	6	6	6	6	6	6	6	6	6	6	800,000	52,320	1,200	15.28	Fine plain fancy cotton, silk goods, and novelties.
Charlton ?	February, 0; May, 0; August, 0; November, 0.	6	6	6	6	6	6	6	6	6	6	6	6	800,000	52,320	1,200	15.28	Fine plain fancy cotton, silk goods, and novelties.

FALL RIVER MILL CORPORATIONS.

SCHEDULE I.

Conanicut.....	January, \$1; April, \$1; July, \$1; October, \$1.50.	4½	6	6	6	6	6	6	6	4¾	1	5	7	8	.....	251,700	29,412	779	8.55	Fine cottons, fancy goods.
Cornell.....	January, \$2; April, \$2; July, \$2; October, \$2.	8	18	11	16	12½	4¾	4	6½	7	.....	.....	.....	.....	.....	400,000	45,040	1,114	8.88	Print cloths, odd counts.
Davis.....	March, \$1.50; June, \$1.50; September, \$1.50; December, \$1.50.	6	6	6	6	6	6	6	6	0	1½	0	0	.....	Stock dividend, 25 per cent, 1900.	1,250,000	130,368	2,442	9.58	Fine and fancy cottons.
Davol.....	January, \$1.50; April, \$1.50; July, \$1.50; October, \$1.50.	6	6	6	6	6	6	6	6	1	4	4	6	6	Stock dividend, 25 per cent, 1907.	500,000	44,672	1,268	11.19	Sateens, plain and fancy goods.
Flint.....	January, 0; April, \$1; July, \$1; October, \$1.	3½	6	6	8	12	6½	4	6	4	4	4	6	6	Stock increase, 100 per cent 1900.	1,160,000	107,000	2,460	10.84	Cottons to order, medium yarns.
Granite.....	February, \$1; May, \$1; August, \$1; November, 0.	6½	8	8	8	10	8½	4½	6	8	6	8	8	8	.....	1,000,000	122,002	3,900	8.19	Plain and fancy cotton goods to order.
Hargraves.....	January, 0; April, 0; July, 0; October, 0.	7	10	7	6	5½	1	0	2	5½	6	.....	.....	.....	{ 1,355,000 } { 800,000 }	115,874	3,100	6.90	Fine cotton goods.	
King Philip.....	January, \$1.50; April, \$1.50; July, \$1.50; October, \$1.50.	6	6	6	6	6	6	6	6	6	6	6	6	16	{ 50 per cent 1906 } { cash or stock.	1,200,000 1,500,000	134,112	3,000	12.67	Fine cotton.
Laurel Lake.....	February, \$1; May, \$1; August, \$1.50; November, \$1.50.	6	8	8	13	14	11	5½	8	6	5½	8	6	6	Stock dividend, 100 per cent, 1907.	600,000	60,464	1,628	9.92	Print cloths and odds.
Lincoln.....	February, \$1.50; May, \$1.50; August, \$1.50; November, \$1.50.	6	0	0	0	0	0	0	0	0	0	0	0	0	.....	1,250,000	165,000	2,200	11.90	Fine and fancy cotton, combed goods.
Luther.....	do.	6	7	6	3	0	0	0	0	0	0	0	0	0	.....	350,000	52,048	1,100	6.72	Muslin and lawns.
Mechanics.....	January, \$1; April, \$1; July, \$1; October, \$1.	4½	6	7½	7	6	3	1	3	4	4	4	4	4	.....	750,000	60,512	1,550	12.39	Plain and fancy goods, medium yarn.
Merchants.....	January, 0; April, \$1; July, \$1; October, \$1.	2½	6	6	6	6	5½	4	2	4	2	4	4	4	Stock dividend 50 per cent, 1907.	1,200,000	134,336	3,361	8.93	Print cloths, odd counts.
Narragansett.....	January, \$1; April, \$1; July, \$1.50; October, \$1.	6½	8	8	8	11½	8	4	5	6	6	6	6	6	.....	400,000	54,192	1,240	7.38	Prints, sateens, twills.
Osborn.....	January, \$1.50; April, \$1.50; July, \$1.50; October, \$1.50.	6	6	6	6	6	6	6	6	6	6	6	6	6	.....	750,000	70,332	1,904	10.66	Cotton goods.
Parker.....	January, 0; April, 0; July, 0; October, 0.	7	10	7	6	5½	1	0	2	7	8	.....	.....	.....	{ 1,575,000 } { 800,000 }	111,084	2,484	7.16	Fine cottons.	
Pilgrim com. 2.....	Authorized to dividend after preferred has been paid.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4,700,000	50,112	1,156	20.95	Cambrics, lawns, sateens, etc.
Pilgrim preferred 2.....	Dividends accrue from Sept. 1, 1911.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	8350,000	.....	.....	.....	.....
Pocasset.....	March, \$1; June, \$1; September, \$1; December, 3.	4	6	6	6	6	6	6	6	4½	6	6	6	6	Stock dividend 100 per cent, 1907.	1,200,000	120,016	2,805	9.99	Sateens, twills, and plain cloths.

1 Common stock.
2 Preferred stock.

1 Bonds.
2 New mill.
3 Next dividend due.

New Bedford and Fall River mill statistics, No. 8, November, 1912—Continued.

FALL RIVER MILL CORPORATIONS—Continued.

Name of mill.	Dividends paid 1912 to date.	Total dividends paid in years.										Change in capitalization 1901-1912.	Stocks and bonds outstanding.	Number of spindles.	Number of looms.	Capitalization per spindle.	Class of goods.
		1911	1910	1909	1908	1907	1906	1905	1904	1903	1902						
Richard Borden.....	January, \$1.50; April, \$1.50; July, \$1.50; October, \$1.50.	7	10	8	13	20	6½	5½	6	5½	6	6	1,000,000	100,944	2,603	9.90	Plain and fancy weaves from print cloth yarns.
Sagamore.....	February, \$1.50; May, \$1.50; August, \$1.50; November, \$2.	7	8	8	12	30	20	5	4	4½	7½	1,200,000	148,880	3,542	8.06	Prints.	
Seaconnet.....	January, 0; April, 0; July, 0; October, \$1.	0	6½	6	4½	1½	0	0	1	5	5	600,000	68,384	1,690	8.77	Print cloths and odd counts.	
Shove.....	January, 0; April, \$1; July, \$1; October, \$1.	4	6	6	6	4½	4	0	0	3	4	{ 1,350,000 550,000 }	{ 77,728 114,584 }	{ 2,100 2,675 }	{ 11.55 8.72 }	{ Prints and odds. Prints.	
Stafford.....	January, 0; April, 0; July, \$1; October, \$1.	1½	6	6	6	5½	4	1	0	4	4	1,000,000	63,000	445	11.11	Damask and crash quilts.	
Stevens.....	January, \$1.50; April, \$1.50; July, \$1.50; October, \$1.50.	6	6	6	1½	5½	5	4½	6	8	8	700,000	78,960	1,696	9.49	Print cloth yarns and odd counts.	
Tecumseh.....	do.....	6	6	6	9½	14½	6	4½	5½	6	6	750,000	50,304	1,138	11.92	Plain weaves from print cloth yarns.	
Troy, par \$500.....	February, \$10; May, \$10; August, \$10; November, \$10.	8½	12	13	21	67	20	11	11	16	20	{ 1,300,000 300,000 }	{ 110,128 84,760 }	{ 2,854 2,068 }	{ 10.89 8.8 }	{ Prints, wide goods. Wide goods, twills, satteens, fancyes.	
Union cotton.....	February, \$1.50; May, \$1.50; August, \$1.50; November, \$1.50.	6	6	28½	6	32½	18½	6	4½	6	6	1,200,000	45,504	1,231	10.98	Odd goods and fancyes.	
Wampanoag.....	January, 0; April, \$1; July, \$1; October, \$1.	1½	6	6	4	4	2	0	1	3	4	750,000	84,760	2,068	8.8	Wide goods, twills, satteens, fancyes.	
Weetamoc.....	January, 0; April, \$1.50; July, \$1.50; October, \$1.50.	2½	6	6	6½	6½	4½	2	2	4	4	500,000	45,504	1,231	10.98	Odd goods and fancyes.	

¹ Bonds.

This concludes the hearings on Schedule I.

SCHEDULE J.

FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

SCHEDULE J—FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
January 24 and 25, 1913.

The committee met at 10 o'clock a. m., Hon. Oscar W. Underwood in the chair.

Present with the chairman: Messrs. Harrison, Shackleford, Kitchin, James, Rainey, Dixon, Hull, Hammond, Peters, Palmer, Payne, McCall, Hill, Fordney, Longworth.

The CHAIRMAN. The committee will come to order.

Gentlemen, since this is a new schedule that we are taking up, I would like to announce that the arrangement of the committee has been to allow each witness 10 minutes as his own time. Of course, the time that is taken up in cross-examination by the committee is not supposed to come out of the witness's time, but out of the committee's time. Our purpose in limiting the witnesses to 10 minutes is not to prevent them having a sufficient time to explain their case, but, on account of the large number of witnesses that are often here, it is necessary to put a limitation on the time, or we could not get through with these schedules.

PARAGRAPH 333.

Flax straw, five dollars per ton.

PARAGRAPH 334.

Flax, not hackled or dressed, one cent per pound.

PARAGRAPH 335.

Flax, hackled, known as "dressed line," three cents per pound.

PARAGRAPH 336.

Tow of flax, twenty dollars per ton.

FLAX.

TESTIMONY OF J. E. BARBOUR, REPRESENTING THE ALLENTOWN SPINNING CO., ALLENTOWN, PA.

The witness was duly sworn by the chairman.

Mr. BARBOUR. Mr. Chairman, I requested time on two paragraphs—one on jute and the other on linen thread. I was assigned time on both of those, but through some mistake they only printed one. I would like to start first with Schedule J, paragraphs 333, 334, 335, 336, 340, and 341.

The CHAIRMAN. Very well; proceed.

Mr. BARBOUR. I have been all my life in the manufacture of linen thread and two years ago I personally erected, started, and own in Paterson, N. J., an independent plant for the manufacture of linen

PARAGRAPHS 333-336—FLAX.

thread and wish to put before your committee some points that may help in fixing a new schedule.

Schedule J, paragraphs 333, 334, 335, 336, 340, and 341, cover linen thread and twines manufactured from flax.

I wish your committee to take into consideration the fact that the duty on flax machinery is 45 per cent, practically all of which machinery must be imported.

My plant cost me just over 50 per cent more than I could have erected one precisely the same abroad.

The average of the wages paid in this country over Great Britain and eastern Germany is as follows:

Great Britain: Rovers, 264 per cent; spinners, 380 per cent; reelers, 321 per cent.

Eastern Germany: Rovers, 288 per cent; spinners, 311 per cent; and reelers, 400 per cent.

There is no difference in the efficiency of the help.

There is no flax grown in this country that is possible for me to use, and there is not 5 per cent that is possible for any one to use. The flax grown in this country is grown for the production of seed and it is no more suitable for spinning than a radish is for eating that is allowed to go to seed. I do not believe flax will ever be grown in this country to compete with Belgium, Ireland, or Russia.

I would make the following suggestions: Paragraph 333, flax straw, present tariff \$5 per ton, free. Flax unhackled or dressed, present tariff 1 cent per pound, free. Paragraph 335, flax hackled, known as dressed line, 3 cents per pound, free. Paragraph 336, tow of flax \$20 per ton, free.

If all this raw material was put on the free list it would in no way adversely affect those concerns or the labor employed in hackling or dressing flax in this country, as a certain amount of hackling is necessary for the successful prosecution of the business in this country and only this amount is being done at present.

With free raw material a reduction of about 10 per cent can be made on the amount of the present tariff on finished goods.

Paragraph 340; threads, twines, or cords, made from yarn not finer than 5 lea or number, composed of flax, hemp, or ramie, or of which these substances or either of them is the component material of chief value, 10 cents per pound; if made from yarn finer than 5 lea or number, 12 cents per pound and three-quarters of 1 cent per pound additional for each lea or number or a part of a lea or number, in excess of 5.

The first part of this paragraph, I suggest, should read 9 cents per pound instead of 10 cents, equivalent to a reduction of 10 per cent. Yarns of this description are not made from dressed line but from tow or hemp dutiable at \$20 per ton.

"If made from yarn finer than 5 lea or number, 12 cents per pound and three-quarters of 1 cent per pound additional for each lea or number or part of a lea or number in excess of 5 lea," should read 12 cents per pound and five-eighths of 1 cent additional, instead of three-quarters of 1 cent per pound.

The imports in 1910 were as follows: Five hundred and fifty-five thousand five hundred and eighty-six pounds, with a value of \$353,853, paying a duty of \$114,867, making the United States value, or the value laid down in this country, duty paid, \$498,720.

PARAGRAPHS 333-336—FLAX.

In 1911 the imports were 576,903 pounds, with a value of \$360,288, with a duty amounting to \$146,258, making the value laid down, duty paid, in this country of \$506,546.

In 1912 the imports were 647,842 pounds, having a foreign value of \$459,914, paying a duty of \$170,455, with a value, duty paid, in this country of \$630,369. These imports equal about one-sixth of the production of this class of goods in this country.

The effect of reducing this one-eighth of 1 cent per number is equivalent to a reduction of 10 per cent of the present tariff on the whole range of numbers from 14 to 60 lea which embrace all the practical numbers of the trade. I adopt this method of reduction as I consider it better than an alteration of the base or specific portion of the paragraph, as it provides a regular and, everything considered, a more uniform reduction than though the base is reduced.

I would also say that there are great practical objections to a purely ad valorem tariff, so far as linen thread is concerned. It is very difficult for any one to tell the value of a linen thread by any ordinary method of examination.

You can not depend upon appearances as a third or fourth quality thread can be made to look just as well as a first quality. It can be spun just as fine; it can be leached and dyed the same colors and to all outward appearances it is just as good, but the real test is in the practical working, and running it on a high-speed sewing machine. The result is that high-grade threads which will run on the sewing machines are apt to be brought in under low valuation, especially if a foreign manufacturer bills to his own house in this country. The customhouse in previous years has had considerable experience in ad valorem valuations.

Paragraph 341. Single yarns in the gray, made of flax, hemp, or ramie, or a mixture of any of them, not finer than 8 lea or number, 6 cents per pound; finer than 8 lea or number and not finer than 80 lea or number, 40 per cent ad valorem; single yarns made of flax, hemp, or ramie, or a mixture of any of them, finer than 80 lea or number, 15 per cent ad valorem. Ramie sliver or roving, 35 per cent ad valorem.

The first part of this paragraph, "Not finer than 8 lea or number, 6 cents per pound," I would recommend should read 5 cents per pound instead of 6 cents, this amounting to 16 $\frac{2}{3}$ per cent reduction.

"Finer than 8 lea or number and not finer than 80 lea or number, 40 per cent ad valorem;" I would leave this as at present, due entirely to the fact that we have not now protection enough, as the records for the last three years show, as follows:

In 1910 there were 1,440,452 pounds, with a value of \$354,811.81, paying a duty of \$135,143.94.

In 1911 there were 1,934,354 pounds, with a value of \$551,775, paying a duty of \$217,868.47.

In 1912 there were 2,135,830 pounds, with a value of \$544,217, and paying a duty of \$217,686.

The figures for 1912 are estimated, and this shows an amount which, I should judge, must be from 35 per cent to 40 per cent of the consumption of these yarns in this country.

The last portion of this paragraph, "finer than 80 lea or number 15 per centum ad valorem." This should remain as it is. This is not sufficient protection to have it manufactured in this country, but

PARAGRAPHS 333-336—FLAX.

this protection at least is required to prevent importation of sizes to compete with heavier numbers.

Ramic sliver or roving should remain as it is—35 per cent—as it is not a raw material, but is advanced in the process of manufacture.

The argument for specific duty on linen thread does not hold in single yarns in the grey as these are sold just as they are produced by the spinning frame without any finishing, and they are a standard commercial article in the manufacturing centers of Europe and are quoted regularly on the exchanges. The difference in appearance is quite marked between the different qualities and can be determined by anyone familiar with the trade. For this reason I believe an ad valorem duty is equitable, just, and satisfactory to everyone.

All of these recommendations as to reductions in the tariff on the finished goods are based wholly on the supposition that the duty is removed from raw flax, tow and dressed line; otherwise these paragraphs should be left as they are, as I can see no chance of reduction with fairness to the industry.

I have here a short statement giving a comparison between the present tariff and the proposed reduction, showing the amount of the present ad valorem rate and the amount under the new specific rate, and how they would work out ad valorem.

The CHAIRMAN. You may file that and we will examine that in the record.

Comparison between present tariff and proposed reduction if raw material is admitted free, in connection with brief submitted by J. E. Barbour, Lake View Mills, Paterson, N. J.

SCHEDULE J, PARAGRAPH 340.

Lea.	Foreign prices.	Present tariff, 12 cents and $\frac{1}{4}$ additional.		Proposed tariff, 12 cents and $\frac{1}{8}$ additional.		Rate per cent reduction.
		Cents.	Ad valorem rate.	Cents.	Ad valorem rate.	
	<i>Cents.</i>					
14.....	58	18 $\frac{3}{4}$	32.3	17 $\frac{1}{8}$	30.4	5.88
16.....	60	20 $\frac{1}{4}$	33.8	18 $\frac{1}{8}$	31.4	7.10
18.....	62	21 $\frac{3}{4}$	35	20 $\frac{1}{4}$	32.4	7.43
20.....	64	23 $\frac{1}{4}$	36.3	21 $\frac{3}{8}$	33.5	7.71
22.....	66	24 $\frac{3}{4}$	37.5	22 $\frac{3}{8}$	34.3	8.53
25.....	72	27	37.5	24 $\frac{1}{8}$	34	9.32
28.....	74	29 $\frac{1}{4}$	39.5	26 $\frac{3}{8}$	35.6	9.87
30.....	78	30 $\frac{3}{4}$	39.5	27 $\frac{3}{8}$	35.3	10.63
35.....	85	34 $\frac{1}{4}$	40	30 $\frac{7}{8}$	36.1	9.75
40.....	95	38 $\frac{1}{4}$	40.2	33 $\frac{3}{8}$	35.7	11.19
45.....	101	42	41.6	37	36.6	12.02
50.....	112	45 $\frac{3}{4}$	40.8	40 $\frac{1}{2}$	36	11.76
60.....	127	53 $\frac{1}{4}$	42	46 $\frac{3}{8}$	36.5	13.10

Mr. BARBOUR. The second portion of my remarks, Mr. Chairman, have reference to Schedule J, paragraphs 338 and 578.

Single yarns made of jute, not finer than 5 lea or number, 1 cent per pound and 10 per cent ad valorem; if finer than 5 lea or number, 35 per cent ad valorem; yarns made of jute not otherwise specially provided for in this section, 35 per cent ad valorem.

Most of the importations from abroad, I believe, would come under the first portion of this paragraph; that is, not finer than 5 lea or number.

PARAGRAPHS 333-336—FLAX.

The average foreign prices for the last three years, from custom-house records, have been as follows: 1910, $4\frac{1}{2}$ cents; 1911, 4.6 cents; 1912, 5.9 cents; and the quotations from Dundee dated December 12 on 15 pounds carpet yarn, which is the basis size manufactured here, are equivalent to $8\frac{3}{4}$ cents, taking the tariff of 1 cent per pound and 10 per cent ad valorem, we get 1.81 protection, which is about 22 per cent. This is a very low rate of duty.

More than 95 per cent of our machinery must be imported from abroad, on which we have paid 45 per cent duty. The present tariff bill has reduced the rate of duty to 30 per cent, which just depreciates our individual plant in the neighborhood of \$50,000.

Not a new plant, wholly for the manufacture of jute yarns, has been started in this country for the last 10 years, showing that the protection is not sufficient.

A plant in this country costs from 50 to 60 per cent more than abroad.

The average of the wages paid in this country over Great Britain and eastern Germany is as follows:

Great Britain: Rovers, 264 per cent; spinners, 280 per cent; reelers, 321 per cent.

Eastern Germany: Rovers, 288 per cent; spinners, 311 per cent; reelers, 400 per cent.

Our coal and transportation charges are continually advancing.

I recommend that the first portion of paragraph 338 be changed to read: "Single yarns not finer than five lea or number, one and one-half cents per pound and 10 per centum ad valorem," and the balance of this paragraph be allowed to remain as at present, that is, 35 per centum ad valorem.

Paragraph 578, free raw jute, remain free as at present.

The only advantage we have over foreign competition is being on the spot and able to make quicker deliveries, satisfy our customers by calling on them or talking to them over the telephone, but with the very large trade, who carry large stocks, it pays them to buy yarn abroad.

I believe that the one-half cent per pound that I have asked for will not increase the cost to the consumer the slightest, for the following reasons:

The jute trade in this country is most unstable and unsettled. Raw jute advances or declines 50 to 80 per cent one year over the other. When trade is poor abroad and raw material very cheap, our protection here is reduced on account of the ad valorem rate of duty.

Quantities of goods are sent to this market, which compels the mills here to run two-thirds to three-quarters of their production, as they can not compete in price. If this foreign competition was largely eliminated the mills here could make a living and profit without increasing their prices, due to the fact of running steadily.

There has never been the slightest combination or trust in the jute trade in this country, but always the keenest competition.

We do not need this slightly increased protection asked for when trade is good, but when trade is bad we do not get protection under the present tariff law, the very time when it is most needed.

PARAGRAPHS 333-336—FLAX.

Thank you, Mr. Chairman.

The CHAIRMAN. Are there any questions, gentlemen?

Apparently not; you may be excused, Mr. Barbour.

**TESTIMONY OF J. SIDNEY STARLING, ON BEHALF OF THE
FLAXEN FIBER-DOWN CO. (INC.), OF LOCKPORT AND NORTH
TONAWANDA, N. Y.**

Mr. Starling was duly sworn by the chairman.

The CHAIRMAN. Proceed, Mr. Starling.

Mr. STARLING. I beg to appear before you as representing the Flaxen Fiber-Down Co. (Inc.), of Lockport and North Tonawanda, N. Y., of which I am president and manager.

In view of the pending tariff hearing and the probability of changes thereto, we beg to submit the following suggestions in connection with Schedule J, especially referring to paragraphs 333 and 334 of the tariff of 1909.

Paragraph 333 places \$5 per ton on flax straw but does not stipulate whether this straw shall be green, unimproved, just as it is gathered from the virgin soil (see Exhibit A), or whether retted as per Exhibit B, in which condition its value has been improved twofold commercially, as this process of retting whether by the dew method or water process is both laborious and lengthy, consequently the flax straw in the retted condition is much more valuable than the green straw, so called, which heretofore has been considered of but little value in this condition for fiber purposes. However, there are some new industries like ourselves who are using considerable quantities of this green straw for fiber and yarns, but we are put to a great disadvantage when importing same in this crude and unimproved condition in competition with the commercially improved retted straw, so called, both of which are classed at \$5 per ton.

Now, therefore, in view of the above facts we respectfully ask that green flax straw, unimproved, whether straight or broken (see Exhibit C) so as to be baled for transit more conveniently, be admitted free of duty.

In fact we would respectfully ask your committee to seriously consider the advisability of placing all green-flax products, whether straw or fiber to be used for spinning purposes, on the free or favored list. If this is done it will greatly encourage and assist the spinning of linen yarns and the weaving of same in this country thereby not only aid to build up some of the Nation's infant industries but also be the means of placing before the public a line of crashes, towels, coarse linens, etc., such as are now most used in the majority of households at a lower price than at present. See Exhibits D, E, F, and G, all of which are made by us and kindred industries. Our company has recently acquired considerable properties at North Tonawanda, N. Y., and we are equipping a plant there for the purpose of making these goods from the green-flax straw in question.

To further encourage and assist such industries as ours we would beg that your committee does not seriously disturb the present and existing duties now levied on yarns made from flax, hemp, or ramie, or the mixture of any of them and more especially the coarser ones

PARAGRAPHS 333-336—FLAX.

up to and not finer than 18 lea or number, as these are the ones most manufactured in the United States and are also the numbers which come in for the keenest competition from abroad, as we can not compete with these foreign-made yarns if admitted free owing to well-known conditions which exist regarding foreign labor versus home labor. Another factor that works to our disadvantage is the fact that we have to go abroad for nearly all of our machinery, as but very little of it is made in this country but may be as the linen industries of this country flourish.

We believe statistics show that linen industries are suffering more from foreign competition than any other textile industry in this country, and we respectfully suggest that all reasonable assistance and protection be given these industries.

The CHAIRMAN. Is that all?

Mr. FORDNEY. I would like to ask the gentleman a question. You are a manufacturer of these goods in this country?

Mr. STARLING. Yes, sir; experimentally.

Mr. FORDNEY. Are you asking for a lower rate of duty on your finished product?

Mr. STARLING. I beg your pardon?

Mr. FORDNEY. Are you asking for a lower rate of duty to be fixed on your finished product?

Mr. STARLING. No, sir.

Mr. FORDNEY. But you are asking that your raw materials be put on the free list?

Mr. STARLING. In competition; there are two different fibers. This flax [indicating] is retted, and this flax [indicating] is not retted, and the flax that is retted has more labor on it and comes in at \$5 a ton duty. That [indicating], when it comes here, is worth twice as much as that [indicating], because that is the condition where the fiber is taken off and it is more valuable than the green flax.

Mr. FORDNEY. But it is your raw material?

Mr. STARLING. This [indicating] is the raw material.

Mr. FORDNEY. Yes.

Mr. STARLING. Of course, we are interested in raising flax in this country, and we are experimenting in raising a fiber flax. American farmers have been giving most of their attention to the raising of flax for seed, but we want a fiber flax.

Mr. FORDNEY. You would be at a decided disadvantage if Congress put your finished product on the free list and put your raw materials upon the protected list?

Mr. STARLING. We would be at a disadvantage?

Mr. FORDNEY. Yes; would you not?

Mr. STARLING. It would seem to be working doubly against us.

Mr. FORDNEY. That is what the man raising flax would say about your argument, if you got what you want—that you would be protected and he not protected. That is hardly consistent, my friend, to ask that you be protected but that your neighbors' finished product, which is your raw material, be either put on the free list or lowered.

Mr. STARLING. We would be glad to raise our own flax, and we are interesting ourselves in raising our own flax in this country.

PARAGRAPHS 333-336—FLAX.

Mr. FORDNEY. But you can not raise all the flax you put through your factories. You would look to the farmers to raise the flax for you, would you not?

Mr. STARLING. Yes, sir; we would look to the farmers to raise the flax on contract or rent their land.

Mr. FORDNEY. You are asking for an additional duty on your finished product, as I understand you?

Mr. STARLING. No, sir.

Mr. LONGWORTH. You have a certain protection here, a protection on the difference between the duty on raw flax and on this finished product. Now you are asking for additional protection on the raw material.

Mr. STARLING. This [indicating] is not our finished product at all. We do not use this.

Mr. FORDNEY. That is the finished product of the farmer, is it not?

Mr. STARLING. Of the farmer?

Mr. FORDNEY. Yes; the man that raises the flax.

Mr. STARLING. No; this is the product of the man who retts the flax and ships it for fiber purposes. This is the product [indicating] before it has been treated. He treats it either in Europe or in Canada; they treat it and make it more valuable by retting it in water or on the land.

Mr. FORDNEY. When it leaves the farmer it is not further advanced by the farmer than this green flax?

Mr. STARLING. No; not as a rule.

Mr. FORDNEY. Therefore it is his finished product and he puts all his labor and money into it, and whatever state it is in when it leaves him it is his finished product. I will tell you that I am a protectionist; I want to see your industry protected, but I declare I do not like to vote to protect your industry and destroy the other fellow.

Mr. STARLING. No; I think I am not understood. I do not think I made myself plain, because that is not the condition. If you will permit me—

Mr. FORDNEY. Well, I thank you. I hope I have misunderstood you.

Mr. STARLING. Yes. We use green flax, sir.

Mr. FORDNEY. That is, flax straw?

Mr. STARLING. Green flax straw. We use it.

Mr. FORDNEY. Yes.

Mr. STARLING. The green flax straw, just as it comes from the farmer, after he has taken the seed off, and it is broken in that condition and the fiber taken out and these yarns [indicating] we make right here.

Mr. FORDNEY. Yes.

Mr. STARLING. And they are finished up to this [indicating]. This is our finished yarn, made from green flax straw in this country.

Mr. FORDNEY. One is bleached and the other is not.

Mr. STARLING. Those are processes. We take them green and process it in the yarn. That is the way we get it. It is our new way.

Mr. FORDNEY. You bleach it by the new process?

Mr. STARLING. A process which we have; yes, sir; and those materials are made from it and have been submitted to the public and are claimed to be very satisfactory for use.

PARAGRAPHS 333-336—FLAX.

Mr. FORDNEY. I do not suppose I will have anything to say about writing the rate of duty into the law, but if I did, I would protect the other man's industry as well as yours—the man who raises the straw.

Mr. STARLING. The man who raises the straw?

Mr. FORDNEY. Yes; and from that all the way down along the line, giving them a compensatory duty to offset the difference in cost of production here and abroad.

Mr. STARLING. I would like to suggest that the two should be made equivalent. In this dewretted straw, when it comes in, it is worth about \$50 a ton and the green is worth \$20 a ton.

Mr. FORDNEY. I agree with you that there should be a greater rate of protection on one than on the other.

Mr. STARLING. That is my suggestion; that one should be put down and the other should be raised.

Mr. FORDNEY. All right; that is all.

The CHAIRMAN. That is all, sir.

SUPPLEMENTARY BRIEF SUBMITTED BY THE FLAXEN FIBRE-DOWN Co. (INC.), OF
LOCKPORT, N. Y.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: I am in receipt of a copy of the tariff hearings No. 17, comprising Schedule J, and in glancing over the report on pages 3623, 3624, and 3625, respectively, which refer to my hearing before your committee in behalf of our company, especially the part referring to the questions by Hon. Joseph W. Forduey, of Michigan, I fear I misunderstood the exact meaning of some of the questions put by that honorable gentleman. This misconception was undoubtedly due in part to my hearing being affected, together with the fact that our time was very limited at that hour of the day. Apparently I was not able to make our position as plain as I would liked to have done.

Consequently, I beg your indulgence and permission to submit the following supplementary corrected statements:

In the first place we are only just past the experimental stage in manufacturing the line of goods referred to in brief, but are now branching out to manufacturing on a much larger scale. As stated in original brief, our goods are manufactured from green fibrous flax straw, as per Exhibit A. This material has naturally received a great deal of our study and attention. During the past few years we have spent considerable time and money both at home and abroad studying the cultivation of a fibrous bearing flax straw, consequently we are in possession of reliable data thereto, gained by personal investigations and experiments.

CLASSIFICATION.

In this country there are two distinct classes of flax straw, i. e., fibrous bearing and seed bearing. The former, whilst not bearing as much seed, has considerable commercial value for its fiber; the latter a short or dwarf-like plant with bushy top, bearing much more seed, but is of little value for its fiber, being harsh and brittle and having but little if any value commercially from a linen manufacturers standpoint. About its only use is for upholstering tows, insulating materials, etc. This class of straw is produced mostly in the so-called Western or Middle States, also the Canadian Northwest. It is in no way a competitor of the fibrous flax as used by industries such as ours. Consequently, we believe that there could advantageously be two distinct or separate classifications for these products in question. Our belief refers exclusively to the fiber-bearing flax straw as it is the only one that interests the linen spinning and kindred industries.

PARAGRAPHS 333-336—FLAX.

RESOURCES.

With the exception of Washington and Oregon but little real good fiber-bearing flax straw suitable for our purposes is raised in the United States. Of such as we can use in part, Michigan possibly stands first, Ohio and Wisconsin second and third, respectively. Recent experiments are steadily improving these qualities but not quantities. Straw from the so-called Western States is not classed with the fiber bearing, but rather seed bearing, upholstering tows, etc.

CONDITIONS.

The conditions which result in producing the different grades or classes of fiber may be numerous. Principally atmospheric, condition of soil, class of seed used, also and more especially the method of sowing and cultivation of same.

PRICES.

The present average market prices of green flax straw in the different States, after the seed is taken off, is as follows (f. o. b. shipping point, per ton):

Washington and Oregon, \$10; Middle Western States, \$7; Wisconsin, \$11; Ohio, \$13; Michigan, \$16; Ontario, \$18.

The higher prices realized is due mainly to two things: Standard of quality and demand. The higher standard fiber-bearing quality of the Michigan and Ohio straw is undoubtedly due in part to the enterprise of such concerns as the James Livingstone Flax Co., Yale, Mich.; the Summers Fibre Co., of Port Huron; the Ashland Flax & Tow Co.; and others of us who have been educating and encouraging the farmers in producing a fibrous as well as a seed-bearing product. Even with all this we are unable to secure sufficient domestic straw of the proper quality. Whilst the Pacific Coast States produce superabundance of superior quality straw, the freight rates make it prohibitive.

The Ontario straw we find to be the next best fiber-bearing quality. This is doubtless due to local conditions and encouragements. But we can not use this advantageously owing to its original high price, together with the freight and duty.

COMPETITION.

In view of the above existing facts and figures the American growers and dealers of fibrous flax in the green have positively nothing to fear from competition with the Ontario growers and dealers, as under the present tariff conditions there is a difference of at least \$8 per ton between the two country's products here. Even with green flax straw on the free list, Ontario straw, freight included, comes much higher than our best American-grown straw.

METHODS.

Most of the fiber-bearing flax has been grown under contract by the dealers and manufacturers of retted fiber, etc., either by the ton or acreage. Some rent the land outright from the farmers and cultivate and harvest their crops. Similar conditions exist in Ontario.

RETTING.

This is a time honored method which the green straw is subjected to after the seed has been carefully taken off. This results in making the fiber more valuable, also makes it possible to relieve the fiber from the stem or wood-like portion by the scutching and hackling process.

VALUES.

Flax straw, when properly retted, see Exhibit B, has more than doubled its original value but still comes in at the same duty as the original green, i. e., \$5 per ton. But the green flax straw when merely crushed or broken, as per Exhibit C, is taxed at \$22.50 per ton duty whilst its actual value is only about \$26 per ton.

During the year 1910 we had occasion to bring in considerable broken green flax from Ontario, owing to our inability to secure a sufficient supply of satisfactory domestic quality. When passing some through port of entry it was classified as tow and taxed at \$20 per ton, although its original cost was less than \$30 per ton. We took the matter

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up with our collector of customs at Niagara Falls, N. Y., and inquired whether there was not a more equitable classification for this product, with the result that he wrote to the port of New York, which act resulted in our having to pay even a higher rate of duty, i. e., 1 cent per pound. See inserted copy of letter:

UNITED STATES CUSTOMS SERVICE,
PORT OF NEW YORK,
March 22, 1910.

The COLLECTOR OF CUSTOMS,
Niagara Falls, N. Y.

SIR: This office is in receipt of your letter of the 18th instant inclosing a sample of so-called flax straw and requesting that you be advised as to its proper classification.

In reply you are informed that merchandise like the sample submitted, if entered at this port, would be returned for duty by this office as flax, not hackled, at 1 cent per pound under paragraph 334 of the tariff of 1909.

The sample is herewith returned.

Respectfully,

(Signed)

GEO. W. WANAMAKER,
Appraiser.

CONCLUSION.

We believe that if green fibrous flax straw were placed on the free list that the results could not possibly be detrimental to our growers of the like product, inasmuch as American manufacturers would not resort to Canadian (conditions make European straw prohibitive even if admitted free) markets for their raw material only in case of urgent necessity, such as shortage of supply in quality or quantity.

However, should your committee deem it wise to still continue a tax on this particular class of green flax straw, we believe it would best serve the interests intended by placing a tax of not exceeding 20 per cent ad valorem on the three specific articles or products as indicated by Exhibits A, B, and C, thus placing these on a more equitable basis.

Trusting that in submitting the above we have not been unduly trespassing on your valuable time and patience, thanking you to give same due consideration.

Yours, very truly,

FLAXEN FIBRE DOWN Co.,
Per J. SIDNEY STARLING,
President and Manager.

STATE OF NEW YORK,
Niagara County, ss:

J. Sidney Starling, being duly sworn, deposes and says that the above statements submitted by him in brief are correct and true to the best of his knowledge.

J. SIDNEY STARLING,
President and Manager.

Sworn before me this 3d day of February, 1913.

[SEAL.]

A. C. TOVELL,
Notary Public.

TESTIMONY OF C. LOUGHLIN.

Mr. LOUGHLIN. Mr. Chairman and gentlemen, I am here on behalf of the flax dressers employed in the Marshall Linen Thread Mills, of Newark, N. J. We are interested in the duty on raw and dressed flax. The present tariff has been very unsatisfactory and has wrought havoc with the flax-dressing industry. Either the duty on raw flax is excessive or the duty on dressed flax is insufficient. We flax dressers are being steadily driven out of our occupation, while the work which we ought to be getting is being done in Europe and the product imported to this country.

The increase in dressed flax in 1912 over 1911 amounted to over a half million dollars, while the number of flax dressers in this country was reduced over 30 per cent in the same year. This decrease has been continuous for the last 20 years. We have served an apprenticeship of four years and we feel very much being driven into the ranks

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of the causal laborer, or, worse still, into the ranks of the unemployed. Therefore, gentlemen, we are here to ask that our case be considered and that an opportunity be given us to compete with the cheap labor of Europe. That cheap labor is the cause of all the trouble.

We wish to suggest that the raw flax be put on the free list; and gentlemen, I will say that I was much interested in the samples of flax that have been shown to you, and as an experienced flax dresser I wish to state that that is the most inferior class of flax I have ever seen. I have never before seen American flax, and in the mill where I am now employed, which is the largest flax-dressing concern in this country, there is not a pound of American flax used. Some years ago we used a little of the Canadian flax, but the Canadian flax was of such inferior quality that it also has been abandoned. It is more inferior in quality than the worst class of flax produced in Europe—and that is the Russian flax. All the flax which we dress comes exclusively from Europe—from Ireland, France, Belgium, Holland, and from the Balkan States, or Russia. We believe that if the raw flax was put on the free list that it would both stimulate and encourage the flax-dressing industry in this country. Taking the average amount of imports of raw flax for the past four years, we find that this would mean a loss in revenue of \$156,000 a year. But we believe that it would be no great hindrance to the administration, while we know that it would restore employment to a great number of men who have at least a right to look to the Government for protection.

We have explained in our brief that it requires from 1½ to 2 pounds of raw flax to make 1 pound of dressed flax and how this tax on the raw material is a very heavy tax on our labor, or rather the product of our labor. We have also set forth the great difference in wages in this country and in European countries. We received \$14 per week in this country, and in Great Britain there is paid from \$6 to \$7 per week; in Holland and Belgium they receive \$3 per week, and in Russia they receive \$2.70 per week.

With this heavy tariff on our raw material and this very low tariff on our finished material we are not able to hold our own, and as the managing director of the largest flax-spinning concern in the country said to a deputation of his workers, he could not dress the higher grades for he could import it cheaper, and therefore his stockholders would not allow him; nor can it be expected that a business man would refuse to avail himself of the cheapest market. Unfortunately for the flax dresser of the United States the flax spinner finds the European market the cheaper, while the flax dresser is allowed to feel the pinch of poverty. During the past year the men whom I am representing could only get on an average of 4½ days work per week, and their average wage was only \$11.50. At the present time that could never be called a living wage for a man with a family dependent upon him.

My one aim is to make it clear to you that our industry is on the decline for want of protection, while on the other hand all other branches of the flax-spinning industry are increasing year by year. In fact, a new factory has opened in our vicinity, and additions have been made to those factories that have been running for years.

I wish to call your attention to the fact that there are only three firms in the United States who employ flax dressers, yet there is no

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firm that does not use dressed flax. Should we not expect that those manufacturers in this country who are enjoying protection on their finished article be made to realize that the workmen of the country also need the same protection on the only commodity which they have to sell—their labor?

We do firmly believe that with raw flax on the free list there would not be a flax-spinning mill in the country but would realize that it would be to their advantage to employ their own flax dressers.

After consultation with a number of men who have a large experience in the growing and handling of flax, I can not admit that flax can be grown for seed and for fiber at the same time. Flax that is grown for fiber must be pulled before it is ripe, when the sap is yet in the stem, so that the strength of the fiber will be preserved. On the other hand, flax that is grown for seed is allowed to ripen, so that it can be thrashed. Therefore, the straw is dry and the fiber brittle when it is pulled, which makes it useless for spinning. It could be used for making tow for upholstering purposes. So we ask that the present duty be retained on flax tow.

Mr. FORDNEY. You are asking protection for the flax dressers, are you?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. You are in that business?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. You say you have felt the pinch of low wages and small employment?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. What do you think about the fellow that produced that raw material in the country? If you had your article placed on the protected list and he is on the free list, where do you think he would be pinched?

Mr. LOUGHLIN. I believe that it has been tried time and again to raise flax in this country, but each effort has been unsuccessful.

Mr. FORDNEY. Since I was a boy, my dear friend, I pulled flax on my father's farm, that was grown successfully. It can be grown successfully in several States in this Union, and there is no question about that.

Mr. LOUGHLIN. Was it not for seed?

Mr. FORDNEY. You have heard the gentleman testify that he and his associates are now engaging in the establishment of that industry here, and that flax of good fiber can be grown and is grown here. You say that can not be done.

Mr. LOUGHLIN. Why is it that the manufacturers of this country are not using the American-grown flax?

Mr. FORDNEY. Because of the arguments of such men as you, who want protection on your own industry and free trade on your neighbor's industry; that is why.

Mr. LOUGHLIN. We need protection, because as I have already shown, our business is a declining one.

Mr. FORDNEY. How about the man who produces the raw material? Does he not need protection?

Mr. LOUGHLIN. Yes, sir; when he is able to produce it.

Mr. FORDNEY. Then why don't you give it to him? Why do you ask for free trade on his product and protection on your own?

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Mr. LOUGHLIN. I have stated that the tariff on the raw flax was excessive or else the tariff on the dressed flax is insufficient.

Mr. LONGWORTH. What do you call an excessive tariff? How high a rate is excessive?

Mr. LOUGHLIN. I would call it an excessive tariff if it would affect the working man or if it would prohibit the importation of the flax.

Mr. LONGWORTH. Let us see. How high a rate would you call that, generally speaking? How high a rate would you call an excessive rate—25 per cent or 30 per cent?

Mr. LOUGHLIN. There is only about 7 per cent on raw flax.

Mr. LONGWORTH. It is very low; almost imperceptible?

Mr. LOUGHLIN. I wish to emphasize this fact, that it takes from $1\frac{1}{2}$ to 2 pounds of this raw flax to make 1 pound of dressed flax. In the case of Russian flax it takes even more, about $2\frac{1}{4}$ pounds on the average. Therefore, in producing 1 pound of dressed Russian flax, the manufacturer is paying more in tariff than he has to pay to the flax dresser in wages. That is excessive.

Mr. LONGWORTH. It seems almost inconceivable that a duty of only 6 per cent can really affect an industry.

Mr. LOUGHLIN. It has affected our industry, as we have already shown. For the past 20 years the number of flax dressers in the country has been steadily reducing. In the last year we had been reduced 30 per cent, while the imports of dressed flax had been increasing.

Mr. LONGWORTH. How do you account for the fact that when flax was free under the Wilson law the value of importations was less than a million dollars, while now it runs up to over two and a quarter millions?

Mr. LOUGHLIN. When flax was on the free list the flax spinning industry was in its infancy in this country. It is one of the new industries. It has only been fostered in this country since the tariff has gone on. The firm by which I am employed and the Barbour Flax Co. had their firms in England and Ireland, respectively. When the tariff law was passed in this country, they found it was unprofitable to import their products to this country, and therefore they shifted their industries over to the United States.

Mr. FORDNEY. It was an extraordinary law, wasn't it?

Mr. LOUGHLIN. It was so extraordinary that these firms found—and there are others as well. I could mention several. There is a flax spinning company at North Grafton, a firm from Scotland, who have also established their industry in this country since the passage of the tariff act.

Mr. LONGWORTH. Which act do you mean?

Mr. LOUGHLIN. It was the act prior to the McKinley Act which has brought all these firms here.

Mr. LONGWORTH. You mean the tariff act which put a duty on dressed flax?

Mr. LOUGHLIN. On the finished article, linen thread and yarn.

Mr. LONGWORTH. It put a duty on yarn?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. Do you not believe that any law that will transfer an industry from a foreign country to this country and that will give

PARAGRAPHS 333-336—FLAX.

employment to American capital and American labor without increasing the cost of the article to the consumer is an extraordinarily good law?

Mr. LOUGHLIN. Yes; but you see, while it has increased the amount of labor in this country and the amount of capital employed, at the same time this tariff gives the manufacturer sufficient protection on his finished article and enables him to enjoy a profit by using the cheap labor of Europe by importing his dressed flax.

Flax dressing is the most expensive process in the manufacture of linen thread and yarns. Therefore, he can enjoy a sufficient protection on the finished article and compete in the American market, while we can not compete in the American market with the cheap labor in Europe.

Mr. FORDNEY. That is the point exactly. The labor is cheaper than yours, and the labor enters largely into the cost. Would it not be far more consistent for you to come here and ask for an increased protection on the product of the industry in which you are engaged, instead of asking to have the rate of duty on your neighbor's product lowered? Your neighbor's product is your raw material, my friend.

Mr. LOUGHLIN. Yes, sir; it certainly would be.

Mr. FORDNEY. Why don't you do it?

Mr. LOUGHLIN. Why should we come to a Democratic administration and ask for an increase in rates? What we want is to have our industry protected. That is what we need. If we add 2 cents a pound on the dressed flax or take this 1 cent off the raw flax, it would, as I have stated, stimulate and encourage the flax-dressing industry in this country. We flax dressers are interested in our own industry, and all the men whom I have heard testify here were just as we are, interested in themselves.

Mr. LONGWORTH. You said a moment ago that this was a poor quality of flax?

Mr. LOUGHLIN. Yes, sir.

Mr. LONGWORTH. What is the trouble with it?

Mr. LOUGHLIN. It is the poorest quality of flax I have ever seen. I saw the Canadian flax which we used a few years ago and that was inferior in quality to the Russian flax, which is the poorest kind of flax grown in Europe.

Mr. LONGWORTH. What is the matter with it? Was not that yarn good yarn that was made from it?

Mr. LOUGHLIN. It looked all right, but I wish that I could have been able to bring you the flax that is grown in Europe. Although you may not be an expert in the flax industry, you would see at once that this flax was inferior to the flax grown in Europe. It is not so strong and it is not so long, and the amount of average yield per acre in American-grown flax would not be half the amount in European-grown flax.

Again, after it has passed through the scutching process, as we have experienced with the Canadian flax, the loss in tow would be twice as great as the amount which the manufacturer would lose if he imported flax from Europe.

PARAGRAPHS 333-336—FLAX.

Mr. LONGWORTH. They have stated that they have discovered a chemical process which gets rid of a very disagreeable feature of the old-fashioned process. Don't you think if it can be done in that way that it will be possible to establish the flax industry?

Mr. LOUGHLIN. No; I do not think that linen thread could be made out of American-grown flax. It is not strong enough in the fiber.

Mr. LONGWORTH. Is it a question of climate or soil, or is it a question of manufacture after the flax is grown?

Mr. LOUGHLIN. It is the fault of the flax. You notice that the flax that was shown you had quite a bushy head of seed. American flax is grown particularly for the seed.

Mr. FORDNEY. A short time ago, I saw two samples of linen made in England, one from Irish-grown flax and one from American-grown flax, that had been taken over there to be converted into the finished product to demonstrate whether or not there was a difference in the quality. I could not tell. It was said that no expert could tell the difference in the quality of those two samples.

Mr. LOUGHLIN. I am not an expert in the finished end of the business.

The CHAIRMAN. Are you an expert flax dresser?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. You say that you have never handled American flax, and that this is the first you ever saw of it?

Mr. LOUGHLIN. I have handled Canadian flax, and we discontinued the use of Canadian flax because it was not strong enough in the fiber.

Mr. LONGWORTH. Do you not believe it is possible to grow flax in this country, out of which a strong yarn could be made?

Mr. LOUGHLIN. No, sir; I do not believe it. I have already stated that it has been repeatedly tried and it has failed.

Mr. LONGWORTH. I know; but what is the real reason? I am not speaking as an expert, but simply from what I have read on the subject. Is not the real reason why we have never been able to establish a linen industry in this country, because that process—I do not know the name of it—is so disagreeable and so disgusting that no American workman will work at it?

Mr. LOUGHLIN. No, sir.

Mr. LONGWORTH. Is not that the reason and not because the original product, the flax itself, is not of proper quality?

Mr. LOUGHLIN. The gentleman who testified stated that the farmer who grew flax had gained \$3 an acre. That is a very small gain, because, as I have stated, flax imported from Europe will cost 13 cents a pound. If he only gained \$3 an acre he did not make much.

Mr. LONGWORTH. That is 5 per cent per acre, which is a pretty good yield.

Mr. FORDNEY. He got \$11.65 for the total product, the straw and the seed, and \$2.45 of that was for the straw alone.

Mr. LONGWORTH. He said that that land was worth \$60 an acre, and \$3 an acre is 5 per cent of the value of the land, which is pretty good.

PARAGRAPHS 333-336—FLAX.

Mr. LOUGHLIN. I fail to see, unless they have established a new process of which I know nothing, how he can ret his flax and yet preserve his seed.

Mr. FORDNEY. Does the use you make of the straw affect the value of the seed?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. After you get the seed out of the boll it doesn't make any difference what becomes of the straw?

Mr. LOUGHLIN. If you want flax, it does.

The CHAIRMAN. Does it weaken the flax to raise it for seed? Does it weaken the threads made out of the flax if you raise the product to develop the seed instead of the stalk?

Mr. LOUGHLIN. The flax that is grown for seed is a different quality of flax from that which is grown for fiber.

The CHAIRMAN. Is the fiber stronger where it is not grown for seed?

Mr. LOUGHLIN. Yes, sir. The farmers in France, Holland, Belgium, and Ireland do not produce seed. The farmer in Russia produces seed and his flax is inferior in quality to that which is grown in the other countries.

The CHAIRMAN. I want to know if they raise flax to produce seed, if that weakens the fiber of the stalk?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. Will you permit me to make a statement here. I had a little experience in my life as a farmer raising flax and converting it into seed for sale, and also selling the lint for cloth.

Is it not true that there are three grades of straw from which you can produce flax profitably? One will produce very large coarse straw with a coarser fiber than the other?

Mr. LOUGHLIN. Yes.

Mr. FORDNEY. And produce the same seed, but perhaps not as much as the other?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. Then there is a straw from which you get a very short straw, good seed, but the straw is fine in fiber, but small in quantity?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. Then there is a medium straw which produces both seed and fiber to extraordinarily good advantage?

Mr. LOUGHLIN. Yes, sir.

Mr. FORDNEY. Is it not true that in the country where they make a business now of raising the lint they select the medium class of soil, the one that produces the best fiber and the best quantity and quality of seed? That could be done here if the industry warranted it; if it warranted the selection of the soil and the cultivation and preparation and so forth, would it not?

Mr. LOUGHLIN. That is what is done in the old country.

Mr. FORDNEY. That is what would be done here if the industry were encouraged.

Mr. LOUGHLIN. I think in this country the soil is entirely unsuitable, being too dry, and the atmosphere is too dry.

Mr. LONGWORTH. At least you will agree that if we could establish a purely American linen industry it would be a good thing?

PARAGRAPHS 333-336—FLAX.

Mr. LOUGHLIN. It certainly would.

Mr. LONGWORTH. These gentlemen come here and say they have discovered a process which relieves the conversion of flax into yarn of that feature which has made it impossible in America to-day because the American workman would not work at it. If they can overcome that obstacle, do you not believe that it should be in every way encouraged?

Mr. LOUGHLIN. Yes, sir.

Mr. LONGWORTH. Would it not help you and everybody else in the long run?

Mr. LOUGHLIN. Yes, sir.

Mr. LONGWORTH. There is every sort of soil in this country. It is not possible that there are not soils in which flax can be satisfactorily grown for the fiber, if you can get rid of that process which makes it impossible as an industry.

Mr. LOUGHLIN. It would be a good thing if the industry could be established in this country. I know it has been tried and has been unsuccessful.

Mr. LONGWORTH. A great many industries have been tried and have not been successful for many years.

Mr. LOUGHLIN. If the old process of retting the flax is still to go on in this country, the American workmen——

Mr. LONGWORTH (interposing). But these gentlemen say that they have gotten rid of that entirely; that they have a chemical process.

Mr. LOUGHLIN. They have tried a chemical process in Ireland. The board of agriculture there encouraged the farmers in the growing of flax and this was one of the inventions that was submitted to the board. The farmers found out that the chemical process of retting flax also retted the fiber and the result was that the flax did not yield as much per acre as it did under the old system. It was unprofitable and it was therefore abandoned.

Mr. FORDNEY. Their chemical process may not be the chemical process established by these gentlemen that are in business in Chicago?

Mr. LOUGHLIN. I think they have the greatest flax experts in the world in Belgium and Ireland.

Mr. FORDNEY. But there is one yet to be produced. There is another fellow that will come along and show you a whole lot of things that you do not know.

The CHAIRMAN. That is all, Mr. Loughlin.

BRIEF OF THE LOCAL UNION NO. 691, UNITED TEXTILE WORKERS OF AMERICA.

In filing this brief with the Committee of Ways and Means, I wish to state that the flax dressers whom I represent are interested only in that part of Schedule J which relates to the tariff on raw and dressed flax.

The present tariff system has been very unsatisfactory to us. Flax dressers under it have had much hardships through want of employment. Our members have also been steadily reduced, while the imports of dressed flax are continually increasing.

We wish to suggest that raw flax be now put on the free list, and we are of the opinion that if this was done it would encourage and stimulate the flax-dressing industry in this country.

There is at present 1 cent per pound duty on raw flax; now it requires from 1½ to 2 pounds of raw flax to make 1 pound of dressed flax, therefore, the 1 cent per pound duty on raw flax becomes a tax of from 1½ to 2 cents per pound on all flax which we dress, and on account of this we are unable to compete with the cheap labor of Europe.

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We therefore would expect a considerable increase in the amount of raw flax imported if the 1 cent were taken off.

Flax dressers in this country are paid \$14 per week; in Great Britain and Ireland they receive from \$6 to \$7 per week; in Holland and Belgium \$3.60 per week, and in Russia \$2.70 per week. The highest rate paid in Europe is therefore 50 per cent less than what we receive in the United States. Hours of labor and the amount of work per day per man in this country and Great Britain are similar; in the other countries mentioned the working day is longer.

In showing the comparative cost of production, we wish to use the 50-per-cent basis, so as to make our statement as clear as possible. The rates which we receive for dressing flax range from \$1.48 to \$3.50 per 100 pounds. There are two grades of dressed flax, commonly known among flax spinners as "broken," which is the better-paid grade, and "unbroken," which is the cheaper grade. The cost of producing 1 pound of the class for which we receive \$3.50 per 100 pounds would be to our employer $5\frac{1}{2}$ cents. Of this the flax dresser would receive $3\frac{1}{2}$ cents, and one-half cent would be expended on the machining process through which it has to pass before the flax dresser receives it. Add to that the $1\frac{1}{2}$ cents, which is the duty paid on the raw flax, you have the total cost, $5\frac{1}{2}$ cents. The cost of producing 1 pound of the same class of flax in Great Britain would be 50 per cent less, less also the $1\frac{1}{2}$ cents, which was paid on duty on our raw material, making the total cost 2 cents for the pound; that is, allowing the flax dresser $1\frac{3}{4}$ cents and one-fourth cent for the machining. Now, to import that pound of flax to this country 3 cents of duty would have to be paid under the present tariff system, yet the importer would be having it one-half cent cheaper than if it had been dressed in this country.

In this way we are deprived under the existing tariff of dressing the best grades in the United States. If we look now at the Russian flax, it requires from 2 to $2\frac{1}{2}$ pounds of raw flax of this class to make 1 pound of dressed; the average amount of raw per pound would be $2\frac{1}{4}$ to the pound of dressed. The cost of producing 1 pound of Russian dressed flax would be to the employer $4\frac{1}{4}$ cents; one-half cent would be allowed for machining, $1\frac{1}{2}$ cents to the flax dresser, $2\frac{1}{4}$ cents duty paid on raw. Therefore on this class of flax there is more duty paid per pound than there is wages.

To produce 1 pound of this class in Russia would cost about 1 cent; to import it to this country 3 cents duty would have to be paid, making the total cost to the importer 4 cents, a saving of one-fourth cent per pound.

It will be seen from the statement that has been made that there is a considerable loss in the making of raw flax into dressed flax; this loss or by-product is called tow. Now, the flax spinner who does not use this by-product can save considerably in freight charges by importing dressed flax, as on the average it requires $1\frac{3}{4}$ pounds of raw to make 1 pound of dressed.

In concluding this brief we wish to state that the flax-spinning business in this country is increasing, yet the flax-dressing end of the business is decreasing. Of all the flax-spinning concerns in this country only three employ flax dressers, while they all use dressed flax, and of those three two of them have reduced the number of men. There are but two ways whereby this can be remedied—by taking the 1 cent off the raw material, which is a tax on our labor, or by putting 2 cents more on the dressed, and making the duty on dressed 5 cents per pound; then we would have a chance to compete in the labor market with the cheap labor of Europe. We do not think this would be an excessive tariff, or yet a prohibitive tariff.

Yours, truly,

CHARLES LOUGHLIN, *Secretary.*

HON. OSCAR W. UNDERWOOD, *Chairman.*

KEARNEY, N. J.

HON. EUGENE F. KINKEAD.

DEAR SIR: I am instructed by the flax dressers employed by the Marshall Linen Thread Mills, of Newark, N. J., to write you and ask you to use whatever influence you have with the Committee on Ways and Means to have raw flax put on the free list. There is at present 1 cent per pound duty on raw flax, and as there is no flax grown for fiber in the United States no one would be adversely affected thereby, while we flax dressers would be greatly benefited. There are those who claim flax growing for fiber may yet be a success in this country, but we who have been in the flax business for years know that it is impossible to grow flax for seed and at the same time produce fiber that can spin. So that you may understand our position thoroughly, I wish to state a few facts. It requires on the average $1\frac{3}{4}$ pounds of raw flax

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to produce 1 pound of dressed. Therefore, 1 cent per pound duty on raw flax means that $1\frac{1}{2}$ cents has to be paid on duty on every pound we dress. This is a great hardship on us, as we only receive from $1\frac{1}{2}$ to $3\frac{1}{2}$ cents per pound for dressing flax. There is 3 cents per pound duty on dressed flax, so that the difference in duty is very slight between that which we pay on our raw material and that which is paid on our finished product. The wages of the flax dressers in this country are from 50 to over 100 per cent higher than what they are in Europe. The rates are as follows: United States, \$14 per week; Great Britain, \$6 to \$7; Holland and Belgium, \$3.60; Russia, \$2.70 per week. For many years Newark was the distributing center of dressed flax in this country. Now, this firm imports most of the dressed flax which they use, while those firms whom they formerly supplied also import their dressed flax from Europe, and they find it cheaper to do so than to dress it in this country. The result is that the number of flax dressers has been greatly reduced, and we are in danger of being totally deprived by foreign competition of earning our living at this business, to which we have served an apprenticeship of four years. Below we give the facts, which we wish impressed upon those who will be responsible for the new tariff law. Duty on raw flax is 7 per cent of its value; duty on dressed flax is 12 per cent. Raw flax is our raw material; dressed flax is our finished article; the difference in duty is only 5 per cent, while the wages of those with whom we have to compete in the labor market is from 50 to 100 per cent below that which we receive. There is room for a radical change here, and if the flax dressing industry is to be retained in this country, changes must be made in our favor. We will greatly appreciate any effort made by you on our behalf. Thanking you for past favors,

Yours, very truly,

CHARLES LOUGHLIN, *Secretary.*

**TESTIMONY OF A. STAMFORD WHITE, OF THE UNITED STATES
LINEN CO., CHICAGO, ILL.**

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. White.

Mr. WHITE. If the committee please, we represent the United States Linen Co., which has its headquarters in Chicago, Ill.

This, Mr. Chairman, is a new company, having for its objective point the creation of a new industry in this country, namely, the making of finished linen goods from American-grown flax.

Together with making these linen goods, it will incidentally create a market profitable to the growers for what is now almost a waste product, namely, flax straw.

It was stated in this room this morning that flax straw is utilized for the manufacture of tow. This is true to a limited extent, but the greatest part of this product on the 3,000,000 acres raised in the United States is burned up in the fields.

Mr. HARRISON. Do they not make linseed oil out of flaxseed?

Mr. WHITE. They make it out of the flaxseed. They grow it for the flaxseed exclusively.

Mr. HARRISON. And then throw the flax away?

Mr. WHITE. And the flax straw is nearly all burned. As I stated, a limited quantity is used in the manufacture of tow.

Nearly four years ago a chemical process was brought to some men in Chicago, by which it was claimed that flax could be retted; that is, that the chive could be separated from the fiber, enabling it to be prepared for the further processes of manufacturing into linen goods. This appeared, if true, to open up a wide field of activity, and it was decided to verify all claims made for these processes. For this purpose a syndicate of eight men was formed, who, first of all, arranged to verify those claims by thorough tests in the laboratory. Then it

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was decided to make a thorough investigation of the linen business at home and abroad and to test the various points, point by point, by a series of steps, so that if serious difficulty arose at any one point the matter could be dropped there without further loss.

We are now on the last step and getting close to the end of that last step, and we hope in the course of two or three months to show finished linen goods made from American-grown flax, American all the way through from the field to the article ready for sale upon the market.

Mr. HARRISON. What have the few American factories that have been making finished linen goods in this country been using as their raw material?

Mr. WHITE. The imported yarn.

Mr. HARRISON. Where does that come from?

Mr. WHITE. Mainly from Ireland and Belgium.

The methods of retting flax over there are two in number. One is called dew retting. The other is by retting in sluggish streams, which, for sanitary and other reasons, are neither of them available in this country.

Mr. LONGWORTH. Is it because the process is a disagreeable one?

Mr. WHITE. Very.

Mr. LONGWORTH. Why is it disagreeable?

Mr. WHITE. One difficulty is the stench which it produces and the difficulty of getting labor here to work in it, and the destruction of fish in the waters.

Mr. LONGWORTH. Have you found a new and less disagreeable way of doing it?

Mr. WHITE. By a chemical process.

These steps, Mr. Chairman, I will very briefly describe to you, and I want to say here that in taking these steps this syndicate is not a stock venture, but the syndicate have put up their own money, step by step, to prove out the points one at a time, as they did not care to offer stock to the public or to their friends until the thing was an accomplished fact and proven to be successful.

Mr. HARRISON. That is almost a unique situation.

Mr. LONGWORTH. Absolutely.

Mr. WHITE. I will now briefly describe these steps. First, there was a series of thorough tests of the process in the laboratory.

Then followed nine months of testing in a larger and more practical way in an old crash mill, which was leased for the purpose, at Albany, Wis.

Then came the growing of flax in an improved way, so as to make a better fiber. This step has been, I am glad to say, eminently successful by the utilization of the very best seed, the careful preparation of the land, and rolling it well, so that the straw could be cut close to the ground, thereby preserving its length. As I say, good results have been obtained. This work has been carried out on certain farms in certain districts of Wisconsin and Minnesota to the satisfaction of the farmers who have done it under the supervision of our agents, and who have netted an average of \$3 per acre more from their land than under the system of growing for seed alone.

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The next thing was to make machinery by which the flax could be thrashed and the seed saved without breaking the straw into too short lengths for use.

After that came the sending of our general manager to the other side to make an exhaustive examination into the conditions of the business there. He took with him a large quantity of the fiber which we had prepared and had it spun into very good yarn in several Irish mills.

When this was done, there followed the erection of a mill, the importation of machinery for spinning, weaving, and finishing, and as the previous steps have been successful, we think this final one should not present any difficulty, as the spinning and weaving are arts which have been long known, and I can see no reason why they can not be done in this country as well as abroad.

Mr. LONGWORTH. You will have exactly the same machinery as they have abroad?

Mr. WHITE. Yes; we have imported that machinery and paid thereon a duty, I think, of 45 per cent.

Mr. LONGWORTH. None of that machinery is made in this country at all?

Mr. WHITE. No.

We will show you here samples of this yarn made from American flax, which explodes the theory, long held, the idea having been ridiculed that linen could be made from American-grown flax.

Yesterday afternoon a gentleman who was pleading for a remission of the duties on the lower counts of yarn said that the American-grown flax was rubbish; therefore there was no object in having a duty on these lower counts. I think we will show you that is a fallacy.

I want to bespeak for this matter very respectfully the careful attention of the chairman and gentlemen of the committee when it comes to the question of revising these linen duties, for I am satisfied with the experience we have had thus far that a very large industry is being born in this country. I am satisfied that, with the present scale of duties, this country can have a large industry, and the grower of the flax a profitable market for his straw. I may also state that any material reduction in that duty would kill our project at the start.

With your permission, Mr. Chairman, I will ask Mr. Hess, the president and manager, who has been close to the detail of this work throughout, to show you the straw and the yarn made for the first time from American-grown flax, and who will also gladly answer in detail any questions which members of the committee may wish to ask.

**TESTIMONY OF CHARLES W. HESS, OF THE UNITED STATES
LINEN CO., CHICAGO, ILL.**

The witness was duly sworn by the chairman.

Mr. HESS. My part, Mr. Chairman, was to answer any questions you might want to ask, but I will illustrate the steps we have taken in the development to the present point of our industry.

First, we found it necessary to divert the farmer from growing flax for seed to that of growing it for fiber, though he gets the seed in growing it for fiber. By this improved method we get a fiber from

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the straw that we have demonstrated we can spin up to 60 leas. We believe we can spin up to 80 leas, but we know we can spin up to 60 leas.

The CHAIRMAN. What is the maximum amount of leas that are spun in the industry?

Mr. HESS. I think in the neighborhood of 210, but that is very fine.

The CHAIRMAN. Is the 60-lea yarn used in ordinary commerce in the commercial linen? Can you make the ordinary commercial linen out of 60-lea flax?

Mr. HESS. For such articles as sheetings and tablecloths; yes.

You could not make fine shirts of it, but in our industry we are commencing where the present linen industry, that is at all developed in the United States, leaves off—the only industry that you might term the linen industry in the United States being mainly of crashes.

Mr. FORDNEY. This in no way depreciates the value of the flax for seed at all, does it?

Mr. HESS. No, sir; we get the seed as we have developed it now. You understand in the old way that they grew it for seed. They take the straw, under the old method of growing it, and to begin with they cut it off up here [indicating]. All they want to do is to get the head, to run it through an American thrasher and get the seed out. We have an improved thrasher by which we run the head through and then we leave the straw like this sample which I show you [indicating]. That straw is ready to be broken in this shape [indicating]. Then we scutch it into this shape [indicating].

Mr. LONGWORTH. Where does this process come in that is so disagreeable abroad?

Mr. HESS. The process you speak of comes from the retting of it.

Mr. LONGWORTH. At what point?

Mr. HESS. At this point [indicating]. At that point we put it through a chemical process, and we produce from that process this result [indicating].

Mr. LONGWORTH. That is the process that is still done abroad in this disagreeable way?

Mr. HESS. Yes; by water.

Mr. LONGWORTH. The flax has to rot in the water?

Mr. HESS. Yes; that is retting or rotting or degumming.

Mr. FORDNEY. The next process is to hackle?

Mr. HESS. It is ruffed and hackled then in this form [indicating]. It is ready now for the spread board and for the spindles.

The CHAIRMAN. For what can you probably produce that raw material in comparison with the foreign product, by means of this process which you have described?

Mr. HESS. That is, the line fiber?

The CHAIRMAN. That is where it is finished as a raw material and goes to the spinner, is it?

Mr. HESS. Yes, sir. What would go to the spinner would go in this form [indicating], and then he prepares it for the spindle. He ruffs that and hackles it, and gets it into form.

The CHAIRMAN. At the point of the material which you have in your right hand is the point where your new process finishes?

Mr. HESS. Yes, sir.

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The CHAIRMAN. And from there on it goes through the old process of hackling and spinning?

Mr. HESS. Absolutely.

The CHAIRMAN. What do you call that piece which you have in your right hand there?

Mr. HESS. We call that scutched flax, and this [indicating] is the dressed.

The CHAIRMAN. It is undressed or scutched flax?

Mr. HESS. Yes.

The CHAIRMAN. How does the price of that scutched flax that you sell to the manufacturer compare with the same product abroad?

Mr. HESS. Our price would compare favorably with that of the Dutch and Irish flax, but very unfavorably with the Russian fiber. There is a point I would like to call to your attention.

The CHAIRMAN. How is that sold?

Mr. HESS. It is sold by the ton.

The CHAIRMAN. What will the Russian fiber sell for per ton?

Mr. HESS. The Russian fiber, at this point [indicating], will sell in this country at about \$180 a ton.

The CHAIRMAN. What would the Dutch and Irish fiber sell for?

Mr. HESS. \$270, or about 50 per cent more than the Russian fiber.

The CHAIRMAN. What can you put yours on the market for and make a profit?

Mr. HESS. We could not get a profit on the fiber at all, Mr. Chairman.

Mr. LONGWORTH. You use that yourselves?

Mr. HESS. There is no one to whom we could sell this in this country.

The CHAIRMAN. If you did have a sale for it, at what could you put it on the market?

Mr. HESS. We ought to get in the neighborhood of \$300 a ton for it—\$275 or \$300 a ton.

Mr. FORDNEY. For what figure can you produce it?

Mr. HESS. Approximately \$255 to \$260.

Mr. FORDNEY. It costs you more money to produce that, you say, than you can buy the Russian fiber for?

Mr. HESS. Yes, sir.

Mr. LONGWORTH. Roughly speaking, about how valuable is the land on which you produced the flax originally?

Mr. HESS. Where we operated in Minnesota, the land was considered worth from \$60 to \$75 an acre. The farmers this year netted—and this is not theory, but facts—\$3 per acre more on the ground than they would had they used the same soil for the growing of flax for seed.

Then, there is another point I would like to bring out right in that connection. We assume the risk of the crop, which is a big item with the farmer. He not only made \$3 an acre extra, but had anything happened to the crop it would have been our loss and not his.

Mr. LONGWORTH. Of course, you can not do that in the future?

Mr. HESS. It is quite probable we will have to do that. We have a ready sale for our seed. The first step in our improved method is in the importation of our seed.

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The CHAIRMAN. When you estimate the cost of this, do you deduct from it what you get for the seed?

Mr. HESS. Yes, sir; we have to deduct that on the oil basis, however.

A portion of our seed we can clean up and resell to the farmer for sowing. We can use the first and second child of the imported seed; that is to say, we import that seed, of which this [indicating] is a certificate. We can use next year the child seed of that and likewise the following year. But the third or fourth we will have to import new seed, so as to keep up the quality of our seed.

Mr. HILL. Can flax be hackled by machine?

Mr. HESS. Yes, sir.

Mr. HILL. Why do they do it by hand?

Mr. HESS. In most of the mills that I have visited abroad they are not doing it by hand.

Mr. HILL. I visited the largest mill in the world, in Belfast, and they were doing it by hand.

Mr. HESS. They do it, then, not out of necessity, but perhaps from prejudice. I will take issue with you, however, as to that being the largest mill in the world.

Mr. HILL. I thought it was.

Mr. HESS. The largest is at Ghent, Belgium, having 100,000 spindles.

Mr. FORDNEY. By handling carefully by hand, you get a little larger quantity of higher grade fiber, do you not?

Mr. HESS. Yes, sir.

Mr. LONGWORTH. Generally speaking, you think the present linen schedule is correct for your industry.

Mr. HESS. We need all of that; yes, sir.

Mr. FORDNEY. Do you believe that by adequate protection the linen industry can be encouraged in this country?

Mr. HESS. Yes, sir.

Mr. FORDNEY. Is the fiber from American-grown flax equal in quality to the Irish and Scotch?

Mr. HESS. The Irish and Dutch; yes, sir.

Mr. FORDNEY. It has been claimed the fiber from the Irish-grown flax was very superior to ours here. I have heard that. I do not know whether it is true or not.

Mr. HESS. There has been no comparison until recently. For many years George Livingstone & Co. have grown flax in Michigan, and it has been sold for the manufacture of thread.

Mr. FORDNEY. In the old-fashioned way, I have taken quite a part in that, when I was a boy.

Mr. HESS. You know that is now prohibited from a labor standpoint. The price of labor has so advanced that they can no longer do it.

Mr. DIXON. You indicated that the farmer would make about \$3 per acre more than he had been making. How much would he make as a whole? You did not give the amount.

Mr. HESS. The basis on which he sold was that he netted \$11.50 an acre. On the basis of selling for seed, it would have netted \$8.65—to be exact, it was \$2.95 difference.

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I have nothing further, unless there are other questions the members of the committee desire to ask.

The CHAIRMAN. There is apparently nothing further. You may be excused.

STATEMENT AND BRIEF OF UNITED STATES LINEN CO. ON LINEN SCHEDULES
GENERALLY.

To Chairman Underwood and the members of the Ways and Means Committee of the House of Representatives:

MR. CHAIRMAN AND GENTLEMEN: The following is the statement of the United States Linen Co., a corporation whose general office is in Chicago. We are a young company, undertaking the creation of a new industry in this country, namely, the manufacture of finished high-grade linen goods from American-grown flax under our improved method of growing, and thus at one and the same time not only manufacturing finished linen goods, but also making a profitable market to the grower for that now almost waste product, flax straw.

A little of our history: Almost four years ago a chemical process for the retting of flax was brought to the attention of certain well-known Chicago gentlemen, and the claim was made for it that it would ret flax, i. e., remove the fiber for spinning, in a highly satisfactory manner and on a profitable basis. There are no other known methods of retting flax except retting in semistagnant, slow-flowing streams, or by means of heavy dews. Neither of these methods may be successfully followed in our country, for sanitary and other reasons. The Chicago gentlemen, forming a syndicate, undertook to verify the claims made for this process and to investigate generally the practicability and feasibility of producing finished linen goods in this country, by means of carefully thought out steps, one step at a time, until now they are on the final step and expect shortly to put upon the market high-grade linen goods, exclusively American, from the field on, a thing which has never been done up to this time.

The steps taken, which have cost already several hundred thousands of dollars and consumed a great deal of time, we wish briefly to describe.

First, there was a thorough investigation in the laboratory of the claims of the process, then followed a nine months' testing out of the same claims on a larger scale in an old crash mill in Wisconsin. After that, the growing of flax for fiber on farms in certain sections of Minnesota and Wisconsin was undertaken by the syndicate to show the owners and others interested how properly to grow the flax, and awakening them to the increased value of their acreage sown in flax where there was a profitable market for the straw. After that came the sending of fiber, produced from straw grown under our own supervision and prepared by our process for spinning, to Ireland and having it spun there into excellent yarn. After that we made special machinery for the thrashing of the flax, that straw might not be broken up into pieces too small for profitable use, and then finally came the building and equipment of a combined thrashing and scutching plant in Le Roy, Minn., and the building of a processing spinning and weaving plant in Beloit, Wis., with a capacity of 1,000 spindles and 50 looms and machinery for finishing cloth ready for the market. This is where the project now is, and as each step in advance has been taken it has been with the knowledge that that which has gone before has up to that point proved the probability of the accomplishment of what has always heretofore been ridiculed, to wit, that high-grade linen goods could be made profitably from American-grown flax.

We want to impress upon you that United States Linen Co. has already actually produced flax fiber of excellent quality, suitable for spinning and weaving, from American-grown flax, under improved methods of growing and on what is apparently a profitable basis, when carried through the further steps necessary to make finished goods. There should be, of course, no difficulty in the spinning and weaving in this country, as both of these arts are old and well known. All this we have stated merely to let you know that a new industry is being born in our country, fostered by sound, able, business men, and opening up valuable possibilities to the grower of flax and the user of linen.

However, three years of study and work have shown conclusively, and without mental reservation, to these gentlemen that there is no hope for the making of linen

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goods in the United States unless at least the present tariff on finished linen goods remains in the schedule. Under the present tariff America can have a linen industry; without at least that amount of protection she can not. Under the present tariff the flax grower will have a profitable market for his by-product—flax straw; without at least that amount of protection his straw will continue in the main to be burned on the field.

We respectfully submit this situation to your careful consideration in passing upon the present tariff on finished linen goods.

Respectfully submitted.

UNITED STATES LINEN CO.,
By CHAS. W. HESS, *President*.

CHICAGO, ILL., *January 24, 1912.*

**TESTIMONY OF PATRICK BOYLE, REPRESENTING FLAX
DRESSERS, PATERSON, N. J.**

Mr. BOYLE. Mr. Chairman and gentlemen, I have been appointed and instructed by the flax dressers employed by the Barbour Flax Spinning Co., of Paterson, N. J., to recommend that raw flax be placed upon the free list. It now bears a tariff of 1 cent per pound.

My reasons for this are that the class of material referred to is imported into this country from Belgium, Holland, Russia, Great Britain, and Ireland, and is not grown in this country to any extent that we know of. It would not hurt the interests of the American farmer to have it placed upon the free list.

In the second place, in order to explain the effect of that 1 cent a pound duty on the raw flax it becomes necessary for me to refer to the 3-cent duty on dressed flax.

There are two grades, known amongst hacklers as broken and touchem (or unbroken). The broken is the highest paid grade. So, as it takes $1\frac{1}{2}$ pounds of raw to produce 1 pound of dressed flax, it costs the manufacturer $1\frac{1}{2}$ cents for the $1\frac{1}{2}$ pounds in duty alone. It also costs $3\frac{1}{4}$ cents to $3\frac{3}{4}$ cents for machining and dressing, which is an average of 5 cents per pound it costs to produce 1 pound of dressed flax in the United States.

In Europe the same flax can be dressed at from $1\frac{1}{4}$ to $1\frac{1}{2}$ cents per pound, and there is a 3-cent duty, and they can import into this country at one-half a cent a pound cheaper than they can have it produced in this country. For this reason great numbers of our flax dressers must go unemployed. The importations of dressed flax into this country seem to be increasing, while the number of men employed at that occupation seems to be declining. It became somewhat alarming, and the only course open to us was to appeal to the Ways and Means Committee to try to have this tariff of 1 cent per pound removed.

Mr. HILL. Do you work in the Barbour Flax Mill?

Mr. BOYLE. Yes, sir.

Mr. HILL. What do they pay to the man who hackles flax?

Mr. BOYLE. \$14 a week.

Mr. HILL. And the girls in the factory? Do they weave or only make threads?

Mr. BOYLE. They only make threads.

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BRIEF OF THE BARBOUR FLAX SPINNING CO., OF NEW JERSEY.

PATERSON, N. J., January 20, 1913.

Ways and Means Committee, Washington, D. C.

GENTLEMEN: Schedule J, representing flax, hemp, jute, etc., while a good revenue producer, has never had the protection afforded other industries, with the result that the other textiles having adequate duties are prosperous to a high degree.

The average rates of duty the past year have been as follows:

WOOL SCHEDULE.

Year ending June 30—	Raw material.		Manufactured goods.		Entire schedule.	
	Average rate.	Value of imports.	Average rate.	Value of imports.	Average rate.	Value of imports.
1912.....	<i>Per cent.</i> 43.61	\$33,141,408	<i>Per cent.</i> 82.98	\$15,182,694	<i>Per cent.</i> 55.98	\$48,324,102

COTTON SCHEDULE.

1912.....	Free.	\$20,217,293	55.59	\$63,415,504	42.15	\$83,632,797
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SILK SCHEDULE.

1912.....	Free.	\$69,542,154	52.03	\$27,092,356	14.58	\$96,634,510
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FLAX, HEMP, AND JUTE SCHEDULE.

1912:						
Free.....	Free.	\$29,584,508	} 37.00	\$62,469,078	24.31	\$96,929,617
Dutiable.....	9.18	4,876,031				
Total.....	1.30	34,460,539				

The above figures have been compiled from Government reports and are supplemented by a comparative statement for 13 years. See table annexed, marked "A."

The following shows the importation of threads, twines, and yarns of flax and hemp, for the past three years:

Flax and hemp yarns, 1910—1,440,452 pounds.

Flax and hemp yarns, 1911—1,934,354 pounds.

Flax and hemp yarns, 1912—2,135,830 pounds.

Flax and hemp threads, twines, or cords, 1910—555,586 pounds.

Flax and hemp threads, twines, or cords, 1911—576,903 pounds.

Flax and hemp threads, twines, or cords, 1912—647,844 pounds.

Attention is called to the increasing importations, which is clear evidence that under the present duty we are handicapped by severe competition from abroad. An important factor is that larger wages are paid in the United States than in foreign countries. Reliable and accurate information is available and shows that the wages paid in America, while none too high, are three times the average paid in foreign countries.

At our request, information has been tabulated of the wages paid in flax mills in various countries, and the same has been reduced to pence (English money) per hour worked, full detail of which is inclosed herewith. Table "AA."

Reducing the figures in table of wages to a unit of 100 for the United States, the average of all classifications for foreign countries is 34.23.

For a number of years the rate of duty for thread has been specific. The former laws (prior to 1897) gave an ad valorem duty which resulted in great undervaluation and fraud on the Government. Reference to the legal files of the Treasury Department will show that under the present law few issues have been raised under specific rates for paragraphs 340 and 341.

PARAGRAPHS 333-336—FLAX.

The facts recited would warrant the conclusion that rates in paragraphs 340 and 341 should not be reduced.

Paragraph 342 should be amended as follows:

"Gill nettings, nets, webs, and seins, made of flax, hemp, or ramie, or a mixture of any of them, shall pay the same duty per pound as is imposed in this schedule upon the thread, twine, or cord of which they are made, and in addition thereto 20 per cent ad valorem."

The addition to present law being as follows: "Made of flax, hemp, or ramie, or a mixture of any of them."

The reason for rewriting paragraph is that the present wording of the law is not clear on the question of whether hemp or ramie nets are classed with flax, and as they are all substantially one class, the amendment to present law is desirable.

Respectfully submitted.

BARBOUR FLAX SPINNING CO.,
WM. BARBOUR, *President*.

TABLE A.—TEXTILE GROUPS.

Statement showing the average protection accorded to the raw material, manufactures, and total of the cotton, wool, silk, and flax, hemp, and jute schedules, 1900-1912.

[Compiled from Government annual reports.]

COTTON SCHEDULE.

Year ending June 30—	Raw material. ¹		Manufactured goods.		Entire schedule.	
	Average rate.	Value of imports.	Average rate.	Value of imports.	Average rate.	Value of imports.
	<i>Per cent.</i>		<i>Per cent.</i>		<i>Per cent.</i>	
1900.....	Free	\$7,961,176	55.34	\$39,789,989	46.11	\$47,751,165
1901.....	do	6,787,860	54.87	39,773,920	46.88	46,561,780
1902.....	do	11,777,461	54.91	44,590,085	43.44	56,367,546
1903.....	do	10,966,665	53.68	51,706,978	44.29	62,673,643
1904.....	do	8,548,169	53.78	48,901,815	45.78	57,449,984
1905.....	do	9,416,983	54.26	48,953,232	45.50	58,370,215
1906.....	do	10,878,433	54.00	61,756,361	45.91	72,634,794
1907.....	do	19,752,015	53.38	73,059,549	42.02	92,811,564
1908.....	do	14,164,406	52.32	66,131,104	43.09	80,295,510
1909.....	do	13,622,802	53.41	61,902,662	43.77	75,525,464
1910.....	do	15,782,560	56.04	67,948,594	45.48	83,731,154
1911.....	do	24,776,822	55.71	64,270,892	40.21	89,047,714
1912.....	do	20,217,293	55.59	63,415,504	42.15	83,632,797

WOOL SCHEDULE.

1900.....	48.90	\$15,036,220	91.45	\$15,620,487	70.58	\$30,656,707
1901.....	50.80	15,998,015	91.30	14,729,450	70.21	30,727,465
1902.....	59.01	18,385,748	91.58	16,977,872	74.64	35,363,620
1903.....	54.71	21,258,031	91.00	19,302,007	71.98	40,560,037
1904.....	48.91	22,330,536	92.61	17,632,313	68.19	39,962,849
1905.....	46.64	35,444,448	91.82	18,021,042	61.87	53,465,490
1906.....	43.47	40,911,524	90.30	22,353,591	60.02	63,265,115
1907.....	40.93	40,461,592	89.42	22,357,206	58.19	62,818,798
1908.....	42.74	26,720,921	91.22	19,101,576	62.95	45,822,497
1909.....	49.14	34,757,909	90.20	18,049,332	63.18	52,807,241
1910.....	44.31	47,687,293	90.12	23,049,645	59.23	70,736,938
1911.....	42.20	29,572,258	87.72	18,791,076	59.89	48,363,334
1912.....	43.61	33,141,408	82.98	15,182,694	55.98	48,324,102

¹ Raw cotton.

PARAGRAPHS 333-336—FLAX.

Statement showing the average protection accorded to the raw material, manufactures, and total of the cotton, wool, silk, and flax, hemp, and jute schedules, 1900-1912—Contd.

SILK SCHEDULE.

Year ending June 30—	Raw material.		Manufactured goods.		Entire schedule.	
	Average rate.	Value of imports.	Average rate.	Value of imports.	Average rate.	Value of imports.
	<i>Per cent.</i>		<i>Per cent.</i>		<i>Per cent.</i>	
1900.....	Free.	\$45,329,168	51.95	\$30,358,771	20.83	\$75,687,939
1901.....	Free.	30,051,906	53.07	26,836,267	25.04	56,888,163
1902.....	Free.	42,631,598	53.64	32,242,228	23.09	74,873,816
1903.....	Free.	50,012,251	53.47	36,047,873	22.39	86,060,124
1904.....	Free.	46,111,160	52.76	31,483,008	21.40	77,594,168
1905.....	Free.	61,054,836	53.45	31,822,656	18.31	92,877,482
1906.....	Free.	54,081,094	53.24	32,591,910	20.01	86,673,004
1907.....	Free.	71,411,898	52.68	38,400,317	18.42	109,812,215
1908.....	Free.	64,547,161	51.94	31,755,212	17.12	96,302,373
1909.....	Free.	79,963,676	53.09	30,469,693	14.65	110,433,369
1910.....	Free.	67,130,853	53.39	33,084,737	17.62	100,215,590
1911.....	Free.	74,999,432	53.47	31,965,625	15.69	106,965,057
1912.....	Free.	69,542,154	52.03	27,092,356	14.58	96,634,510

FLAX, HEMP, AND JUTE SCHEDULE.

1900—Free.....	Free.	\$24,276,654	41.28	\$30,926,233	22.77	\$57,262,824
Dutiable ¹	13.57	2,059,937				
Total.....	1.06	26,336,591				
1901—Free.....	Free.	20,425,234	39.90	32,144,129	23.44	55,058,794
Dutiable ¹	11.06	2,489,431				
Total.....	1.20	22,914,665				
1902—Free.....	Free.	28,436,615	38.96	37,986,001	21.80	66,512,675
Dutiable ¹	11.64	3,090,059				
Total.....	1.14	31,526,674				
1903—Free.....	Free.	31,605,705	40.24	38,462,068	21.69	72,900,669
Dutiable ¹	11.80	2,832,896				
Total.....	.98	34,438,601				
1904—Free.....	Free.	34,403,338	40.13	38,941,141	20.88	76,740,640
Dutiable ¹	11.84	3,396,161				
Total.....	1.06	37,799,499				
1905—Free.....	Free.	35,185,599	39.58	39,801,605	20.62	77,873,541
Dutiable ¹	10.94	2,886,345				
Total.....	.83	38,071,944				
1906—Free.....	Free.	36,073,409	37.97	49,775,371	21.59	89,084,330
Dutiable ¹	10.60	3,235,550				
Total.....	.87	39,308,959				
1907—Free.....	Free.	38,401,692	35.93	65,098,175	22.18	107,261,579
Dutiable ¹	10.67	3,761,712				
Total.....	.95	42,163,404				
1908—Free.....	Free.	31,872,562	35.77	54,037,612	22.02	89,512,682
Dutiable ¹	10.33	3,602,508				
Total.....	1.05	35,475,070				
1909—Free.....	Free.	26,406,934	38.83	49,074,526	24.68	78,702,143
Dutiable ¹	11.39	3,220,683				
Total.....	1.24	29,627,617				
1910—Free.....	Free.	27,829,320	39.09	58,579,792	25.65	91,116,274
Dutiable ¹	10.22	4,707,162				
Total.....	1.48	32,536,482				
1911—Free.....	Free.	27,159,988	39.25	54,763,067	25.55	85,529,097
Dutiable ¹	9.94	3,606,042				
Total.....	1.16	30,766,030				
1912—Free.....	Free.	29,584,508	37.00	62,469,078	24.31	96,929,617
Dutiable ¹	9.18	4,876,031				
Total.....	1.30	34,460,539				

¹ The dutiable raw is "Flax and hemp." The free is "Jute and all other (except cotton)."

PARAGRAPHS 333-336—FLAX.

TABLE "A A."

Wages paid in flax mills, reduced to pence, per hour worked.

	Mill in central Russia.	Mill in Italy.	Riga district.	Moscow district.	Western Russia.
Hours worked weekly.....	(1)	63	62	(2)	57
Hackling department:					
Machine boys.....	1.0	1.13	.....	1.36	2.11
Roughers.....	2.60-2.83	1.80	2.67	2.83-3.26	3.18
Sorters.....	2.60-2.83	2.70	2.63	2.83-3.26	3.13
Piecers out.....	3 1.27-1.84	.....	.....	3 1.14-2.00	.....
Preparing department:					
Spreaders.....	1.0	1.13	1.23	1.20	2.28
Drawers.....	.85	1.05	1.11	1.08-1.14	2.10
Rovers.....	1.0-1.11	1.31	1.35	1.14-1.25	2.37
Doffers.....	.85	.....	.99	1.0	.....
Spinning department:					
Doffers.....	.56	1.05	.99	.94-1.0	.90
Spinners.....	1.0-1.11	1.53	1.60	1.42-1.70	1.99
Piecers.....	.....	1.35	1.23	1.28	1.18
Doffing mistress.....	1.70-1.98	3.60	2.88	1.70-2.83	2.91
Carders.....	5 1.11	2.25	1.48	1.20	1.70
Reelers.....	1.11-1.42	1.35	1.35	1.14-1.70	2.01
Oilers.....	1.11-1.70	2.60	1.98	1.47-1.77	2.73
Band tiers.....	1.0-1.42	1.13	2.23	1.14-1.83	1.85
Foremen:⁶					
Hackling room ⁷	2.83-3.11	8.6	3.7	3.11	5.28
Preparing room.....	3.11	8.6	3.7	2.83	6.49
Spinning room.....	3.11-3.40	10.3	5.76	3.39	4.74
Reeling room.....	3.11-3.40	5.3	2.05	3.39	5.82

	Average eastern Germany.	Wages in Bohemia.	Average Belfast district.	Average Ghent district.	Mill in eastern Germany.
Hours worked weekly.....	58	61	55½	66	58
Hackling department:					
Machine boys.....	2.25	1.75-1.93	1.73-2.54	1.36-1.52	3.14
Roughers.....	3.93	3.87	4.6-5.4	3.14	4.47
Sorters.....	4.01	4.19	6.05-6.16	3.35	5.07
Piecers out.....	.....	.....	2.60-4.75	.....	.....
Preparing department:					
Spreaders.....	1.97	2.13	2.31	1.68-1.90	2.12
Drawers.....	1.99	1.84	2.27	1.57-1.94	1.72
Rovers.....	2.17	2.03	2.36	2.22-2.56	1.92
Doffers.....	.....	.....	1.75	.....	1.52
Spinning department:					
Doffers.....	1.58	.....	1.98	1.36-1.59	1.52
Spinners.....	2.33	2.34-2.50	11 2.60	11 2.80	10 1.72
Piecers.....	1.75	1.84	2.36	12 2.45	11 3.04
Doffing mistress.....	2.74	2.90	3.06	1.45-2.07	12 2.23
Carders.....	2.10	2.13	2.40	2.54-2.86	1.83
Reelers.....	2.25	2.34-2.50	2.80	1.8-2.10	2.12
Oilers.....	2.51	2.90	4.24	2.3-2.8	1.83
Band tiers.....	2.51	2.90	3.83	2.5-2.93	1.83
Foremen:⁶					
Hackling room ⁷	6.44	5.2	9.06	1.33-1.68	2.43
Preparing room.....	6.07	4.84-6.40	8.6	4.0-7.14	.....
Spinning room.....	6.61	4.84-6.40	9.4	3.96-7.93	.....
Reeling room.....	5.92	4.84-6.40	10.12	5.04-6.35	.....
Carding room.....	5.11	.....	.....	3 2.7-2.86	.....
Foreman mechanic.....	7.00	.....	.....	.....	.....

1 2 shifts daily of 54 hours.
 2 108 in 2 shifts daily of 54 hours.
 3 Women.
 4 Piecework.
 5 Men.
 6 Foremen receive free houses and heating. Salaries depend on capabilities, reliability, length of service, size of room, and sort of machinery in the room.

7 All piecework, except doffers and foremen in hackling and reeling rooms.
 8 Hackling department, 55 hours per week.
 9 Under 16 years.
 10 Over 16 years.
 11 2 sided.
 12 1 sided.

PARAGRAPHS 333-336—FLAX.

Wages paid in flax mills, reduced to pence, per hour worked—Continued.

	Dry spinning mill, France.	Russian flax mill, Lille.	Average Courtrai Mills-Lille.	Mill in Westphalia.	Average wages west of Germany.	Wages in America.
Hours worked weekly.....	60	60	60	58	58	55
Hackling department:						
Machine boys.....	(¹)	1.57-2.00	1.66-2.24	3.41	3.40-3.53	8.94
Roughers.....	2.7	3.0	3.56-3.81	6.43	4.26-4.86	10.29
Sorters.....	4.28	4.75	4.75	6.22	4.46-4.76	12.55
Piercers out.....						8.07
Preparing department:						
Spreaders.....	2.22	2.1	2.14-2.85	2.39	2.22-2.84	5.6-5.75
Drawers.....	1.90	2.0	2.14-2.71	2.38	2.22-2.52	5.29
Rovers.....	2.85	2.33	2.38-2.61	2.42	2.8-3.45	5.51
Doffers.....	1.58-1.83	1.25	1.66	2.40	2.3-2.5	4.47
Spinning department:						
Doffers.....	1.58-1.90	1.86-2.13	1.19-2.14	2.19	⁴ 1.72-1.91 ⁶ 2.43	4.47
Spinners.....	⁶ 2.53-2.83	2.57-2.76	⁷ 3.20-3.33 ⁸ 2.61-2.80	3.02	2.64-3.65	4.91-6.71
Piecers.....	2.07	2.23	2.14-2.38	2.31	1.91-2.12	4.61-5.0
Doffing mistress.....	3.10	⁹ 4.75	3.81-5.47	³ 3.88	3.65-4.05	6.64-7.16
Carders.....	2.53	3.10	2.18-2.61	2.65	⁹ 3.34-3.65	¹⁰ 6.10
Reelers.....	2.38-3.0	2.38	2.38-3.33	² 3.13	² 3.05-3.76	6.27
Oilers.....	3.8	3.81	3.56-3.81	2.80	2.26-3.66	7.77-9.44
Band tiers.....	2.53	2.85	2.85	² 3.06		5.02-5.94
Foremen: ¹¹						
Hackling room ¹²	6.66	6.35	8.1	7.74	6.09	26.9
Preparing room.....	5.70	5.70	11.43	7.69	6.09	25.1
Spinning room.....	5.70	6.35	12.33	8.34	6.0-6.9	23.3
Reeling room.....	5.70	4.05	6.18	6.23	5.7-6.09	13.0
Carding room.....		¹³ 4.75 ¹⁴ 4.05			(¹⁵)	

¹ First filler, 1.74; second filler, 1.90; change end, 2.14.

² Piecework.

³ Girls.

⁴ 14 years.

⁵ 17 years.

⁶ Dry.

⁷ 2 sided.

⁸ 1 sided.

⁹ Men.

¹⁰ Women.

¹¹ Foremen receive free houses and heating. Salaries depend on capabilities, reliableness, length of service, size of room, and sort of machinery in the room.

¹² All piecework, except doffers and foremen in hackling and reeling room.

¹³ Bundlers.

¹⁴ Polers.

¹⁵ Mostly piecework rates.

BRIEF SUBMITTED BY THE WEST END THREAD CO.,
MILBURY, MASS.

FLAX.

JANUARY 17, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We have been manufacturing since 1892 a line of high-grade linen threads, using nothing but imported flax, as there is none grown in the United States that is at all suitable for our use.

We buy all our flax in the same markets the spinners of Great Britain and the Continent buy theirs, but with this difference (par. 334), flax not hackled or dressed, 1 cent per pound duty.

Paragraph 335. Flax hackled, known as dressed line, 3 cents per pound duty.

It makes no difference whether the flax is brought in unhackled, paying 1 cent per pound, or hackled, paying 3 cents per pound. When it is put on the spread board it costs the spinner in the United States 3 cents per pound more than it does the spinner abroad.

All our machines in the preparing and spinning rooms, comprising 80 per cent of the total machines used in the mill, come from abroad, paying 45 per cent duty. These machines are not made in this country.

PARAGRAPHS 333-336—FLAX.

A Belfast spinner buys from the same markets, paying no duty. The cost to the West End Thread Co. in labor over that of Great Britain and eastern Germany is as follows:

	Great Britain.	Eastern Germany.
	<i>Per cent.</i>	<i>Per cent.</i>
Spindlers.....	268	314
Drawers.....	286	339
Rovers.....	304	330
Spinners.....	315	353
Doffing mistress.....	214	239
Doffers.....	219	273
Reelers.....	327	408

The production is no greater in any linen-thread mill in the United States, and it is a question if it is as great as in the mills at Belfast, Ireland, spinning the same numbers.

The imports of threads, twines, or cords, under paragraph 340 of Schedule J for the last three years were as follows:

	1910	1911	1912
Imports:			
Pounds.....	555,586.40	576,903.25	647,844.00
Value.....	\$353,853.45	\$300,288.00	\$459,914.00

The above comparisons show a steady increase in the imports the past three years, which fact is supported by our finding a steadily increasing competition from foreign linen threads which is becoming harder to meet even under the present tariff.

As there is no flax grown in the United States that can be used in manufacturing linen threads, we would recommend paragraph 334, flax not hackled or dressed, 1 cent per pound, be free; paragraph 335, flax hackled, known as dressed line, 3 cents per pound, be free.

Should paragraphs 334 and 335 be put on the free list, paragraph 340 could be reduced in proportion, but the base of 12 cents per pound should not be altered, but the increment of three-fourths of 1 cent per pound additional for each lea or number could be reduced by about 10 per cent. This would equal a reduction of over 10 per cent on the whole schedule of threads finer than 5 lea or number.

But this change would only be justified by having flax on the free list.

The specific duty on thread has been much more satisfactory and free from the undervaluations which prevailed under the ad valorem system. The specific rates in paragraphs 340 and 341 have prevented undervaluation and fraud, so much in evidence under former laws.

We believe that any reduction in the tariff except as we have recommended would result disastrously to the linen-thread industry in the United States.

Respectfully submitted.

WEST END THREAD CO.,
RUFUS W. POOLE, *Managing Director.*

BRIEF OF CHARLES D. ORTH, OF HANSON & ORTH, NEW YORK.

FLAX, NOT HACKLED OR DRESSED.

Present duty, 1 cent per pound.

Change recommended, free.

Reason: Flax for spinning is not grown in the United States, and the duty, therefore, is not protective. The revenue is only \$200,000 to \$250,000 per annum, against which free flax would not only stimulate this branch of textile manufacturing in the United States but would also tend to cheapen the price of crash, or "poor man's linen," which is now the chief American linen fabric manufacture.

PARAGRAPHS 333-336—FLAX.

FLAX, HACKLED.

Present duty, 3 cents per pound.

Change recommended, 1 cent per pound.

Reason: On account of the low price of labor, flax can be hackled much more cheaply abroad than in the United States; but any advantage which might be derived by the Government in revenue or by the mills or the consumers by taking advantage of this cheap labor is impossible on account of a practically prohibitive duty. The reduction in duty indicated would probably stimulate importations so as to yield more revenue and would probably give more employment to flax-spinning labor here than the reverse.

BRUSHED FLAX.

Present duty, either 1 cent or 3 cents per pound, according to the decision of the appraisers.

Change recommended, one-half cent per pound.

Reason: "Brushed" flax is partially advanced in value by a species of rough hackling, but not to the same extent as flax known as "hackled." "Brushed" flax should be specifically provided for to prevent attempts to enter such flax as raw and also to fix a duty proportionate to the facts.

TOW OF FLAX.

Present duty, \$20 per ton.

Changes recommended, free.

Reasons: Flax tow is a very much cheaper article than flax itself and a duty practically the same as that on flax is illogical and unreasonable.

HEMP AND TOW OF HEMP.

Present duty, \$22.50 per ton.

Changes recommended, free.

Reasons: The production of hemp in the United States is a constantly declining industry, owing to the fact that other crops are found much more remunerative, and that the "breaking" of hemp requires hand labor of a very arduous nature, with the result that the laborers prefer other work. The revenue is only from \$100,000 to \$125,000 per annum, against which the absence of a duty would cheapen rough linens, shoe threads, carpet yarns, cordage, and strings for tying packages, and would further stimulate this branch of textile manufacturing in the United States. In any case the duty on hemp tows should not be as great as the duty on hemp itself, for the same reasons specified regarding paragraph 336 immediately preceding.

HEMP HACKLED.

Present duty, \$45 per ton.

Change recommended, \$22.40 per ton.

Reasons: Same as those regarding flax, hackled.

GRASSES AND FIBERS.

Present duty, free.

Change recommended, in nomenclature. Specification in more detail of articles meant to be included.

Reasons: No fibers now commercially imported are "grasses" and the term is a misnomer. Many fibers now admitted free are not mentioned in the paragraph and they could and should be included in detail.

Schedule N, paragraph 479, now covers hemp, jute, and flax wastes, and flax noils which are imported for use other than for paper manufacturing (in which latter case they are enterable free under free list, paragraph 644).

Present duty, 10 per cent.

Change recommended, free.

Reasons: These articles are mill by-products, and consequently the present duty protects nothing nor nobody. The revenue is inconsequential, and free entry would help the textile industries. Moreover, it would prevent dishonest entry of these articles under paragraph 644 of the free list; so that merchandise actually being imported for spinning is not entered "for paper making."

PARAGRAPHS 333-336—FLAX.

NOTE.—In any case the duties on all "tows" should be materially less than the duty on the material from which they are derived, because the values of tows are so much less, and their condition is much more crude.

No recommendation is made herein for free entry of anything except raw materials.

CHARLES D. ORTH,
HANSON & ORTH.

BRIEF OF MEREDITH LINEN MILLS, MEREDITH, N. H.

JANUARY 24, 1913.

The WAYS AND MEANS COMMITTEE,
Washington, D. C.:

The Meredith Linen Mills, located at Meredith, N. H., respectfully submit the following brief:

This corporation is organized under the laws of Massachusetts with capital of \$140,000. The business is the manufacture of pure linen crash and towels. The average annual production is 2,000,000 yards. All of the raw material is flax purchased in the open markets of Europe, on which a duty is paid. No American-grown flax has ever been purchased or offered for sale to this company. The mill employs American labor entirely and has never had any labor troubles. The plant lost heavily during the first eight years of its existence (1901 to 1909), the principal cause of which was its inability to compete with foreign-made linen crash. It has been a difficult task to induce large buyers of linen to take up the American-made goods. Imported crash bearing Irish or Scotch names has a great advantage over American-made goods. Our Irish and Scotch competitors purchase their raw material (flax) free of duty, which fact, coupled with their lower rate of wage and prestige on the market, gives them a decided advantage. Inasmuch as there seems to be no American-grown flax on the market available for spinning, we make the following suggestions to your committee: That raw flax, tow of flax, and combings of flax be admitted to this country free of duty; that any material reduction of duty on linen crash or linen towels will make it extremely difficult to compete with foreign-made crashes and might result in disaster to the industry.

Respectfully submitted.

MEREDITH LINEN MILLS,
ALFRED F. HALL, Agent.

TESTIMONY OF V. R. BLEHDON, BRISBANE BUILDING, BUFFALO, N. Y., ON THE SUBJECT OF FLAX TOW.

Mr. BLEHDON. Mr. Chairman and gentlemen, during the week that I have been present here I have heard everything discussed except an article out of which hundreds of different articles are manufactured; that is, flax straw and flax tow. Flax straw is raised in the Northwest, in North Dakota, South Dakota, Minnesota, Iowa, Michigan, Ohio, and Wisconsin.

The duty on flax straw has been \$5 a ton and \$20 a ton on manufactured tow. I have some samples here, but I left them over at Mr. Smith's office. I wish I could show them to you. Can I be excused for a moment?

The CHAIRMAN. You may submit the samples later.

Mr. BLEHDON. In flax straw the top, the little bulb, contains the seed; the lower part is the straw. The longer it grows the better. For instance, Michigan and Ohio produce the best straw, and in North Dakota and South Dakota the straw is inferior.

The seed is used for linseed oil, as we all know, and the straw is used in tow mills to make tow out of it. Tow is used for upholstering. For instance, you buy a parlor suite, a chair, or a couch stuffed with hair, you get the tow. Hair is worth about 40 or 50 cents a pound, and tow is much cheaper. But the bottom of any upholstered chair

PARAGRAPHS 333-336—FLAX.

is tow, with a little hair, perhaps, on top. It is also used for lining refrigerator cars, where formerly they had used charcoal and cattle hair. Instead of that, tow is now used. The tow is boiled and chemically prepared, put into heavy papers, and refrigerator cars are lined with it. Fruit and vegetable articles are now shipped from California to New York with only one icing at Denver, where formerly three icings were necessary. Most of the railroads now use tow for lining their refrigerator cars. The tow mills have only been recently established in America, between 40 and 50 years ago, and as far as the car lining is concerned that has only been within the last five years. As I said, cattle hair was formerly used, but cattle hair smells after a certain time, and fruit can not be shipped. The tow is boiled, and it never smells after it is chemically prepared. It is a kind of flax. The farmers raise that flax and sell the seed to the linseed-oil mill companies, and the flax straw they sell to the tow mills. They derive a very large income because they receive from three to eight or nine dollars a ton for the flax straw delivered at the mills. There is at present a very large concern, called the Union Fibre Co., at Winona, Minn., manufacturing linings for refrigerator cars.

About 3,000,000 tons of flax straw is raised by the farmers in this country, of which about 1,500,000 tons are in good condition to be used for tow for refrigerator-car linings. Michigan and Ohio produce about the best flax straw in this country. They take more care in raising it than they do in North Dakota, where it is mostly raised for the seed. The farmers derive a very large income, hundreds of thousands of dollars, out of selling flax straw to refrigerator-car people and the tow mills. The tow mills are distributed all over the Western States, in Iowa, Michigan, Minnesota, and Wisconsin, in both the Dakotas, and some in Ohio. Gentlemen, the farmers are desirous of selling their straw. To some farmers it means \$10 a year, to some \$20, to some \$50 a year, and to some \$500 a year. I am interested in several of the tow mills and own some land out in North Dakota, and I am anxious to sell straw to the manufacturers of refrigerating cars. I travel all over the Northwest, and I am intrusted by the farmers of the Northwest to bring the matter before you. I receive not a cent for it. I am only acting in the interest of the farmers. I had the pleasure of turning over to the clerk of your committee petitions containing a thousand signatures of farmers of the Northwest, and I understand there are a hundred thousand signatures to petitions which have been submitted to the Representatives and Senators, and more coming.

Mr. HARRISON. What did you say was the American production of flax straw?

Mr. BLEHDON. Good flax straw that is worth something, about 3,000,000 tons.

Mr. HARRISON. We imported last year 170 tons. Do you think the farmers of the Northwest need be alarmed about the invasion of their markets?

Mr. BLEHDON. Yes, sir. The appraisers have made a mistake. In the Payne tariff it said "tow of flax," and the appraisers took it literally. You make tow out of flax straw, and not out of flax.

Mr. HARRISON. Of tow flax, only 1,325 tons were imported, so that with all the tow of flax and flax straw put together there was not as

PARAGRAPHS 333-336—FLAX.

much as 1,500 tons imported at the very low rate of duty, and you say yourself there were at least three and a half million tons of good flax straw produced in the United States.

Mr. BLEHDON. But since the appraisers have made that decision thousands of tons have come in.

Mr. HARRISON. When did they make that decision?

Mr. BLEHDON. On the 7th of October. I have the papers, and I will present the petition and everything. That decision has been immediately reversed by the Secretary of the Treasury, and a new hearing is going to be held on it.

Mr. HARRISON. Under what classification does it now come in, if it is not flax straw nor tow of flax?

Mr. BLEHDON. Flax straw—

Mr. HARRISON. Flax straw is specifically dutiable at \$5 per ton.

Mr. BLEHDON. It costs from ten to twenty dollars to make a ton of tow out of flax straw.

Mr. HARRISON. What is this material that has been decided by the Board of Appraisers to be on the free list, if it is not flax straw nor tow of flax?

Mr. BLEHDON. They let it come in as flax-straw paper stock.

Mr. HARRISON. Well, but flax straw is specifically dutiable under the law at \$5 per ton?

Mr. BLEHDON. Yes, sir.

Mr. HARRISON. What was their decision which permitted them to bring it in free?

Mr. BLEHDON. I did not say free. I meant tow as flax straw. There is no duty on tow. They bring it in as flax straw now.

Mr. HARRISON. Tow flax is taxed at \$20 per ton, and flax straw at \$5 per ton?

Mr. BLEHDON. Yes.

Mr. FORDNEY. But they now let the tow come in under the flax-straw rate.

Mr. HARRISON. They let the tow come in at a lower duty?

Mr. BLEHDON. Yes; as flax straw.

Mr. HARRISON. It is not on the free list?

Mr. BLEHDON. No, sir; unless it is falsely imported as flax waste or paper stock.

The CHAIRMAN. Proceed.

Mr. FORDNEY. So that the rate on tow, which was \$20 under the law, is now \$5?

Mr. BLEHDON. It is \$5. Flax is worth 16 cents a pound, and tow is worth about 2.5 or 3 cents a pound.

The CHAIRMAN. You say that decision has been reversed by the Secretary of the Treasury?

Mr. BLEHDON. Not reversed; but a new hearing has been ordered.

The CHAIRMAN. Before the Board of Appraisers?

Mr. BLEHDON. Before the Board of Appraisers; but there is an old saying that they never reverse themselves, but that may not be so; it may be wrong.

Now, gentlemen, the farmers pray, and you will see hundreds—thousands—of their signatures, part of which I have submitted to-day, asking that the duty be left as it is.

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There is no combination; they are all poor farmers, and that is all they want.

I would further like to say this, Mr. Chairman, that I have been here a week and have listened to what was going on here.

I travel a great deal through North and South Dakota, and Minnesota, and West, and I have found out that some newspapers and some fellows who travel over the Northwest and meet the farmers tell them that "Now the Democrats are in, and you voted for them, and you will find out that things will be altogether different," and that you give only 10 minutes to each witness who appears before you.

I have, as I stated, been here a whole week and listened to the proceedings of your honorable committee, and I have seen that you have given everybody all the time he or they wanted. You have had men before you for an hour and have listened carefully to what they have to say, and I tell you that whoever has chosen your committee has chosen well, and in the interest of the people, and I found that it is a good thing that you have been chosen, for you will certainly decide in the interest of the people.

I thank you, gentlemen.

Mr. FORDNEY. After that compliment I should be surprised if flax is not well taken care of.

Mr. BLEHDON. Now, no, I do not say it for that. It is all right, I can tell you that.

CORRECTED BRIEF OF V. R. BLEHDON, 438 BRISBANE BUILDING, BUFFALO, N. Y., REPRESENTING FARMERS AND HIMSELF.—SCHEDULE J, FLAX STRAW (SEC. 333), FLAX TOW MADE OF FLAX STRAW (SEC. 336).

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

MY DEAR SIR: The northwestern and western parts of the United States raise about 3,000,000 tons of flax straw in favorable years. There are some years, as for instance 1909 and 1910, on account of the great heat then prevailing, millions of acres were damaged and the product made worthless, causing great loss to the farmers.

Most of the good flax straw raised in the Northwest, in Iowa, Michigan, North and South Dakota, Ohio, Wisconsin, and Minnesota, is purchased from the farmers by the tow mills, of which there are large numbers located in the different States mentioned.

Furthermore, it is used for binder twine by the International Harvester Co. and several other concerns.

For the last few years a new use has been made of it. When common flax straw is being manufactured into tow, and that tow is being now used by almost all the railroads for lining of refrigerator cars, and thousands of these cars are now running from California to New York, from the North to the South, and only one icing is wanted for perishable articles, when formerly the cars were lined with cattle hair or cork or charcoal, the same distance needed three icings.

Tow mills have been established only in this country within the last 30 or 40 years, for previously all flax straw was burned by the farmers when the straw was thrashed out.

The price the farmers receive for flax straw is from \$3 to \$9 a ton, according to the quality and length of the straw and the amount of fiber it contains, for it is the fiber alone which can be used for tow, for binder twine, or for car linings. So, therefore, the farmers, when the straw is thrashed and the seed taken out, cart it themselves or bale and ship the straw to the mills and receive immediate cash for the product, and is therefore a very large income to farmers.

At the mill the flax straw is dried, then goes through from 24 to 72 corrugated steel rollers; then goes through revolving pickers; then through wire shakers where all woody substances are shaken out, or should be, as far as possible. It is then baled.

The better and finer the grade of tow the oftener it has to be repassed through the machinery and rollers, and the oftener it goes through the finer the tow and more expensive it will be.

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The manufacture of fine grades of tow alone costs us as much as \$12 to \$15 a ton of tow, and from 3 to 5 tons of straw are needed to make 1 ton of the finest tow.

The many tow mills distributed over the North and Northwest are to a large extent owned by people who live among the farmers in the small towns, who borrow money from small banks to pay for the flax tow, and being their own salesmen sell the tow themselves, or have agents who travel through the country and sell the tow, or who buy it of them, and when they have sold the tow they pay back the bank. A tow mill is a small matter, costing from \$4,000 to \$8,000 or \$9,000, except two or three, which are owned by the International Flax Twine Co., St. Paul, or the Union Fiber Co., and cost perhaps \$30,000 or \$40,000 a piece. In this way only not more than one-third of the flax straw produced in this country is salable, and the farmers are waiting anxiously some new industries which have so far been found a great loss, as by instance the manufacturing of linen out of American straw, but some grades of paper are being seriously tried now out of the American flax straw.

Russia raises more flax, and consequently more flax straw, than America, and together with Canada they could flood the whole United States with cheap tow at one-half or less, for Russia pays only 55 cents (1 ruble Russian money) a day to laborers in the tow mill, whereas the Americans pay from \$2 to \$2.75 a day, and Canada pays only half these wages, and the farmers receive only, in Russia, I understand, about 50 cents for the flax straw a ton, and in Canada only one-half we pay to the farmer.

For all these reasons the farmers have signed many petitions to your honorable body, to which I have the honor to present, as well as all kinds of citizens, and I understand that 100,000 signers will follow, praying that the present duty shall remain as it is, to wit, \$5 on flax straw a ton; and the present duty on tow made out of flax straw remain as it is now, \$20 a ton of 2,000 pounds. Leaving the matter in your hands,

I have the honor to be,

V. R. BLEHDON,
For himself and farmers of North and South Dakota,
Iowa, Minnesota, Michigan, Ohio.

BUFFALO, N. Y., February 22, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: AS I took the liberty of explaining to your committee, the United States General Appraisers of the customhouse, New York, made a decision, based upon technical grounds, reducing the duty on tow from \$20 per ton, as it was for years back, to \$5 per ton of 2,000 pounds, because the composers of the Payne tariff made a mistake, for it says "tow of flax" instead of, as it should be, "tow manufactured of flax straw," for tow is manufactured of flax straw and not of flax.

There are two kinds of flax, one simply retted, which means the hulls retted off by wetting the flax straw and exposing it to the sun, or otherwise, until the woody part is retted off, and it is called flax not hackled, whereas flax hackled, known as dressed flax, is first "retted," then "combed," then "hackled," then "scutched," and, last, but not least, "drawn" (straight).

I have explained the retting—the combing a man has to do by taking a large handful of the retted flax straw in his hand and pulling it through combs of steel about 6 or 8 inches long, set into a horizontal board. This takes off part of the hulls. Then it goes through finer combs, and then it goes under the scutching knife, the man holding a long knife in his right hand and passing it over the combed flax held in his left hand, until every vestige of the woody part disappears.

After all that is done the flax is braided into braids similar in size to that of a woman's hair, and in that way it is packed and shipped out, especially to thread and linen manufacturers. This takes a very long time and is very arduous labor, it being all hand work, nothing being done by machinery.

The duty on such flax has been 3 cents a pound, or \$60 a ton, the value of it being up to \$300 a ton and more.

Tow of flax straw is made out of flax straw from which the seed is thrashed out, and then it goes from one to four times through two or three brakes, each having from 32 to 34 steel corrugated rollers, according to the fineness of the grade of tow, the price of which is up to \$60 a ton; thence it goes through several steel pickers, steel shakers, all worked by steam power or electricity.

In former years all straw, after seed was thrashed out, was burned and used for manuring the ground, whereas for the last 30 or 40 years tow mills have been established. Binder twine was and is being made out of it, and recently, as I stated before, part of the flax

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straw raised is used for lining refrigerator cars, and where formerly three icings were wanted for shipping fruit from California to the East, now, since the cars are being lined with tow made out of flax straw, only one icing is necessary.

In spite of this the farmers can sell only less than one-half of the product called flax straw, there being no use for the other half, although it is being tried now to make wrapping and writing paper out of it.

If the duty was taken off, Canada and Russia would import flax straw and tow to cover the whole United States, thereby preventing the farmers of Ohio, Michigan, Minnesota, Wisconsin, North and South Dakota, and Iowa from selling their flax straw, and they would have to burn it, as they did in olden time.

The farmers receive from \$3 to \$9 a ton of 2,000 pounds for their flax straw, amounting to hundreds of thousands of dollars a year, which would be a serious loss to farmers.

The Hon. Mr. Harrison, of New York, a member of your committee, asked if it could injure the farmers of the West and Northwest very much if 3,000,000 tons of flax straw are raised in this country, whereas the importation of flax straw and tow has been comparatively a very small one.

To this I make the truthful statement that the use of tow in general, and to a large extent, is only about 20 years old, and the use of tow for lining refrigerator cars only about 6 or 7 years, and since there was only very little use for tow the few tow mills then established could provide all needs, and no importation was needed.

That has changed now, when, as I stated, of the 3,000,000 tons of flax straw raised nearly one-half of the good straw is bought of the farmers and used, and doubtless the whole will be used when the making of paper comes into effect.

Therefore the American farmers ought to be given a chance to sell their flax straw and tow, for many tow manufacturers are farmers themselves and raise flax straw, especially in North and South Dakota.

It is an old story that importers want no duty, but everything free, and in this special case—flax and tow—such firms as the J. E. Barbour Co., of Paterson, N. J., and Allentown, Pa., who represent themselves and others and count among the big million dollar monopolies, want flax and flax straw imported free and call it raw material, whereas it takes from 5 cents to 10 cents a pound to manufacture first-class flax for thread spinning out of raw flax straw, therefore the designation that flax is a raw material is untrue.

The other man who advises flax and tow be on the free list is one Patrick Boyle, and is employed by the Barbour Co.

As a further fact, thread spinners can not use tow at all, for this is impossible, since it is all mixed up in going through the brakes, pickers, shakers, and other machinery, and could not be used for thread spinning.

The Barbour Co. would certainly not make a written agreement that they would reduce their prices on all kinds of threads, which is one of those prices, as we all know, about the same by every thread manufacturer, and is upheld pretty well.

I allow the farmers to speak themselves, praying that the duty on flax straw and tow remain as it is now, and they have submitted to the clerk of your committee a large number of petitions and signatures, and I understand the farmers themselves are collecting thousands more, all of which without my doing, but by themselves, in order that they may be able to save their product and get something for it, and that foreign countries be not permitted to kill off the flax trade, the Agricultural Department of the United States continually working to improve and enlarge the flax crop and its value, which would be destroyed if the duty was taken off.

I have the honor to be, having represented before your honorable body, under affidavits turned over to your clerk, western and northwestern bankers, farmers, tow manufacturers, and refrigerator car-lining concerns,

Yours, very truly,

V. R. BLEHDON.

PARAGRAPH 337.

Hemp, and tow of hemp, twenty-two dollars and fifty cents per ton; hemp, hackled, known as "line of hemp," forty-five dollars per ton.

HEMP.

TESTIMONY OF EDWIN D. METCALF, PRESIDENT OF THE COLUMBIAN ROPE CO., AUBURN, N. Y.

The CHAIRMAN. Mr. Metcalf, what paragraph do you refer to?

Mr. METCALF. Paragraphs 337, 578, covering our raw material, and 339 and 507, covering our manufactured product.

PARAGRAPH 337—HEMP.

Mr. Chairman, in considering how any new tariff will affect an industry it is well to investigate and consider present conditions.

The CHAIRMAN. Mr. Metcalf, I understand that Mr. Loring has yielded you his time?

Mr. METCALF. Yes, sir; in view of the interest that this committee has expressed in the refund of export duty on manila hemp.

The CHAIRMAN. Very well; the committee will allow you 20 minutes.

Mr. METCALF. I want to say right here and have it go into the record that there are for sale in the United States at the present time six manufacturing establishments in our industry, including the buildings and machinery, that are shut down. I will give you the names: Sewell & Day, of Boston; Pearson Cordage Co., of Boston; the Newburyport Cordage Co., of Newburyport, Mass.; the Morgan Avenue Co., of Brooklyn, N. Y.; the Waterbury Mill, of Brooklyn N. Y., and the Overman Schrader Mill, of Cincinnati, Ohio.

While the manufacture of cables, rope, and cordage is as ancient as any known industry, it has been one of the most unfortunate industries to investors in the United States for the past 25 years. Many old plants are now for sale or dismantled, which were once prosperous industries, and not a new mill has been built in the past 10 years.

While the United States has exported as well as imported manufactured products in our line, this condition is due to various causes; in some to overcapitalization; sharp competition between manufacturers; small margins of profit between raw material and finished products; wide fluctuations in the price of raw material; increase in cost of labor, which to-day is more than 60 per cent higher than similar industries pay in Europe; the gradual increase in the use of wire rope in the equipment of vessels; and the competition of convict labor in some of the State prisons; and now, to add to our troubles, under the Panama act, new vessels are permitted to equip and replace with cordage admitted free of duty.

The CHAIRMAN. That was the case on all ships in the foreign commerce before the Panama act. That act only extended that provision to the coastwise trade.

Mr. METCALF. I do not understand it was.

The CHAIRMAN. I think American ships in foreign commerce before that time were entitled to import free articles that were used in the building of the ship.

Mr. METCALF. They could not equip the ship and replace them free.

The CHAIRMAN. I think the extension in the Panama act was only to ships in the coastwise trade.

Mr. METCALF. Yes; but that covers our best trade. Now, with regard to convict labor. There were over 39,000,000 pounds produced in State prisons this last season.

With these conditions before you, we beg leave to suggest the following recommendations:

First, that paragraph 578 of the tariff act of 1909, covering the principal part of our raw material, and the coarsest kinds of vegetable fiber, shall remain the same as at present;

PARAGRAPH 337—HEMP.

Second, that paragraph 337, covering hemp and tow of hemp, read as follows:

Hemp and tow of hemp, \$20 per ton; hemp, hackled, known as "line of hemp," \$40 per ton.

This tariff is a special protection to American hemp growers in Kentucky, and the above is all that Mr. Hamilton Scott, representing the growers, asked for before the Committee on Ways and Means November 30, 1908. But in the Senate it was increased to \$22.50 and \$45 per ton.

Mr. DIXON. That is the same rate they had in 1897.

Mr. METCALF. Yes; the same rate as formerly, before the last act.

Third, that paragraph 339, covering cables, rope, and cordage, remain the same as at present—three-fourths of a cent a pound duty—which is much less than the duty in any other country that does an export business in our product, excepting England; and so much of such paragraph as refers to tarred and untarred rope, remain as at present—namely, 2 cents per pound—as upon that raw material there would be a duty of \$20 and \$40 a ton.

Mr. FORDNEY. Do you recommend the same rates in paragraph 337 as are in the existing law?

Mr. METCALF. Yes, excepting that which applies to hemp, which is now \$22.50 and \$45 a ton. I recommend the same as the hemp growers themselves asked for in 1909—\$20 and \$40—just the same as in the Dingley bill. But it was increased in the conference committee, after the Senate had changed it.

Mr. PETERS. You referred to competition with convict labor just now. Can you tell us where such convict labor is located?

Mr. METCALF. Yes, in the State of Kansas, in Minnesota, in North Dakota, South Dakota, Michigan, Indiana, Wisconsin, and Missouri.

Mr. FORDNEY. Does not California also have convict labor?

Mr. METCALF. I have no record of it. This is the only record I have here.

Mr. PETERS. Have you the number of men?

Mr. METCALF. I have not.

Fourth, that paragraph 507, covering binding twine, remain the same as at present, with the present proviso, which is quite necessary to prevent Canada from placing a duty on binding twine, to protect their own manufacturing industries. This clause now makes the trade reciprocal, and binding twine is admitted free in both countries.

That is decidedly to the advantage of the American manufacturer, because we are exporting large quantities of twine from this country to Canada.

When the tariff act of 1909 was under consideration, in view of the refund of export duty on manila hemp from the Philippines to the United States, the manufacturers of cables, cordage, and binding twine voluntarily appeared before the Ways and Means Committee and suggested a reduction of from 1 cent to three-quarters of a cent a pound on such portion of their manufactured product as was affected directly and indirectly by the refund of this export duty.

We voluntarily appeared; we were one of the few industries that asked for or suggested a reduction on our own manufactured products.

PARAGRAPH 337—HEMP.

It was in view of the refund, so called, of the export duty on manila hemp from the Philippines—which, by the way, is a misnomer—because at the present time it is not a question of refunding the duty, but simply a question of free raw material to the American manufacturer.

Mr. PAYNE. That was in the tariff of 1909.

Mr. METCALF. It is in the Philippine bill.

The CHAIRMAN. I thought it was in the Philippine bill. The refund proposition is not in the Payne tariff bill, but it is in the Philippine tariff bill.

Mr. METCALF. The refund act was first passed on March 8, 1902, and then was reaffirmed in the Philippine bill, as I recall it.

The CHAIRMAN. It was then already on the statute books when you appeared before this committee?

Mr. METCALF. Yes, sir.

The CHAIRMAN. And it was not reenacted into the statute books until after the Payne bill had become a law?

Mr. METCALF. There had been no change in the tariff, and by reason of having that refund we voluntarily suggested a reduction by reason of having it.

Mr. PAYNE. It was reenacted in the Philippine tariff on goods coming in and going out of the Philippine Islands.

The CHAIRMAN. Yes; it was reenacted in the Philippine bill.

Mr. METCALF. Since the passage of the act of 1902 refunding to manufacturers in the United States the amount of export duty on manila hemp from the Philippines shipped directly here and manufactured here has resulted in the following:

First. Increased export business of the United States in cables, cordage, and binding twine, by enabling the manufacturers of this country to better compete with the manufacturers of other countries, especially in South American markets.

I have filed statistics with you taken from the Government records, showing the gradual increase of exports in our line of goods.

Second. It has increased the importation of manila hemp shipped directly to the United States from the Philippines, thus affording direct cargoes for our shipping interests; increasing business for the bankers of this country, in financing this large amount of importations, and necessarily the business of the marine-insurance companies and importing merchants of the United States.

The direct shipments between the Philippines and the United States have increased 100 per cent since the passage of the original act of March 8, 1902.

Third. This refund of duty has not acted so as to depress the hemp industries of the Philippines, but, on the contrary, has added very much to increasing it, as the increased production of manila hemp in the Philippines for the past 10 years shows.

My Exhibit D will show that there has been an increase from about eight hundred and some odd thousand bales in 1902 to one million four hundred and some odd thousand bales last year, showing that this export duty has not depressed the industry in the Philippines.

Should the manufacturers in this country not receive this refund of duty, they would be placed at a great disadvantage in the compe-

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tion with the Canadian manufacturers, as well as the manufacturers of France, England, and Germany, in the South American trade, and in some portions of Europe, where the duty is not prohibitive.

As you are probably aware, Mr. Chairman, Canada gives a bonus to the manufacturers of rope and twine in an amount equal to the refund, so called, to the American manufacturer here. In other words, they pay back to them the amount of the export duty that they pay in the Philippines.

Sixth. Manila hemp is recognized as the barometer of values of all other kinds of vegetable fibers that we use, and anything that would increase the cost of manila hemp to the manufacturers in this country would naturally increase the value of other fibers and the cost of all our product, including binding twine, to the American farmers.

Seventh, the export tax on manila hemp from the Philippines comes to us as a relic of the Spanish régime; and any return to this method of ancient times between citizens of the United States, which would seriously affect the manufacturing industries here and the users of their products, would be entirely foreign to the principles of the Constitution of the United States and our democratic principles of government.

The export duty, so called, as you understand, Mr. Chairman, is not now as it was a few years ago. Now they give a bond on hemp shipped direct to the United States in place of paying the export duty, so that to-day the situation is this: That the manufacturers of the United States do not pay an export duty; the manufacturers of other nations do.

Mr. JAMES. What is the total production of hemp in the United States?

Mr. METCALF. The total American hemp produced here, you mean?

Mr. JAMES. Yes.

Mr. METCALF. I do not think I have those figures. It is very small. It is practically in Kentucky.

Mr. JAMES. About how much?

Mr. METCALF. I do not think I have those figures.

Mr. JAMES. About 5,000 tons, is it not?

Mr. METCALF. I would not want to say. It is not a very large amount compared with what they import.

Mr. JAMES. Since jute has been admitted free, what effect has that had upon the price of hemp?

Mr. METCALF. I do not know whether that is responsible for it, but American hemp is selling at a great deal higher price to-day than it was 10, 15, or 20 years ago; a great deal more.

Mr. JAMES. How much hemp is imported here?

Mr. METCALF. I can not give you those figures. It is a matter of public record. I suppose the hemp that you refer to is the hemp that competes with the American hemp. That is not the Manila hemp that we are referring to. The hemp you are referring to is Russian and Italian hemp.

Mr. JAMES. Yes; that is true.

Mr. METCALF. That competes with the product of Kentucky.

Mr. JAMES. Then you think these importations of 5,000 tons of hemp have reference to Russian and Italian hemp.

PARAGRAPH 337—HEMP.

Mr. METCALF. I should imagine so, because that is the only hemp that competes with the American hemp.

Mr. JAMES. What is it you want? Do you want the rate reduced on this character of hemp?

Mr. METCALF. On American hemp we suggested a reduction of \$2.50 on the rough hemp and \$5 on the hackled hemp, which is the same as existed prior to the last tariff act of 1909, and the same as Mr. Scott, representing the growers of American hemp in Kentucky, appeared before this committee and advocated.

Mr. JAMES. He only advocated a duty of \$20 a ton, you say?

Mr. METCALF. \$20 and \$40. When it went to the Senate they raised the rate there, and in conference it was compromised at \$22.50 and \$45, which was higher than the representative of the growers of hemp asked for. You will find that in the records.

The CHAIRMAN. You say you want the present law in reference to the export tax on Manila hemp to remain as it is?

Mr. METCALF. I do.

The CHAIRMAN. You are advocating that?

Mr. METCALF. I am.

The CHAIRMAN. Mr. Metcalf, the American manufacturer or purchaser of Manila hemp gets that export tax, does he not?

Mr. METCALF. The manufacturer does, and it decreases the cost of his material just so much, and so eventually his customer get the benefit of the refund.

The CHAIRMAN. That export tax is not levied by our Government, but by the Philippine Government on all hemp that is raised in the Philippine Islands and exported from the Philippine Islands to any other country; is not that right?

Mr. METCALF. That is right, excepting the United States.

The CHAIRMAN. And if it comes to the United States, then, upon affidavits being made showing that it was imported to the United States, the importer is allowed to get a drawback to the amount of the export duty?

Mr. METCALF. There is no drawback at the present time, as I understand it, as a bond is given saying it is to be manufactured in the United States.

The CHAIRMAN. Well, he gets the export tax?

Mr. METCALF. No; he does not pay the export; he gives a bond.

The CHAIRMAN. In other words, the American exporter instead of having to pay the tax and then get it back, does not even have to go through the form of paying it like other people do?

Mr. METCALF. No.

The CHAIRMAN. And that export tax, except in the last year, as the price of hemp has gone up by reason of the shortage in the crop in the markets, has had the effect of depressing the price of hemp to the farmers who grow it in the Philippine Islands?

Mr. METCALF. I do not think so. I do not think it has had any effect. As a matter of fact, the records show that there has been a gradual increase in the production of Manila hemp almost every year.

The CHAIRMAN. There might have been an increased production, but it has not held the price of Manila hemp in its own market below the price in foreign markets, has it?

PARAGRAPH 337—HEMP.

Mr. METCALF. I do not think so, when you allow for freight, insurance, and commission.

The CHAIRMAN. That is my information.

I want to know whether you think it is fair for this Government, because it has the power, to levy an export tax on a product of these Philippine people and then convert that same tax into the pockets of some of the manufacturers in this country?

Mr. METCALF. Mr. Chairman, I must take issue with you there. They are not levying a tax on the farmer or the producer in the Philippines, but you will be levying a tax upon the farmer of the United States, because it would increase the cost of raw material which the manufacturers are obliged to use in the manufacture of binding twine.

The CHAIRMAN. I think our forefathers, when they established the Constitution of the United States, provided in there that this Government should not levy an export tax on any article. They did that in order that they would prosper and build up the productive capacity of the people of North America, did they not?

Mr. METCALF. That was one of the objects.

The CHAIRMAN. There is no civilized country in the world, outside of our own country and the Philippine Islands, which levies an export tax on any of its goods going abroad, is there?

Mr. METCALF. I can not say what other nations do. I only know about the Philippines. But I think Cuba used to have an export tax. I do not know whether they do now or not.

The CHAIRMAN. They have not had such a tax since the Republic of Cuba was organized. The Spanish Government allowed this export tax in the Philippines.

You get the benefit of the export tax levied by the Philippine Government, instead of the Philippine Government getting it, do you not?

Mr. METCALF. No, sir. Our customers get the benefit of it, by decreasing the cost of our raw material just so much.

The CHAIRMAN. Whether it is you or whether it is your customers, we are all in the same boat; we are all American citizens, and whether we are the manufacturer or the purchaser it seems to me we ought to have the same respect for the flag and the principles of the foundation of our own Government. I want to know whether you think that what our forefathers thought would be an injustice to our own people is a fair thing for us to do to a subjugated people, simply because we have the power?

Mr. METCALF. I take issue with that statement, because I look at it from an entirely different standpoint. I look upon this as not a tax levied on the Filipino, but that we pay it, and it becomes a tax upon the people of this country who use the product. That is the fact of the case. If I buy an article for \$1 and get a 5-cent discount my cost is 95 cents, and not \$1; and that is just what this is; if we get this refund, so called, our cost is the original cost, less that amount of refund.

The CHAIRMAN. But here is the proposition: We levy a tax on all hemp, or rather our Government forces the Philippine Government to levy a tax on all hemp that is exported from the Philippine Islands. If that hemp goes into England or any other foreign country the tax

PARAGRAPH 337—HEMP.

that is collected goes into the treasury of the Philippine Government for the benefit of that country, does it not?

Mr. METCALF. It does. But I do not think we forced it upon them. I think it was there before we forced it. I think the Spanish Government had it.

The CHAIRMAN. Then it is continuing a bad law of Spain. But Spain gave the Philippine Islands all the tax she levied. We have forced this export tax upon them, and if hemp goes to a foreign country that tax goes into the Philippine treasury?

Mr. METCALF. Yes.

The CHAIRMAN. But if it comes to our country we take it and absorb it either for the benefit of the hemp manufacturer or, as you say, the manufacturer turns it over to the American consumer.

Whoever gets it, it does not make any difference. I want to know whether you think it is right to continue a condition of that kind?

Mr. METCALF. I think it would be just as unjust for the State of New York to put an expert tax on their product against the citizens of the State of Pennsylvania as for any country controlled by the United States Government to put a tax on the manufacturers of another portion of the United States, which is not recognized in the Constitution, and which in fact the Constitution has practically prohibited.

Mr. JAMES. You are engaged in the manufacture of rope, are you not?

Mr. METCALF. Yes, sir.

Mr. JAMES. You manufacture what character of rope?

Mr. METCALF. All kinds of rope.

Mr. JAMES. Do you manufacture binding twine?

Mr. METCALF. We do not make binding twine in our mill, but I am representing some of the largest manufacturers of binding twine in the country.

Mr. JAMES. Is Kentucky hemp used in the manufacture of binding twine?

Mr. METCALF. It is not.

Mr. JAMES. I thought not. Kentucky hemp is used in the making of these heavy cables and ropes and things of that sort, is it not?

Mr. METCALF. No; Kentucky hemp is used in the manufacture of commercial twines, for tying up packages and bundles, and it is used in polished twines, what are known as B's and C's.

Mr. JAMES. Such as is used in stores?

Mr. METCALF. Yes; that is what it is used largely for.

Mr. JAMES. Do you manufacture any of that?

Mr. METCALF. We do.

Mr. JAMES. If the tariff is reduced \$2.50 a ton, as you advocate, what will be the effect upon the consumer? How much cheaper will you be able to give the consumer this twine?

Mr. METCALF. I have not figured the percentage. I think there is so much waste in Kentucky hemp, anyway, that it would be very small. There is a very large waste in Kentucky hemp. It does not come in competition with any other American product that I know of, or any of the free-entry materials; it only comes in contact with Russian and Italian hemp.

Mr. JAMES. So you think that a reduction of this tariff would not affect the Kentucky hemp at all?

PARAGRAPH 337—HEMP.

Mr. METCALF. I do not think it would. Prices have been advancing in Kentucky hemp for the last 10 years, every year.

Mr. JAMES. Do you not think that is caused by the fact that our farmers there are not growing so much hemp?

Mr. METCALF. Unquestionably so. They found out that they could grow tobacco and wheat more profitably than they could American hemp.

Mr. JAMES. There is no doubt about that. The truth of it is there are not over 10 counties in Kentucky, and I doubt if there are that many, who are growing hemp, and the product is falling off all the time.

Mr. METCALF. It has been falling off gradually every year until this year.

Mr. JAMES. I notice under the tariff rate here it was \$20 per ton, and the revenue derived was \$76,000 in 1905, and the amount of revenue derived in 1912, at the \$22.50 rate, was \$88,170.88. Do you think a reduction of this tariff of \$2.50 would increase the importations here and thereby increase the revenue?

Mr. METCALF. I can not see that it would. I think that the importation of Italian and Russian hemp is restricted. There is only a limited amount used comparatively, and a change in the tariff would not increase the use very much.

Mr. JAMES. It would not increase it?

Mr. METCALF. I do not think it would.

Mr. JAMES. It would not increase the revenue?

Mr. METCALF. I do not believe it would.

Mr. PETERS. I notice that under the Wilson tariff hemp came in under section 337, and hemp hackled, known as "dressed line" and hemp tow, both came in free. Do you consider that making those articles free now would have a tendency to lower the price of your product to the consumer?

Mr. METCALF. I do not ask that hemp come in free.

Mr. PETERS. I know, but I was asking your opinion.

Mr. METCALF. I think you are mistaken as to my product. I have two mills, one a hard fiber mill, for which I am appearing here, and the other is a soft fiber mill, which uses Kentucky hemp, the Russian hemp, and Italian hemp. But in the interests I am representing here to-day, which is the hard-fiber product, very little of that is used. There is some of it used for tarred goods, etc., but the great amount of these importations of hemp that you see, and which Mr. James has read about, refer to commercial twines, and is used in the manufacture of commercial twines.

Mr. PETERS. You said you did not make binding twines yourself, but that you appeared here for some other manufacturers who did, so I was asking you what effect it would have upon binding twine to make these two materials I refer to free.

Mr. METCALF. They are not used in the manufacture of binding twine; neither of them. The barometer of all the coarser fibers is Manila hemp, and when Manila hemp advances, sisal and other ingredients that go into the manufacture of binding twine advance; when Manila hemp is cheap, sisal is cheap, and therefore anything that you do that affects the cost to the manufacturer of the Manila

PARAGRAPH 337—HEMP.

hemp would affect the cost of the other grades of material which go into our product.

Mr. JAMES. Is not jute a competitor of hemp?

Mr. METCALF. Not a competitor in the sense to which you probably refer. Do you refer to manila hemp?

Mr. JAMES. No; I refer to Kentucky hemp.

Mr. METCALF. No; I do not think so. Kentucky hemp is a higher-priced material and sells for a great deal more.

Mr. JAMES. What sort of hemp makes the binding twine that the farmer uses?

Mr. METCALF. That is made out of what is known as sisal fiber and manila hemp.

Mr. JAMES. Is any of that grown in the United States?

Mr. METCALF. None of that is grown in the United States; but the manila hemp is grown in the Philippine Islands.

Mr. JAMES. Do you think there is only a limited supply of this hemp in Russia and Italy?

Mr. METCALF. There is plenty of it in Russia and Italy of that character. The only limited supply is the American hemp in Kentucky. As a fact the farmers in Kentucky can produce wheat and tobacco, even with the increased cost of labor which the farmer has to contend with to-day, cheaper and make more money out of it than he can in producing hemp. It is largely a question of labor in Kentucky, as it is everywhere else. Labor cost has increased. In any case, they can produce, with the modern machinery, more to the acre and receive more revenue by raising tobacco and wheat than they can by raising hemp.

Mr. JAMES. Especially when tobacco is worth \$20 a hundred pounds.

Mr. METCALF. I do not know anything about the value of it.

Mr. JAMES. They do not make cigars out of our tobacco.

EXHIBIT A.

State prisons sales binder twine 1912.

	Pounds.
Kansas.....	3,700,000
Minnesota.....	18,813,000
North Dakota.....	3,120,150
South Dakota.....	3,500,000
Actual.....	29,133,150

PARAGRAPH 337—HEMP.

EXHIBIT B.

FOREIGN TARIFFS.

German tariff on rope, twine, etc.

Cables, rope, cordage, twine (rope-makers' wares not in nature of laces produced exclusively by twisting together rope threads, i. e., strong single-rope yarn):

[Per 100 kilos (220 pounds).]

	Marks.	United States currency per pound.
Of 5 millimeters diameter or more	1 10	<i>Cents.</i> 1½
Of more than 1 but less than 5 millimeters in diameter; also made up for retail trade	24	3

¹ Mark=27½ cents.

French tariff on rope, twine, etc.

Meters.	General tariff.		Minimum tariff.		United States currency (cents).
	Francs.	Centimes.	Francs.	Centimes.	
200 or less, 100 kilos N. (220 pounds)	40	95	30	.....	2.70
Over 200, not to exceed 500	49	14	36	.....	3.27
Over 500, not to exceed 1,000	57	33	42	.....	3.81
Over 1,000, not to exceed 2,000	65	52	48	.....	4.36
Over 2,000, not to exceed 4,000	73	71	54	.....	4.91

Russian tariff on rope, twine, etc.

52½ cents per 32 pounds=1.64 cents per pound.

Canadian tariff on rope, etc.

	British preferential.	Intermediate.	General.
Binder twine	Free	Free	Free
Twine and cordage of all kinds n. o. p.	20 per cent	22½ per cent	25 per cent
Manila rope not exceeding 1½ inches in circumference, for holding traps in lobster fishing	Free	Free	Free
Head ropes for fishing nets	do	do	Do
Jute and hemp yarn	do	do	Do

EXHIBIT C.

[Customhouse figures.]

Rope exported from the United States.

July 1 to July 1—	Atlantic ports.	Gulf, Mexico, Pacific, northern.	Total.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
1902	4,591,476	2,143,039	6,734,515
1903	5,889,983	3,229,637	9,119,620
1904	7,529,099	1,961,190	9,490,289
1905	7,199,315	2,058,477	9,257,792
1906	6,356,891	1,841,186	8,198,077
1907	6,740,789	1,879,856	8,620,645
1908	6,317,849	2,134,092	8,451,941
1909	7,688,972	1,567,273	9,256,245
1910	8,893,135	2,060,629	10,953,764
1911	8,833,147	1,940,740	10,773,887
	70,040,656	20,816,119	90,856,775

PARAGRAPH 337—HEMP.

Binder twine exported from the United States.

	Pounds.
1910.....	60, 823, 000
1911.....	85, 741, 221
	146, 564, 221

Previous to 1910 binder twine was included with all other twines and values only given.

EXHIBIT C-2.

[Customhouse figures.]

Imports of rope and binder twine into the United States.

Years.	Rope.	Binder twine.	Years.	Rope.	Binder twine.
	<i>Pounds.</i>	<i>Pounds.</i>		<i>Pounds.</i>	<i>Pounds.</i>
1901.....	142, 012	6, 685, 421	1908.....	414, 813	12, 607, 066
1902.....	647, 816	8, 484, 175	1909.....	353, 519	13, 558, 323
1903.....	399, 166	3, 537, 305	1910.....	368, 636	9, 130, 409
1904.....	466, 777	8, 651, 974	1911.....	398, 699	12, 866, 473
1905.....	524, 025	3, 718, 642	Total.....	5, 543, 301	85, 522, 096
1906.....	978, 264	3, 795, 878			
1907.....	849, 574	2, 486, 430			

TOTALS FOR 11 YEARS.

	Pounds.
Rope.....	5, 543, 301
Binder twine.....	85, 522, 096
Grand total.....	91, 065, 367
Average per year.....	8, 278, 670

EXHIBIT D.

Imports and exports of manila hemp.

January 1 to January 1—	Imports from		Exports.	January 1 to January 1—	Exports from		Exports.
	Manila.	Europe.			Manila.	Europe.	
	<i>Bales.</i>	<i>Bales.</i>	<i>Bales.</i>		<i>Bales.</i>	<i>Bales.</i>	<i>Bales.</i>
1902.....	305, 790	112, 557	7, 933	1909.....	775, 643	10, 563	20, 688
1903.....	518, 984	13, 188	6, 026	1910.....	594, 724	2, 736	8, 569
1904.....	377, 035	43, 538	6, 137	1911.....	554, 912	986	8, 041
1905.....	517, 826	12, 261	6, 194	1912.....	629, 110	46, 017	11, 705
1906.....	384, 470	12, 908	14, 154		5,567,340	262, 010	100, 228
1907.....	507, 054	6, 581	5, 270				
1908.....	401, 792	675	5, 511				

EXHIBIT E.

Receipts manila hemp at all Philippine ports—Production manila hemp.

	Bales.		Bales.
1902.....	892, 000	1908.....	1, 052, 000
1903.....	993, 000	1909.....	1, 270, 000
1904.....	905, 000	1910.....	1, 331, 000
1905.....	922, 000	1911.....	1, 262, 000
1906.....	761, 000	1912.....	1, 419, 000
1907.....	968, 000		

PARAGRAPH 337—HEMP.

EXHIBIT F.

Statement of amount of bonus paid to Canadian manufacturers on manila fiber.

[As furnished by Mr. F. C. Holmes.]

For 9 months ending March 31, 1907.....	\$13,595.49
For year ending March 31—	
1908.....	41,983.77
1909.....	34,561.08
1910.....	61,506.83
1911.....	49,784.29
Total.....	201,431.46

The total bonus is 75 cents per 100 kilos of 2½ pounds per kilo. The 9 months' period above is on account of Government changing the end of their fiscal year from June 30 to March 31.

Comparative cost of labor in a mill at New Castle, England (in roman), and one at Auburn, N. Y. (in italic), 54 hours per week in both countries.

Piece price for opening manila hem { 6 cents per bale.
 { 14 cents per bale.

	Average wage per week.	
	Male.	Female.
Preparing room.....	6.12	3.43
	<i>9.50</i>	<i>6.50</i>
Spinning room.....	5.70	3.43
	<i>7.30</i>	<i>7.50</i>
Rope room.....	6.37	.....
	<i>9.60</i>	.....
Engineer.....	12.00	.....
	<i>22.00</i>	.....
Machinist.....	10.00	.....
	<i>17.50</i>	.....
Carpenter.....	9.25	.....
	<i>16.50</i>	.....
Oilers.....	5.75	.....
	<i>10.50</i>	.....

CHICAGO, January 18, 1913.

Col. E. D. METCALF,
 Columbian Rope Co., Auburn, N. Y.

DEAR SIR: We are in receipt of your letter of the 14th and thank you for calling our attention to the hearing on Schedule J, on January 24, and note your attitude on the subject and your suggestion that we send a representative to the hearing.

This law went into effect before the organization of International Harvester Co., and we have never taken any action for or against it. Your letter was submitted to the officers of the company, and after full consideration, they instruct me to say to you that while we regret to refuse your request, we do not in this case see our way clear to change our position and will not, therefore, send a representative to the hearing.

Very truly, yours,

INTERNATIONAL HARVESTER CO.
 By H. L. DANIELS,
 Manager Fiber Department.

Average price of sisal, New York, during the following years:

	Cents.		Cents.
1903.....	7.78	1909.....	5.75
1904.....	7.57	1910.....	5.12
1905.....	7.61	1911.....	4.39
1906.....	7.26	1912.....	5.60
1907.....	6.61		
1908.....	5.40	Average.....	6.309

PARAGRAPH 337—HEMP.

Average price of manila, New York, during the following years:

	Cents.		Cents.
1903.....	8.77	1909.....	6.33
1904.....	9.34	1910.....	5.70
1905.....	9.60	1911.....	5.13
1906.....	9.97	1912.....	7.44
1907.....	9.98		
1908.....	6.39	Average.....	7.865

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF PLANT INDUSTRY,
Washington, D. C., December 27, 1912.

Mr. WM. ERS. LAMB, *Washington, D. C.*

DEAR SIR: Your request for information regarding the production of American hemp addressed to the Bureau of Foreign and Domestic Commerce, has been referred to this office.

Hemp is regarded as one of the minor crops, and no attempt is made to gather accurate statistics regarding its production, as is done in the case of wheat, corn, oats, cotton, and the other important crops.

The most reliable data that we have is based upon the reports of the commissioner of agriculture of Kentucky, where most of the hemp is grown, and upon personal investigations and statements received at this office from hemp growers. The following table gives the statistics based upon these sources from 1898 to 1912, and, for purposes of comparison, the importation during the same years.

Year.	Produced in Ken- tucky.	Imported.	Year.	Produced in Ken- tucky.	Imported.
	<i>Tons.</i>	<i>Tons.</i>		<i>Tons.</i>	<i>Tons.</i>
1898.....	4,024	4,017	1906.....	2,529	5,317
1899.....	2,333	3,941	1907.....	2,981	8,718
1900.....	2,416	3,400	1908.....	3,000	6,231
1901.....	1,589	4,057	1909.....	3,500	5,208
1902.....	3,830	6,054	1910.....	1,500	6,423
1903.....	5,319	4,919	1911.....	1,000	5,278
1904.....	2,747	5,871	1912.....	1,000	5,007
1905.....	3,776	3,987			

The figures for production in Kentucky from 1898 to 1907 are taken from the biennial report of the commissioner of agriculture of Kentucky, 1908-9. The figures for the years since that date are based entirely upon the statements received at this office. The production for 1912 is, of course, a mere estimate, for very little fiber has thus far been prepared from the crops of last year. From 100 to 500 tons of fiber are produced each year in States outside of Kentucky. The production during the past year in Indiana, Wisconsin, and Ohio will probably amount to nearly 200 tons. The low production in 1911, in Kentucky, is due in part to reduced acreage, but still more to unfavorable weather conditions. During the past season the acreage has been somewhat larger and the weather conditions have been more favorable.

Very truly, yours,

LYSTER M. DEWEY,
Botanist in Charge of Fiber Investigations.

PARAGRAPH 337—HEMP.

[Figures from statements of Hanson & Orth.]

Amount of refund of export duty paid by the Philippine Government from 1902 to 1911 (inclusive), based on imports of manila hemp into the United States from Manila.

Number of bales imported.....	4, 938, 230
Less imported in January, February, March, and April, 1902, the act providing for the refund having been approved March 8, 1902.....	64, 648
	4, 873, 582
Less exports.....	88, 523
	4, 785, 059
4,785,059 bales, at 93½ cents per bale.....	\$4, 466, 055. 07
Statement of above except the use of customhouse records of exports.	
Number of bales imported.....	4, 938, 230
Less January, February, March, and April, 1902.....	64, 648
	4, 873, 582
Less exports, 29,191 tons, at 8 bales to ton.....	233, 528
	4, 640, 054
4,640,054 bales, at 93½ cents per bale.....	\$4, 330, 717. 07

SALES OF PROPERTIES OF THE STANDARD CORDAGE CO.

NEW YORK, *April 2, 1912.*

Mr. EDWIN D. METCALF,
Auburn, N. Y.

DEAR SIR: The properties of the Standard Cordage Co. recently sold under foreclosure were bought in by the bondholders at the following prices:

In Elizabethport, N. J.: Land only; no buildings on property.....	\$25, 000
In Boston, Mass.: Sewall & Day and Pearson, mill and machinery.....	150, 000
In Brooklyn, N. Y.: Waterbury and Morgan Avenue, mill and machinery..	100, 000

The above, \$275,000, is practically 10 per cent of the bond issue covering said properties.

Yours, very truly,

H. W. GRIMWOOD, *Secretary.*

COLUMBIAN ROPE Co.,
Auburn, N. Y., February 6, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR SIR: Inclosed please find statement of the various amounts of manila hemp used by the manufacturers of the United States since the refund law passed in 1902.

I wish to call your attention specially to this: In view of the joint resolution introduced by Mr. Jones, in the preamble of which he says: "It is charged that the International Harvester Co., and other American importers of manila hemp, have in the last 10 years collected more than \$4,000,000 in refunds of export taxes on manila hemp." It is decidedly unfair to the industry, as a whole, and to the legitimate manufacturers of rope and cordage in this country that their interests should be prejudiced by a statement of this kind.

This inclosed statement shows just what the International Harvester Co. have used of manila hemp, which they have manufactured entirely into binding twine, and have been obliged, the same as other manufacturers, to give their customers the benefit of this decreased cost of hemp.

PARAGRAPH 337—HEMP.

Plymouth Cordage Co., of North Plymouth, Mass., are the largest users of manila hemp in the United States, using more than double the amount used by the International Harvester Co. They manufacture rope as well as binding twine, and they have a mill in Canada, and the Canadian Government refunds to the manufacturers of that country, by means of a bonus, a sum equal to the refund to the manufacturers in the States.

This statement of receipts also shows the manufacturers who are closed up and gone out of business, by reason of competitive conditions in this country. There are 11 blank spaces for the year 1912, which shows there are 11 different manufacturers who have retired from the use of manila hemp in the manufacture of binding twine or rope.

Every manufacturer in the United States of rope, cordage, or binding twine, needs free raw material to not only hold their share of the domestic business, but to get a share in the foreign business; and such statements as contained in the resolution referred to are misleading and injurious to legitimate manufacturers.

Yours, truly,

EDWIN D. METCALF, *President.*

The following figures were obtained from Messrs. Hanson & Orth, hemp brokers, 27 Cedar Street, New York:

Manufacturers' receipts of manila hemp in bales.

	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912
D. Allen's Sons' Rope Co.	3,995	3,282	3,410	2,481	2,291	1,398	4,500	2,762	3,148	3,760
American Manufacturing Co.	25,360	17,954	25,167	26,858	21,974	19,979	59,933	32,366	47,315	100,506
Bay State Cordage Co.	2,280	3,631	4,125	1,450	395	675	1,575	200	.....	.....
Canada via United States.....	14,870	12,400	13,241	12,842	12,724	11,688	41,088	20,478	20,986	16,857
Columbian Rope Co.	35,567	39,421	29,784	34,083	42,137	38,469	50,338	47,522	46,253	41,179
De Grauw, Aymar & Co.....	.....	1,708	2,865	3,033	3,855	3,674	3,707	2,706	5,333	3,924
Easton Cordage Co.	9,682	16,534	15,429	13,639	16,322	11,044	17,251	.....	.....	.....
E. H. Fittler Co.	70,419	67,650	62,066	50,453	60,780	46,528	63,366	59,065	48,578	54,261
Hooven & Allison Co.	5,350	4,452	5,668	4,737	5,046	2,925	6,008	2,000	5,250	11,255
International Harvester Co.	89,090	32,394	60,327	33,930	29,210	41,168	80,956	37,991	57,730	57,179
Thos. Jackson & Son.	1,970	1,600	665	864	701	2,656	1,275	690	1,250	150
R. A. Kelly Co.	1,599	3,406	3,034	4,625	3,989	5,293	8,270	6,404	7,107	8,068
Minnesota State Prison.....	14,240	9,500	19,088	6,227	13,120	17,900	27,150	21,057	4,893	11,275
Navy yard.....	1,630	.....	4,142	1,648	7,200	6,374	5,000	3,502	8,300	5,720
New Bedford Cordage Co.	13,246	10,343	.....	.....	14,956	13,842	23,935	23,438	28,769	34,354
North Dakota Penitentiary..	2,000	.....	2,000	.....	4,100	6,200	13,557	2,750	3,500	5,500
Pleoria Cordage Co.	600	800	1,192	257	2,040	3,504	7,180	3,531	7,425	4,345
Plymouth Cordage Co.	111,835	92,462	152,068	86,223	137,754	104,916	216,469	198,801	133,918	135,728
Portland Cordage Co. ....	.....	.....	.....	15,670	17,484	17,893	22,319	24,413	24,423	20,579
South Dakota Penitentiary..	.....	.....	.....	.....	.....	.....	5,000	5,200	.....	.....
Tubbs Cordage Co. ....	.....	.....	.....	14,475	26,842	13,365	25,172	24,686	23,032	25,813
Wall Rope Works.....	19,672	21,680	23,584	21,756	17,265	11,098	20,250	15,458	21,840	27,195
Waterbury Co.	17,988	15,631	17,143	15,382	15,548	5,813	15,099	12,269	9,699	9,560
Whitlock Cordage Co.	21,831	16,560	16,324	21,711	20,329	21,440	32,142	27,856	27,942	39,045
Akron Twine & Cordage Co.	2,210	(1)	.....	.....	.....	.....	.....	.....	.....	.....
J. C. Groendyke Co. ....	.....	.....	.....	.....	.....	1,500	6,196	3,575	290	.....
Morley Twine & Machinery Co. ....	.....	.....	.....	.....	.....	.....	350	.....	.....	.....
Miamisburg Twine & Cordage Co.	125	(1)	.....	.....	.....	.....	.....	.....	.....	.....
Lyman Cordage Co. ....	.....	.....	.....	.....	.....	.....	.....	6,776	7,761	5,152
Niagara Cordage Co. ....	.....	.....	.....	1,088	1,550	.....	.....	.....	.....	.....
Overman & Schrader Cordage Co. ....	.....	.....	.....	.....	500	2,799	4,407	1,320	1,073	.....
Rinek Cordage Co. ....	.....	500	.....	.....	.....	.....	.....	735	1,161	4,364
E. T. Rugg & Co. ....	.....	.....	.....	.....	1,020	210	800	200	785	865
J. Rauschenburger & Co. ....	.....	.....	.....	.....	.....	.....	300	370	1,000	1,150
Standard Cordage Co.	52,688	44,422	10,784	26,801	11,619	5,198	2,805	.....	.....	.....
Travers Bros. Co. ....	.....	.....	14,200	15,423	.....	.....	.....	.....	.....	.....
Paper makers.....	.....	.....	.....	7,475	.....	.....	.....	.....	.....	22,590
Unknown.....	4,291	1,282	614	.....	95	630	542	260	303	282
Destroyed by fire, American Dock.....	.....	.....	.....	7,475	.....	.....	.....	.....	.....	.....
	522,538	417,612	486,920	423,131	490,846	418,179	766,949	588,381	549,064	656,655

¹ Retired.

PARAGRAPH 337—HEMP.

MEMORIAL OF THE ITALIAN CHAMBER OF COMMERCE IN
NEW YORK REGARDING HEMP.

Hon. O. W. UNDERWOOD,
Chairman of the Ways and Means Committee,
Washington, D. C.

SIR: The exempting from duty of textile raw materials necessary to American industry should be an underlying principle in the framing of our tariff. This principle has, however, received in the past only partial indorsement for such of the textile materials as, for instance, raw silk, not produced in this country, or cotton, for which this country is the main source of supply, on which the necessity of the exemption from duty is obvious, and on which duties would be injurious and not only superfluous, as they would prevent the importation of either the raw material or of certain grades not produced in this country, and indispensable to American manufacture.

On other important textiles—for example, raw wool, flax, and hemp—duties have been levied under the guise of protection to domestic production, in a measure, however, which has, as a rule, always been higher to that which reasonable protection would justify, and always more or less burdensome to manufacture, and dearly paid for by the consumer.

Hemp, although in comparison with the above-stated textile materials of lesser importance, has certain specific uses in which it can not conveniently be replaced by other materials.

While manila hemp, istle, jute, and other kindred fibers of cheaper cost which have substituted hemp in certain uses, such as the manufacture of hard cordage, have been exempted from duty, thus giving them, besides the advantage of lower cost of production, that of exemption from fiscal burdens, hemp proper, such as imported from Italy and Russia, which is a material of higher cost, has been made to bear a duty of \$22.50 per ton, which has contributed, by enhancing its cost, to further restrict its use.

The duty on hemp was established as a protection to domestic production, this fiber being produced in Kentucky, where, however, production has declined for reasons other than want of protection.

Kentucky is the only State of the Union where this crop is raised to any appreciable extent. According to the census report on agriculture for 1909, the quantity of hemp produced in that State was of 2,866 tons, valued at \$348,386, out of a total of 3,326 tons, valued at \$410,986, for the entire United States. It has been stated that once this country used to grow from 30,000 to 40,000 tons of hemp, which illustrates the striking decrease of this production.

This decrease can not be imputed to want of protection, because during the last 15 years domestic production has enjoyed the privilege of a protective duty of \$20 per ton, increased to \$22.50 at the last tariff revision (1909), without any special demand or necessity for such advance.

The real causes why this fiber is not raised to a greater extent in this country are the unfamiliarity of farmers with the requirements of this crop, the difficulty of obtaining suitable machinery for separating the fiber from the lint, and the rather insanitary operation of retting in order to prepare the stems for the machine.

At any rate the fact remains that production of this fiber in this country has declined to such an extent as to make the present duty on the foreign article the more burdensome to American manufacturers, who are of necessity compelled to obtain it from abroad, where more favorable conditions exist for its supply.

Italy furnishes about four-fifths of the imported hemp, or 4,420 tons, against a total importation of 5,278 tons in the fiscal year 1911.

That the last increase of duty on this fiber did not materially improve the condition of home supply, which marked a further decline, is shown by the statistics of production, from 5,245 tons, valued at \$546,338, according to the census of 1899, to 3,326 tons, valued at \$410,986, according to the census of 1909.

The increase of duty discouraged importations, which from a total of 8,718 tons in 1907 fell to 5,007 tons in 1912, shown by the following table:

	Tons.	Value.
1907.....	8,718	\$1,534,371
1908.....	6,213	1,086,805
1909.....	5,208	799,164
1910.....	6,423	1,039,833
1911.....	5,278	938,338
1912.....	5,007	1,273,000

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Quantities of hemp entered for home consumption in 1907, which were 7,963 tons, valued at \$1,452,428, yielding a revenue to the customs of \$159,267, fell to 4,827 tons, valued at \$747,759, and yielding in duties only \$108,614 in the fiscal year 1911, notwithstanding the increase of the rate from \$20 to \$22.50 per ton.

Under the present conditions not only have manufacturers been compelled to pay a higher cost for this raw material but revenue has also failed to produce, notwithstanding the higher duty, even an equal income, which shows that the limit of taxation, from the standpoint of raising revenue, has been passed, and that the present rate, instead of responsive, has proven inconvenient.

The admission of manila hemp, sisal, istle, and jute free of duty, which has encouraged the substitution of these fibers in certain uses in which hemp was formerly employed, has, together with the lower prices of hard cordage fibers and the increasing use of cotton for twine and yarns, been the cause of the unsatisfactory conditions of both domestic production as well as of the importation of this article, and confines the market possibilities for imported hemp to the higher grade of cordage and to the manufacture of certain fabrics such as carpet yarn, rough cloth, and high-grade twines, in which line it occupies a unique position, without competing with domestic production. The latter, owing to its different color and strength, is destined to uses different from those in which imported hemp is employed.

Freights on this commodity have increased of late years over 68 per cent, and this, together with increased cost of production of the article and higher duty, has further prejudiced the consumption and demand of imported hemp, thus increasing the difficulties of manufacturers, who have been compelled to raise the cost of the fabrics—many of them necessities—in which it is employed.

From the foregoing it is apparent that hemp is a raw material indispensable to the American textile industry, the use of which is a source of profit to American labor; that it bears upon the cost of commodities which are necessities; that imported hemp does not compete, owing to its different uses, with the domestic production; that while no benefit has derived to the latter from the duty, this has worked unnecessary hardship to the manufacturer and loss to revenue: wherefore this chamber respectfully recommends that hemp be exempted from duty, or should a duty be deemed unavoidable for reasons of revenue, that it be reduced to a more reasonable rate.

Respectfully submitted.

LUIGI SOLARI, *President*,
For the Italian Chamber of Commerce.
G. R. SCHROEDER, *Secretary*.

BRIEF OF KENTUCKY HEMP GROWERS.

PARIS, KY., *January 24, 1913.*

Hon. OSCAR UNDERWOOD,

Chairman Committee on Ways and Means, House of Representatives.

SIR: The undersigned as a grower of hemp, and representing those Kentuckians engaged in that pursuit, begs leave to submit through you to the committee a brief argument in favor of retaining the duty on hemp and hemp tow as existing at present.

THE DUTY IS PURELY A REVENUE TAX.

The tax as now imposed is in no sense a protective duty, as will appear from an examination of the statistics as to domestic production and imports. The duty under the present law is \$22.50 per ton, and the aggregate of imports, including hemp not hackled, hemp dressed, and tow, for the year 1912 amounted to 4,997.52 tons. The total value of these imports amounted to \$1,097,058, and the total duty paid amounted to \$116,107.88. The equivalent ad valorem duty would be 10.58 per cent.

We have not at hand the exact figures covering domestic production for 1912, but the amount produced in the United States was less than 10,000,000 pounds, and certainly would not exceed the amount imported, which, as above stated, amounted to 4,997.52 tons. Imports therefore were just about 100 per cent of the home production. The duty has not prevented importation, but has merely served to prohibit absorption of the American market by the cheaper-grown fibers of Russia, Italy, Hungary, and Roumania.

American-grown hemp under the present duty is on a competitive basis with fibers from the above-named countries, so radically competitive indeed that half the American market in the past year was appropriated by foreign products.

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WE SHOULD PRODUCE AMERICAN HEMP.

It is not difficult to submit an argument to the effect that no industry should be maintained that can not live without governmental aid, though aid be merely indirect. The duty on hemp, however, is a revenue duty, and a tariff for revenue must be maintained, or will be maintained, to meet the ends of government. Since this is true the farmers of Kentucky and other States engaged in hemp production, are not certainly unreasonable in asking that this purely revenue duty be retained. They do not ask an increase of the duty. They only desire to be placed upon a footing with other citizens engaged in other pursuits, and whose industries will not be disturbed by removal of duties purely of a revenue nature.

An important reason why the growth of our hemp should be fostered, if possible, is that the fiber is stronger, superior by any test, to that grown abroad. But the labor and rent items entering into production make the cost higher. The revenue duty now existing would by no means cover the difference in cost in our country and abroad.

SOME HISTORY OF HEMP CULTURE.

Hemp has been an important element of commerce since the beginning of historical records. Indeed, Chinese literature refers to its growth as early as 2,700 years B. C., and it has always been grown in China for fiber purposes, the seed being used for food and oil and the stalks for fuel. Centuries after it seems to have appeared in China its cultivation was maintained in Persia, not for its fiber, but for the production of medicine and narcotic drugs from the seed. For these purposes the seed were transported to India in about the tenth century A. D., but later the Hindus made use of the fiber in the same manner as the Chinese.

According to Herodotus, the Scythians beyond the Caspian Sea cultivated hemp, and it was probably introduced by them into Europe. We know that Hiero II bought hemp in Gaul in 270 B. C., using it as cordage for his ships, and for this purpose it has been employed from that day to now, and it will no doubt be always in demand for the same purpose.

Within 10 years after the settlement by the Puritans in New England the cultivation of hemp was introduced, and it is recorded that it grew "twice so high" as it did in old England, as an evidence of the superior soil of the new colony. And, similarly, within 10 years from the settlement of Jamestown the Virginians were growing hemp, and it is not unreasonable to affirm that hemp growing is the oldest of American agricultural pursuits.

The first crop of hemp grown in Kentucky was cultivated near Danville in 1775, and from that date until the present it has been a very important feature of the agricultural history of Kentucky. It is true that in tonnage the amount produced is negligible as compared to the production of former years; but, taking into consideration the great numbers of people whose interests are concerned, the possibility of growing or not growing hemp becomes of serious importance.

THE DECLINE IN TONNAGE.

It is not purposed to affirm here that retaining the duty will restore American hemp culture to the position it once occupied. Between 1840 and 1860 the amount produced occasionally reached 75,000 tons, while the production of 1912 was a mere fraction of that amount. Nor will it be claimed that tariff variations have been entirely responsible for this situation. The high cost of labor in this country, as compared especially to that of India, was chiefly responsible for the falling off of production. Indian jute was first imported in about 1870, and this foreign fiber, costing practically nothing to produce, quickly absorbed the market for cotton bagging and was appropriated to other uses where strength and wearing qualities of the fiber were not necessary. The duty on jute was entirely removed in 1890, and from that date American hemp has not been a competitor with jute where cheaper and weaker fibers could be employed.

The cost of production in this country, however, apparently will within a short time be largely reduced. We already have machines for cutting the hemp instead of relying on hand cutting, as in former times, and at least three machines, it is claimed, will soon be placed at the disposal of the grower for breaking hemp and flax. Should

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these machines prove successful, of which there is every assurance, the cultivation of hemp would be largely increased, not only in Kentucky, but extended to many States, for hemp may be grown successfully wherever limestone underlies the soil.

For these reasons, as farmers, paying a duty on practically everything we buy, and deriving little, indeed, from any of the schedules of tariff taxation, the duty on hemp being one of the few that is of benefit, we earnestly request that this duty be retained.

Respectfully submitted.

THE HEMP GROWERS OF KENTUCKY,
By CLAUDE M. THOMAS.

WASHINGTON, D. C., *January 25, 1913.*

Hon. OSCAR UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington.*

SIR: I had the honor this morning to file with the committee a brief argument in favor of retaining the duty (\$22.50 per ton) on hemp and hemp tow. Since then I am advised that a statement was made to the committee at its session held yesterday that the representatives of the hemp growers, Messrs. Scott and Rogers, when they appeared before the committee in 1909 did not request a duty of \$22.50 per ton, but only asked for a duty amounting to \$20 per ton. This statement, I beg leave to assure the committee, is absolutely incorrect.

Hon. J. Percy Scott and Mr. C. R. Rogers, who are residents of Fayette County, Ky., a county whose people are largely interested in hemp growing, came to Washington in the early part of 1909 and submitted to the Committee on Ways and Means a proposal as to duties on hemp and an argument in favor of that proposal. I find, fortunately, that I have with me a copy of the argument made by these gentlemen at that time, and which contains the proposal presented by them, and I file this paper herewith as an exhibit marked "Scott and Rogers Proposal."

The committee will observe that instead of favoring a duty of \$20 per ton (the duty existing at that time was \$20 per ton), these gentlemen asked of the committee an increase of practically 100 per cent, and in these words: "We ask that a duty of 2 cents per pound be placed on Russian and Italian hemp and tow, flax, and flax tow, and all other soft fibers except India hemp or jute and jute butts, upon which we ask a duty of 1½ cents per pound."

These gentlemen, far from making a statement that they would be satisfied with merely retaining the duty of \$20 per ton, asked that the duty be practically doubled on hemp, flax, and tow, and went much further and requested of the committee the placing of a duty of 1½ cents per pound on jute and jute butts, the latter being at that time, and are yet, on the free list.

The argument of Messrs. Scott and Rogers was an excellent presentation from their viewpoint and under conditions then controlling, in favor of a protective duty on behalf of this agricultural product. The writer is not a protectionist and does not ask that the duty be retained as a protective tax, but because the statistics touching the matter convincingly show that if there is a tariff impost in any schedule that may be looked upon as of a purely revenue nature the duty on hemp must be so regarded. During the past year imports just about equaled the aggregate amount of our hemp production. There is no monopoly involved in the industry, and, in the nature of things, there can never be. Farmers are not disposed to combine, and were they so inclined they would be unable to do so because of their isolated environment. The price can not be controlled by the American producer or by others who might even secure possession of the entire American product. It is claimed by some authorities that an importation equivalent to 10 per cent of an American commodity will fix the price of the latter in the home market. Members of the committee will know whether or not this contention is correct. Certainly it will be admitted by every one that, as to any given commodity, if the amount imported equals the home production the price is determined by that of the foreign competitor.

For these reasons and for those presented in the statement filed with the committee this morning, I earnestly trust that the duty of \$22.50 per ton will be retained.

Respectfully,

CLAUDE M. THOMAS.

PARAGRAPH 337—HEMP.

[Inclosure.]

SCOTT AND ROGERS PROPOSAL.

A duty of \$20 per ton is now levied on Italian and Russian hemp and tow.

A duty of 1 cent per pound is levied on flax and a duty of \$20 per ton on flax tow.

India hemp or jute, the strongest competitor of American-grown fiber, is free, and has been since the tariff law of October 1, 1890.

We ask that a duty of 2 cents per pound be placed on Russian and Italian hemp and tow, flax and flax tow, and all other soft fibers, except India hemp or jute and jute butts, upon which we ask a duty of 1½ cents per pound.

We ask for a corresponding increase in the duty on the manufactured goods made from these fibers so that the American manufacturer and mill worker may be amply protected.

Prior to the introduction of India hemp or jute into the American market, in about the seventies the hemp industry in America had grown to formidable proportions—the total tonnage in 1860, the banner year, being about 75,000 tons. It has been grown successfully in Virginia, Kentucky, Illinois, Missouri, Minnesota, Nebraska, and California, while experimentally it has been grown in many localities extending as far south as the Gulf of Mexico. Following this period the high price of American labor, and the absence of machinery for cutting the hemp and separating the fiber from the stalk, made the production of hemp in America unprofitable in the face of the large importations of India hemp or jute, which by the year 1880 had completely robbed the American industry of the bagging trade for covering the cotton of the South and had taken away a large part of the general twine and rope business. Under these conditions the production steadily declined until in 1880 the entire production of hemp in America was less than 2,000 tons. It being apparent that the industry in America would be completely destroyed, Congress, in the tariff act of March 3, 1883, put a duty on all fibers. Under this stimulus the production of American hemp steadily increased until 1890, when the production was about 6,000 tons. On October 1, 1890, the tariff act put on the free list manila, sisal, jute, and jute butts, with the result that the industry has steadily declined since, notwithstanding the largely increased demand for fibers. With the increase in price, however, land rents and labor have also advanced, and the American farmer who is producing hemp is in no better condition. The fact is that he is forced to meet on equal footing the pauper labor of India—labor that is satisfied with 2 cents to 5 cents per day. Or, to make the comparison in another way, the preliminary report of the department for 1908 shows importation from India to be 107,533 tons, which was valued at \$6,504,920, or \$60.50 per ton. The American production averages about 1 ton to 2½ acres, and figuring on \$60.50 from India, the American farmer must compete with a gross income per acre of \$24.20, while in America seed and labor will cost the American farmer from \$22 to \$25 per acre, and to this must be added land rent, averaging probably \$15 per acre.

Now, to make the comparison for a more unfavorable year, would call attention to the report of the Agricultural Department for 1898, when India sent us 112,306 tons of fiber, valued at \$2,543,498, or an average of \$22.70 per ton. Making the same comparison as above of 2½ acres to the ton, the gross income per acre would show only \$9.10, which would in America be insufficient to pay either the land rent or the labor charge against an acre of hemp. As a result of this American hemp fell below 3 cents per pound, which is below the cost of production.

Within the last 10 years machines have been perfected for cutting hemp and flax, and there are before the public to-day three or four machines for breaking the hemp and flax which are meeting with deserved success, though not receiving the financial backing which would come to them if the American hemp and flax industry was properly protected and encouraged.

The perfecting of these machines will solve the labor problem for the producer of American hem and flax.

The uses of American hemp are varied, ranging from fine twines, where it is often mixed with flax, up to heavy cordage, such as is manufactured at the Charleston Navy Yard, Boston, for use in the United States Navy. But the volume of business in fiber must be done on medium and low priced raw material, and the present duty on Italian and Russian hemp, flax, and flax tow only protects American hemp in so far as it enters into the manufacture of the high-grade products, the tonnage of which always has been and always will be small.

PARAGRAPH 337—HEMP.

Under present conditions any time the American production should rise above the present level the price of American hemp would be forced down to the level of India hemp or jute, and could not live now even in a small way if unprotected from Italian and Russian hem and flax and flax tow.

In Minnesota and the Dakotas and throughout the great Northwest hundreds of thousands of acres are sown in flax annually, the seed saved, and then the million tons of flax straw are burned, which could go into the manufacture of bagging, burlap, binder twine, and various kinds of cord and ropes, but for the enormous influx of cheap foreign fibers, the product of the world's pauper labor.

With a duty such as we ask on foreign fibers, it would be but a few years until American-grown hemp and flax, together with manila hemp from the Philippines, would supply the demand for coarse fiber in the United States, making the American people independent of the outside world for their fiber supply both in peace and in war; would greatly enhance the value of farm lands; would supply labor to many thousands of men, and would result in a boom in this country in the agricultural districts beyond anything that has heretofore been known.

Hemp and flax can be and have been successfully grown throughout the South and Middle West, as far north at Minnesota, as far south as the Gulf of Mexico, and on the Pacific slope. There is every reason why America should grow all her own fiber; there is every reason why the American farmer should be encouraged to produce it; and in producing it, there is every reason why he should be protected from the pauper labor of India as well as from the Italian and Russian laborer, who is willing to work for a mere pittance in comparison with the wages demanded and deserved by the American workingman.

BRIEF OF THE PORTLAND CORDAGE CO., PORTLAND, OREG.

PORTLAND, OREG., *January 17, 1913.*

Senator GEORGE E. CHAMBERLAIN.

United States Senate Chamber, Washington, D. C.

DEAR SIR: Under the present law governing the Philippines there is an export duty on manila hemp of 95 cents per bale, but when the hemp is shipped to the United States and consumed in the United States export duty is refunded on same. This gives the United States manufacturer, and consequently the consumer, that advantage over all foreigners which does not seem to be at all unreasonable, taking into consideration what the United States has done for the islands. The natives have more liberty and more justice shown them than they ever dreamed of, and there has certainly been a phenomenal material advance in the islands.

We understand there is a movement on foot to have this export duty removed from all hemp, and this movement is largely fostered by the foreign exporting houses, and most of the exporting houses are foreigners. We fail to see where there is any statesmanship in such a move as this, as it reduces the income of the islands and only tends to help the foreign consumers, and we do not feel that the preference shown the United States manufacturers and consumers is an unreasonable or unjust one.

We trust if this subject comes up in Congress that you will not favor any change.

Yours, truly,

THE PORTLAND CORDAGE CO.,
By S. M. MEARS, *President.*

[Telegram.]

PORTLAND, OREG., *January 22, 1913.*

Hon. A. W. LAFFERTY,

House of Representatives, Washington, D. C.

Referring Schedule J, flax, hemp, and jute, we think present small duty necessary to protect us against cheap labor in cordage factories China and Japan, and we believe the United States cordage manufacturers do not average profit per pound over present amount of duty three-quarter cent. We understand refund of export duty on manila hemp shipped from Philippines also under discussion for withdrawal. Certainly this small concession to United States manufacturers, and ultimately the consumer, should be retained considering country's past sacrifices in lives and money for real benefit of Philippines. Why should foreigners be on same basis when they have made no sacrifices? Trust you will work for retention of present schedule.

S. M. MEARS.

PARAGRAPH 338—JUTE YARNS.

PARAGRAPH 338.

Single yarns made of jute, not finer than five lea or number, one cent per pound and ten per centum ad valorem; if finer than five lea or number, thirty-five per centum ad valorem; yarns made of jute not otherwise specially provided for in this section, thirty-five per centum ad valorem.

JUTE YARNS.

BRIEF SUBMITTED BY HENRY D. COOPER, PRESIDENT LINEN ASSOCIATION OF NEW YORK CITY.

NEW YORK, *January 6, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Through you I wish to put forward a request that the following changes be made in Schedule J.

On frequent occasions in previous tariffs a number of linen and jute importers had many suggestions to offer which were very often conflicting, although the ideas of the individuals were quite similar. Linen and jute importers were requested on more than one occasion to get together and thrash out their small differences and unite on one presentation of their views, which would tend greatly to clarify the situation and impress more favorably the members of the Ways and Means Committee.

The Linen Association of New York was in consequence formed, and as its president I am requested to make the following suggestions:

Schedule J, paragraph 338. We would suggest the following: "Jute yarns, made of jute, jute waste, jute butts, free." Jute yarn being the basis of jute cloth and employing less labor in its production, should logically pay a lower rate of duty than the finished cloth.

Paragraph 340. "Threads, twines, cords composed of flax, hemp or ramie, or of which those substances or either of them is the component material of chief value, 25 per cent."

Paragraph 341. "Yarns in the gray, on beams, cops, cones, tubes, spools or mandrels, or in bundles or skeins, made of flax, hemp, or ramie or a mixture thereof, 20 per cent." This request is made because linen yarns, being an intermediate state of manufacture, should be accorded a lower rate than linen cloth.

Paragraph 345. "Hydraulic or flume hose, made in whole or in part of cotton, flax, hemp, ramie, or jute, 25 per cent."

Paragraph 352. "Woven fabrics of jute yarn by whatever name known, not exceeding 44 threads to square inch, free; counting over 44 threads and not exceeding 56 threads, one-half cent per pound." The article that would be most important in this paragraph is known as burlap, which is used in the manufacture of bags to sack grain and its various productions, feed for cattle, fertilizers for farmers; is used by meat packers, by manufacturers of textile articles, and many millers and carpet manufacturers as a covering for their various products. It is also a raw material for oilcloth and linoleum manufacturers, which is a very large and growing industry in this country. Putting these goods on the free list injures no existing industry. The industries mentioned above do exist and would be benefited by this reduction. The farmer of grains has as many rights as the farmer of cotton, which we understand is to be put upon the free list.

It has long been contended by people living in the South and by the Democratic Party that cotton bagging should be imported free for the benefit of the cotton planter. The farmer growing grain has exactly the same right to free burlap to provide cheap sacks for farm products of all kinds as well as grain.

Paragraph 354. "Bags or sacks, made of jute cloth, as described in paragraph 352, not dyed, colored, stained, tinted, printed, or bleached, not exceeding 44 threads to the square inch, counting warp and filling, one-half cent per pound."

Paragraph 355. "Bagging or sacking made of jute, jute waste, jute butts, or hemp, not exceeding 18 threads to the square inch counting warp and filling, and bagging for cotton, gunny cloth, and similar fabrics suitable for covering cotton, composed of jute, jute waste, jute butts, or hemp, not exceeding 18 threads to the square inch counting warp and filling, free." This benefits the farmer and all users of cotton and cotton goods. It cheapens the cost of putting cotton upon the market and enables the manufacturer of the fiber into its various articles to offer goods to the consumers at a lower

PARAGRAPH 338—JUTE YARNS.

price. Two threads have been added to the square inch to the count of bagging cloth in this paragraph, as it was not always easy to avoid the extra yarn or two in hasty weaving of such a cheap material.

Paragraph 357. We would request that you strike out paragraph 357 and substitute one similar to 277 in the tariff of 1894, which reads as follows:

"All manufactures of flax, hemp, jute, or other vegetable fiber, except cotton, or of which these substances or either of them is the component material of chief value, not specially provided for in this act, 25 per cent.

"Woven articles composed of flax, hemp, or ramie, or of which these materials or any of them is the component of chief value, if scalloped or embroidered or both, 40 per cent.

"Handkerchiefs composed of flax, hemp, or ramie, or of which these substances or either of them is the component material of chief value, whether in the piece or otherwise, and whether finished or unfinished, not hemmed or hemmed only, 35 per cent; if hemstitched, or imitation hemstitched, or reversed, or with drawn threads, or embroidered, or initialed, 40 per cent."

It will be necessary to delete from paragraph 349 in the present tariff, or whatever similar paragraph takes its place in the new tariff, all reference to goods made of flax or other vegetable fiber, except so far as lace or lace effects are concerned.

There has often been a conflict between importers and customs officials on fabrics made of a union of cotton and linen as to which was the component material of chief value. You have already proposed an act, known as H. R. 25034, where, in section 14, page 6, you propose cotton table damask, etc., should pay a duty of 25 per cent ad valorem. This would obviate, therefore, all discussion between the Government and the importer as to whether linen or cotton was the chief value, as they would both pay the same rate of duty. These proposals will go a long way toward simplifying the existing tariff, will take much that is confusing out of it, and make the matter clear and understandable, not only to the Treasury officials, but also will make it so simple that importers who are not extremely skillful will stand an even chance in interpreting the law with those who are. It will relieve the Treasury and customs officials from many trials and discussions and will result in an immense saving of time and also result in a much more economical administration of the tariff act.

The tariff on linens has been by degrees and by indirect methods advanced to a point which is prohibitive. Thus the coarser and commoner grades of table damask have been driven out of the country by the very high duty imposed on all linens weighing over $4\frac{1}{2}$ ounces to the square yard.

There is no reason why a higher duty should be charged on linens weighing more than $4\frac{1}{2}$ ounces to the square yard, as it serves no purpose of any kind and causes those in moderate circumstances who wish a serviceable fabric to be compelled to buy a lower and thinner cloth, weighing under $4\frac{1}{2}$ ounces to the square yard. These are unserviceable and unsatisfactory to the housekeeper. It also compels the importation of towels so thin that their absorbent qualities are largely reduced and their usefulness diminished. This demarcation in weight also causes a practically prohibitive duty on the commonest, coarsest, and simplest kind of cloth known as crash for roller toweling, wherein a duty of more than 50 per cent is exacted, which prevents less prosperous people from buying a heavy, serviceable linen roller toweling or crash, because of the excessive and unjust duty placed upon these cheaper linens, which are made by the simplest process of spinning and weaving. There is no reason why the poor should pay a higher rate of duty on the commoner linens than do those who are in more affluent circumstances, who use the finer grades, yet the present tariff makes such unjust discrimination.

We ask for this reduction in linen goods because much of it is raw material for dress-makers, and for cloak and suit makers, for clothiers who manufacture in large quantities the more reasonably priced ready-made clothing; it gives cheaper necessities to the poor and in no way injures any industry of any size in this country.

A prominent Republican Senator of the recent Finance Committee in the Senate, in privately discussing duty on linens, admitted that it was purely a revenue matter, and that the oft-named contention that it was protecting a linen industry in this country was unsound and unjustified.

During each period of tariff discussion there are a number of linen industries proposed and statements are made that these industries are just about to be opened up in a large way in this country, but that it will be impossible to create this industry unless amply protected. These industries are mere stalking-horses paraded at the time for the ulterior purpose of serving those who do not wish to come out in the open and is a scheme to demand rates of duty which will prevent consumers of this country from using linens of the commoner grades owing to the prohibitive tariff which they are proposing for their own secret ends.

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A reasonable rate of duty on linens will benefit every household in the country and many industries using linen as the raw material in their manufactures. The Stevens Linen Works, established in 1846, has existed through several lower tariffs than the present one, and this proves it does not need the present high rates. It is the only manufacturer of linen goods in this country of any size. The enormous rates of duty charged on linen goods in the present tariff have failed to establish any important linen industries manufacturing linen goods. A few have imported linen yarns and used them in conjunction with cotton yarns to manufacture a few goods.

It is probable that the Oxford Linen Co., which has occupied a prominent position in the newspapers recently, is still fresh in the minds of your members. We ask that you give earnest attention to our moderate requests.

Our reasons for making above statements are based on the experience of houses belonging to this association, one of which has been in the linen business since 1845, and others nearly as long.

This reduced duty should increase the revenue, as at present the importation of many grades of linens has almost ceased owing to prohibitory rates. A moderate tariff will undoubtedly greatly increase the revenue in these articles and will also cause a larger revenue from those goods which are imported at present only in moderate quantities because of high rates.

Very respectfully, yours,

HENRY D. COOPER,
President Linen Association of New York.

Address: Henry D. Cooper, care of James F. White & Co., 54 and 56 Worth Street, New York City.

NEW YORK, *January 14, 1913.*

DANIEL C. ROPER, Esq.,
Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: In reply to your favor of January 11 I would say that I scarcely feel that it will be necessary to make any address before you, but I do wish that you would put my statement before the committee to the effect that a great many varieties of linen goods paying a high rate of interest as assessed have been reduced in volume of import to a very great extent. Reducing them to a fair rate of duty as suggested in my brief, will increase the importation of these goods very largely and will increase the revenue. In other cases, as in the case of cheap damasks, cheap towels, cheap napkins, these goods have been largely prohibited through the higher duties imposed at the present time and the rates as suggested by us will once more reestablish the importation of these goods in considerable volume and will increase the revenue of the country to a very marked extent.

If you would be good enough to add this letter to my brief I would be obliged to you.

The statements made about the increased importation of these goods are based entirely upon our past experience when we and others in our line of business brought large quantities of the goods under discussion into this market, but during the existence of the present law and the law immediately preceding the present law the rates of duty were so large that the quantities of goods were greatly reduced in many cases, and in other cases absolutely ceased to be brought into the country, the rate of duty being so high that the cost of the cloth was beyond the means of the consumer. Therefore, establishing rates as suggested in my brief will definitely and certainly cause a very considerable increase in the revenue.

Yours, respectfully,

H. D. COOPER,
President Linen Association of New York.

BRIEF SUBMITTED BY DOLPHIN JUTE MILLS, PATERSON, N. J.

GENTLEMEN: The Dolphin Jute Mills at Paterson, N. J., is one of the oldest mills in the country. It was established in 1850 and has been operated with varying results ever since. It manufactures jute yarns and twines, and is now employing about 600 people. It earnestly protests against any lowering of the present duty on jute yarns, for the reason that yarns manufactured abroad, chiefly at Dundee, Scotland, are now being imported under the present rate of duty in direct competition with its yarns, and if there be any lowering of the duty, it will be compelled to close its mill and discharge its hands. This competition of imported yarns at the present duty is made possible by the difference in rate of wages paid in Dundee and in America.

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The present rate of duty on jute yarns not finer than 5 lea or number is 1 cent per pound and 10 per cent ad valorem; if finer than 5 lea, 35 per cent ad valorem; and on jute yarn not otherwise specially provided for, 35 per cent ad valorem.

The wages paid in Dundee, as reported by the Department of Commerce and Labor, plus 5 per cent increase since the report was made, in comparison with the wages paid in this country in manufacturing jute yarn are as follows:

	Average rate in Dundee per week.	Average rate in America per week.
Batching.....	\$2.80	\$7.80
Carding.....	2.48	6.15
Spinning.....	2.68	8.00
Winding.....	3.57	8.20
Packing.....	4.35	8.40
Foreman.....	6.65	20.50

As shown by the above table, the average wages in this country are 260 per cent of the Dundee wages.

The difference in the cost of production of 14 pounds of jute yarn (3½ lea and basis size) between Dundee mills and American mills is about 1¼ cents per pound, and the average duty paid during the past three years from customhouse records has been: 1910, \$0.0148 per pound; 1911, \$0.0150 per pound; 1912, \$0.0160 per pound.

Never in the last three years has the duty equaled the difference in cost of production, and the competition from abroad works harm to the American spinner. We have no advantage over our foreign competitors; the hours of labor are the same; the production is limited to the speed of the machinery; the spindles can run no faster here than they do in Dundee.

The importations of jute yarn during the past three years have been 10,041,010 pounds. This will indicate to you the seriousness of the foreign competition.

It is because the difference in cost of production between Dundee and America is greater than the duty as shown above, and the competition very keen, that we respectfully request that the rates be not lowered.

During the continuance of the Wilson bill, 1894, 1895, 1896, and 1897, when the duty on jute yarn was 20 per cent ad valorem, the business was very unprofitable. This was entirely due to the competition from abroad, for during that time our yarn sales fell off 35 per cent in spite of the fact that we sold some yarn for less than cost in order to meet foreign competition and hold our customers.

We did our best to reduce cost by reducing wages and all salaries, and practicing rigid economy, but in spite of this were shut down, and compelled to run short time a great deal during 1894, 1895, and 1896.

The jute-yarn business in this country is absolutely dependent on a protective duty equal to the difference in cost, and we trust you will help this long-established industry to keep its employees at work and earn a fair return on our investment.

Respectfully submitted.

DOLPHIN JUTE MILLS,
S. S. EVANS, *Treasurer.*

**SUBMITTED IN BEHALF OF SUMMERS LINEN CO., PORT HURON,
MICH., AND MILFORD, N. H.**

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: Relative to Schedule J, covering flax, hemp, jute, etc., we beg to submit the following brief:

The committee is undoubtedly aware that nearly all linen yarns and woven goods manufactured in America are made from foreign-grown flax. This company's position is somewhat unique, as they are concerned with the American-grown flax.

The utilization of American-grown flax has recently received very serious attention. There is every reason to believe that the industry will thrive if given proper protection. While it is true that most of the American flax is inferior in quality to

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the foreign, there are some parts of the country that have produced flax of a quality fully equal to the foreign.

It is, furthermore, quite certain that as the American farmer is induced to bestow upon the crop more care and foreign methods of cultivation with fertilizers are utilized nearly the whole range of household linens can be manufactured from the native-grown plant.

The American manufacturer is at a serious disadvantage compared with his foreign competitor. This is equally true whether he spins his yarns out of imported or native-grown fiber. This disadvantage is present in the three main considerations governing the cost of production, i. e., labor, machinery, and material.

LABOR.

The American labor is not only much more costly, but owing to the peculiarities of the industry, it is in most cases, not as productive. It is true that the American operator is more efficient in certain lines of work, but in most of the operations having to do with the production of linen goods this is not true. The foreign operator enters the linen mill when he or she is quite young, and becomes skilled in the particular operation they are concerned with at a period of their lives when expertness is easily acquired. This is impossible in America, not only on account of the restlessness of labor, but also owing to severe labor laws. In Michigan, where we are now spinning our flax, we are not permitted to hire either girl or boy under 16 years of age. This labor comes to us entirely unskilled and is very high priced. Where we pay from 12½ to 14 cents an hour for female help, in some parts of Russia the same class of help is paid from 2 to 4 cents, and in the foreign countries paying the highest wages the scale is seldom over 50 per cent of our wage. The quality of the work is such that the operator has no great opportunity for initiative, such as usually gives preference to American labor, but must keep the machinery to full operation by manual dexterity. In this, the foreign labor excels our native help. We are therefore at a double disadvantage as regards the item of labor.

MACHINERY.

The machinery concerned in the manufacture of linen goods is almost wholly foreign built. This is particularly true of the spinning machines, practically none of which are built in this country. Nearly all the improvements in this class of machinery has been of foreign origin, and if any advantage lies in the machinery, that advantage is with the foreign manufacturer. It is true that with weaving machinery, the American manufacturer is able to supply some, at least, of his needs with the American-made looms, but these looms are more adaptable to cotton than linen.

MATERIAL.

In the way of material, the American manufacturer who does not utilize imported flax is apt to be at a particular disadvantage, and even though he imports his fiber he is at a disadvantage owing to the cost of importation and the need of obtaining material of the proper quality. The mills nearer the source of supply have naturally the advantage of selection, unless the American manufacturer's business is sufficiently large to permit him to have an agent on the ground.

NATIVE GROWN FIBER.

The incentive for endeavoring to utilize American grown flax in this art is due to the fact that the flax straw itself can be grown cheaper than abroad. The serious aspect of the case, however, has to do with the cost of converting the flax straw into spinning fiber. Here again the labor item is excessive. The main operation of conversion has to do with an operation called scutching. These operators are difficult to get, and when obtained earn about \$2 per day. The foreign operator concerned with this operation is much more efficient and in many cases earns but a third of this sum. There is, however, every reason to believe that if this native industry is encouraged, machinery will be found to overcome this disadvantage.

Undoubtedly the importers and towel mills that buy their yarns abroad will make representation before your committee looking toward a reduction of the duty on coarse flax yarns. If such reduction were made it would greatly retard flax spinning in America. It is largely such yarns that would be made on this side, either from

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foreign or domestic flax, for weaving purposes. Indeed, the only spinning that would be done would be at those large mills equipped to produce fine yarns.

In view of the above facts, we ask the duties relative to flax yarns and linen goods remain undisturbed. We would, however, call the committee's attention to the duty of \$5 put on flax straw. This duty we do not consider necessary for the protection of the American farmer. American grown flax straw costs less than Canadian. Canadian straw is the only straw it would be possible to import on account of cost. The Canadian straw would only therefore be imported when the American crop was deficient, either in quantity or in quality. If, therefore, this duty were removed, it would help the industry through bad seasons, without working to the detriment of the farmer.

SUMMERS LINEN CO.,
By BERTRAND S. SUMMERS, *Vice President.*

BRIEF SUBMITTED BY LUDLOW MANUFACTURING ASSOCIATES.

In view of the proposed revision of the tariff, the Ludlow Manufacturing Associates present this statement why the jute industry should receive special consideration.

Jute is a long vegetable fiber, the cheapest commercial fiber in the world. It is grown in India only. The chief products of jute manufactured by the Ludlow Manufacturing Associates, and the duties levied on each under the present United States tariff, are as follows:

JUTE YARN (USED IN THE MANUFACTURE OF CARPETS).

Jute yarns are made from free raw material, and the duty on the manufactured product under Schedule J, paragraph 338, of the present tariff law is as follows:

"Single yarns made of jute, not finer than five lea or number, 1 cent per pound and 10 per cent ad valorem; if finer than five lea or number, 35 per cent ad valorem; yarns made of jute not otherwise specially provided for in this section, 35 per cent ad valorem."

Jute yarn is used principally in the manufacture of carpets, and the duties levied do not afford a large measure of protection against Dundee, the principal competitor, or Calcutta, the prospective and ultimate one, as shown by the tabulation of wages given in the following pages.

BAGGING FOR COVERING COTTON.

This bagging is used exclusively for covering the American cotton crop. It is made from free raw material, and is dutiable under Schedule J, paragraph 355, of the present tariff law, as follows:

"Bagging for cotton, gunny cloth, and similar fabrics, suitable for covering cotton, composed of single yarns made of jute, jute butts or hemp, not bleached, dyed, colored, stained, painted, or printed, not exceeding 16 threads to the square inch counting the warp and filling, and weighing not less than 15 ounces per square yard, six-tenths of 1 cent per square yard."

As nearly all bagging used for covering cotton is made 45 inches in width, the above duty is equivalent to three-quarters of 1 cent per running yard.

We give below a table compiled from the United States Treasury statistics showing for the years 1903-1912 the amount of bagging imported, the value, duties paid, price per running yard, and the equivalent ad valorem rate of duty assessed.

PARAGRAPH 338—JUTE YARNS.

Importations of bagging under duty of six-tenths cent per square yard, 1903-1912.

Year.	Quantity in square yards.	Value.	Duty collected.	Average value per square yard.	Equivalent ad valorem duty.
1903.....	5,417,039	\$213,098.00	\$32,502.24	\$0.039	<i>Per cent.</i> 15.26
1904.....	7,801,672	261,235.00	46,810.02	.033	17.92
1905.....	9,603,487	391,730.00	57,620.91	.041	14.71
1906.....	12,309,136	663,843.00	73,854.80	.054	11.13
1907.....	19,817,860	1,215,446.00	118,907.12	.061	9.87
1908.....	16,349,696	1,076,353.00	98,098.16	.066	9.11
1909.....	8,012,434	413,208.00	48,079.63	.052	11.63
1910.....	16,505,542	699,940.00	99,033.28	.042	14.15
1911.....	13,365,349	623,099.00	80,192.11	.047	12.87
1912.....	5,778,731	363,751.00	34,672.38	.063	9.53
Average.....	11,496,094	592,170.00	68,977.06	.0515	11.65

The fabrication of jute was first begun in Dundee, which for many years held a monopoly of this form of manufacture, and is still the largest center of manufacture with the exception of Calcutta.

According to Consular and Trade Report No. 3302, October 12, 1908, the great manufacturing centers of the jute industry are Calcutta, Dundee, Dunkirk, Hamburg, Vienna, Turin, Brooklyn, and Ludlow, Mass. Calcutta, however, overshadows them all, and it is against the competition from this source that the American jute mills most need tariff protection.

The American mills have in Dundee a competitor paying less than one-half the American rate of wages. The machinery used in the American mills is from the same English shops as the Dundee machinery, but the machinery and machine supplies imported into the United States have to pay a duty of 30 per cent.

This Dundee competition is similar to that met by other American industries, and against which others have a protection of from 35 per cent ad valorem upward, as compared with an average of 11.65 per cent ad valorem protection to American manufacturers of jute bagging for covering cotton.

In Calcutta, now the greatest jute manufacturing center of the world, the American mills compete with a rival much more dangerous than Dundee. The Calcutta mills are situated alongside the exporting press houses, on tide water, at the port of shipment.

They can buy their jute as it is received loose from the upcountry farms, thus saving the cost of export packing. The Calcutta manufacturers can also buy from week to week as their needs require and can select their jute most carefully.

The following table shows the remarkable growth of the Indian mills, especially since 1900. A list of the mills, with the number of looms in each, is given at the end of this pamphlet:

Looms in mills in and around Calcutta.

Jan. 1—	Looms.	Jan. 1—	Looms.
1870.....	960	1906.....	23,884
1880.....	6,854	1907.....	26,799
1890.....	7,964	1908.....	29,074
1901.....	15,336	1909.....	30,824
1902.....	16,640	1910.....	31,755
1903.....	17,597	1911.....	32,711
1904.....	19,901	1912.....	32,632
1905.....	21,318	1913.....	34,831

In addition to the looms given above, mills are now being built to be equipped with 1,300 looms additional, and it is generally understood in Calcutta that the total number of looms in that section will be increased in the course of the next two years by fully 10 per cent.

The Calcutta mills are now employing about 250,000 operatives.

These mills are largely owned by Dundee manufacturers, who find their Calcutta mills more profitable than those of Dundee, and in consequence Calcutta has grown at the expense of Dundee.

The Calcutta mills are of the very best construction and are equipped with the best English machinery, imported free of duty. They are managed by the most

PARAGRAPH 338—JUTE YARNS.

experienced English managers, while the working people are paid about one-twelfth the wages paid in America, in some cases as low as 7 or 8 cents a day. (See diagram, p. 7.)

The American manufacturer has to contend not only against these advantages of location, cheaper plant, and exceedingly low labor cost, but he is also handicapped by certain limitations put on him by laws of his own State or the United States. The contract labor law of the United States places restrictions on the American manufacturer in his efforts to obtain operatives, which are unknown to the foreign manufacturer. This is a handicap to the American manufacturer who is subject to foreign competition.

In Massachusetts we are restricted in the number of hours per week we can run our mills by the law which forbids the employment of women and minors more than 54 hours in one week and except between the hours of 6 a. m. and 6 p. m.

In India the jute mills run 13½ hours per day and 81 hours per week.

Furthermore, it seems probable that before long the hours of labor for women and children will be reduced in Massachusetts to 48 hours a week. This will mean 48 hours for men also when employed in the same mills as are women and children.

Judging from past experience, there will be no corresponding reduction in wages; probably, eventually, a rise, if other industries are to be affected as is ours.

A consideration of our cost figures for the past 15 years shows that the cost to us of manufacturing a yard of bagging has increased since 1897 (when the present duty of six-tenths of 1 cent per square yard was established) by over 70 per cent.

In most industries the lowering of the price of an article increases its consumption, and hence competition, which reduces the price of a commodity, stimulates the consumption and enables the manufacturer to operate his machinery full time, thus keeping down the cost. This rule does not apply to bagging.

Cotton bagging is used only for covering the American cotton crop. The moment the last bale is covered the demand ceases. No more is needed until the harvesting of the next year's crop. All bagging unsold must be carried over into the next season. It is a very bulky article, requiring great expense in storage, as well as the expense of interest and insurance.

WAGES AND COST OF MANUFACTURING.

We have previously referred to the extremely low wages paid in the Indian jute mills, a comparison of which with the wages paid for similar classes of work in our mills at Ludlow we give in the diagram on the opposite page.

We have obtained the figures of Indian wages through our own agents in Calcutta, as well as from other sources, and their correctness may be checked by reference to United States Consular and Trade Reports Nos. 2872, 2897, 3302, and 3330.

From examination of the figures given in this diagram it will be found that the actual pay for similar work in Calcutta amounts to from 5 to 18 per cent of the wages paid at Ludlow, or an average of 8.3 per cent for the 10 occupations given.

Statement showing wages paid for different classes of work in Ludlow and Indian jute mills.

Occupation.	Ludlow wages.	Indian wages.
Jute softeners.....	\$15.00	\$0.65
Jute cutters.....	7.25	.70
Dust shakers.....	8.00	.61
Breaker cards:		
Spreaders.....	10.00	.49
Tenders.....	7.75	.49
Finishers.....	6.50	.49
Roving tenders.....	7.75	.70
Doffers.....	6.50	.49
Weavers.....	12.50	2.25
Laborers.....	9.00	.61
Average.....	9.03	.75

PARAGRAPH 338—JUTE YARNS.

A comparison of the cost of manufacturing 1 yard of 2-pound bagging in Ludlow and in the Calcutta mills is given below:

Cost of manufacturing 1 yard of 2-pound bagging 45 inches in width, in Ludlow and Calcutta jute mills.

	Ludlow.	Calcutta.
	<i>Cents.</i>	<i>Cents.</i>
Labor cost.....	1.118	0.191
Supplies and machinery renewal.....	.366	.297
Administration.....	.218	.209
Plant charges.....	.640	.538
Total cost.....	2.342	1.235
A difference in favor of Calcutta of.....		1.107
		2.342

Present duty equivalent to three-fourths of a cent per running yard.

An examination of the above shows that, as compared with Calcutta, Ludlow has a handicap of 1.1 cents per running yard 45 inches wide. To offset this difference in cost in favor of Calcutta bagging requires a duty of 1.1 cents per running yard, or 0.9 cent per square yard.

Thus, it will readily be seen that the duty of 0.6 cent per square yard (or three-fourths of a cent per linear yard of 2-pound bagging), which was designed to protect American manufacturers under the conditions and relative costs of manufacturing in 1897, is not now protective.

Regarding the relative efficiencies of American and Indian labor, Sir John Leng, in his "Letters to the Dundee Advertiser," page 99, estimates that in the Calcutta mills one-third more hands are employed for the same work than are in Dundee. We employ practically the same number of hands as the Dundee mills, and their efficiency is certainly no greater than in the Scotch mills.

In a report made at the instigation of the Dundee Social Union in 1905, entitled "A Report on Housing and Industrial Conditions in Dundee," it states as follows:

"The jute brought from India to be spun and woven in Dundee has to compete in the world's markets with the product of the native labor at Calcutta. The unequal fight has gone on for the past 30 years or more, with the advantage always in favor of Calcutta, which has grown from small beginnings in the manufacture of jute until to-day its production is double that of Dundee.

"It is true that efficient labor and cheap labor are not interchangeable terms, but it is an open question whether in the ordinary processes of jute manufacture the white workers have any special advantage in brain or skill in a contest with the Indian workers. If they have not, they must in time yield place to cheaper workers, unless a way is found to develop aptitudes in the white workers for more specialized forms of production."

AMERICAN VERSUS INDIAN STANDARDS OF LIVING.

Let us compare living conditions in Calcutta with those in Ludlow.

We quote from United States Consular and Trade Report No. 2897 of June 17, 1907:

"The wages paid to men in the mills range from \$2 to \$3 per month, women from \$1.50 to \$2, and boys and girls from \$1 to \$1.75. These people subsist principally on rice and vegetables made up in the form of curry, which is a peppery and sweetish mixture of rice and vegetables, with now and then chicken, duck, or goat meat.

"They all chew betel nut constantly as a stimulant. They eat two meals a day as a rule, one before beginning work and one after the day's work is done. The men and boys wear breechclouts or dhoties, and the women and girls saris, which consist of 40 yards of thin muslin wrapped in a peculiar way about the loins and shoulders."

PRIMITIVE MODE OF LIVING.

"The people of a mill, or several mills if the mills are nearly located together, occupy a village, which is made up of huts made of mud, bricks, and palm leaves woven into sheets and tacked onto bamboo poles. All are thatched with a long, tough grass

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used throughout India for covering huts and bungalows, and which makes a tight, cool, and durable roof. The floor is made of clay tamped down hard, which makes a very good floor. On this floor is spread in places matting made of bamboo grass. On this matting many of the natives throw down a cotton blanket, or possibly a thin mattress, for beds. Some have a rude bed made of four posts 16 inches high, with crosshead and side pieces pinned together and then crisscrossed with bedcords. There may be a few rude benches, but little or no other furniture is to be seen in the huts. The natives eat on the floor, squatted around a pot or pan containing the food. The men and boys eat first and the women and girls afterwards, taking what is left. The mode of life is thoroughly primitive. No knives, spoons, or forks are used in eating, the fingers answering all purposes."

On pages 23 and 25 we give pictures taken by our agents of such huts as are referred to in the above quotation, and, for comparison, pictures of cottages in which our operatives live in Ludlow.

We also give a number of pictures taken of operatives at work in a Calcutta mill and others at work in our mills at Ludlow.

The United States receives Europeans of all nations, but Asiatics and Indians, such as are here pictured, it bars out.

If the competition of the Asiatic laborer is so feared that he is forbidden entrance to the United States, is it unreasonable for the manufacturers of the United States to ask for protection against the importation of goods manufactured by him?

In the United States Census of 1880 three New England villages were selected as representing the highest type of housing for manufacturing employees, and Ludlow was one of the villages selected. We give on pages 22, 24, 26, 27, 28, 29, 30, 31 a number of views of Ludlow as it is to-day.

A great deal is said about infant industries that never outgrow their infancy, but seem to grow weaker as they grow older. We do not claim to be an infant industry. We have been able to compete, and believe we can continue to compete, successfully with any American mill, but we do fear the combination of English capital, enterprise, and management, Asiatic labor, and cheap ocean freights.

We know of no oriental industry competing with Europe and the United States that has grown as has the Calcutta jute industry, or that so threatens the life of mills employing white labor.

The manufacture of jute has been and is one of the least protected of all American industries. We do not ask for more than the present low percentage of duty, although realizing fully that increasing importations may be made.

If the competition of the American mills were eliminated as a result of the removal of the duty, in all probability the price of cloth for covering the American cotton crop would be higher than at present.

The foreign control of the American market, without any return of revenue to the Federal Government, would be the result, and as burlaps, or light jute cloth, have been increased about 70 per cent in price during 1912 by the foreign mills, having no American competition, the same result may reasonably be anticipated in bagging, which in the same period advanced less than 9 per cent.

We do not believe it is the duty of our Congress to put a premium on inefficiency and incompetency, or that the rate of duty should be high enough to protect the same, but that only such a measure of protection as will enable a mill equipped with the latest and best machinery, and managed with the greatest skill, to continue as an American industry.

Can any intelligent person contend that the conditions in Ludlow can be maintained unless the village industry is given protection against the competition of Calcutta mills, which receive their jute direct from the farms, are equipped with the very best English machinery, and managed by the best technical talent in England, employing the lowest-paid labor, and shipping at the very lowest rates directly from their mills to southern seaports, where the Constitution of the United States exempts their merchandise from local taxation? (Art. 1, sec. 10, United States Constitution.)

LUDLOW MANUFACTURING ASSOCIATES,
CRANMORE N. WALLACE, *President*.

PARAGRAPH 338—JUTE YARNS.

JUTE MILLS IN INDIA, 1913.

In 1909 the capitalization of the jute mills herewith given was \$50,032,246. These mills are now employing about 250,000 operatives.

	Looms.		Looms.
Albion.....	340	Howrah.....	1, 550
Alexandra.....	396	India.....	1, 003
Alipore.....	48	Kamarhatty.....	1, 278
Alliance.....	1, 002	Kanknarrah.....	1, 467
Anglo-India.....	1, 982	Kelvin.....	600
Auckland.....	400	Khardah.....	1, 370
Barnagore.....	2, 040	Kinnison.....	1, 150
Belvedere.....	400	Lansdowne.....	870
Briggs.....	16	Lawrence.....	432
Budge-Budge.....	782	Naihati.....	430
Central.....	579	National.....	611
Champdany.....	494	Northbrook.....	528
Champdany, Wellington Branch.	300	Reliance.....	1, 000
Clive.....	868	Samnuggar.....	943
Dalhousie.....	830	Soorah.....	175
Delta.....	570	Standard.....	640
Fort Gloster.....	1, 100	Titaghur.....	1, 718
Fort William.....	519	Union.....	525
Ganges.....	1, 298	Union South Mill.....	650
Gondolpara.....	354	Victoria.....	1, 053
Gourepore.....	1, 255		
Hastings.....	810	Total.....	34, 831
Hooghly Upper.....	455		

In addition to the above machinery the following mills are now being built:

	Looms.
Angus.....	400
Samnuggar.....	506
Empire.....	400

We understand from reliable authority that the Barnagore Co. is also planning a large extension to their plant, and that it is generally understood in Calcutta that the total number of looms in India will be increased in the course of the next two years by fully 10 per cent.

SUPPLEMENTARY TO THE BRIEF FILED BY THE LUDLOW MANUFACTURING ASSOCIATES WITH THE WAYS AND MEANS COMMITTEE, REFERRING TO SCHEDULE J.

Neither the Ludlow Manufacturing Associates as an organization, nor by its officials, nor in any other way, has any financial interest in any other mill or organization of any kind, either in the United States or elsewhere. Nor has any other mill or its officials any financial interest in the Ludlow Manufacturing Associates. Neither has the Ludlow Manufacturing Associates ever had, nor has it now, any interest in any pool or other device for controlling prices or profits, but is an absolute free lance.

LUDLOW MANUFACTURING ASSOCIATES,
By CRANMORE N. WALLACE, *President*.

JANUARY 24, 1913.

BRIEF SUBMITTED BY CHELSEA FIBER MILLS, BROOKLYN,
N. Y.

JANUARY 23, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

GENTLEMEN: The following is in reference to Schedule J, with particular reference to paragraphs 338, 344, and 354, and in free list paragraph 578, and submitted by the Chelsea Fiber Mills, of Brooklyn, N. Y.

PARAGRAPH 338—JUTE YARNS.

"PAR. 338. Single yarns made of jute, not finer than five lea or number, one cent per pound and ten per centum ad valorem; if finer than five lea or number, thirty-five per centum ad valorem; yarns made of jute not otherwise specifically provided for in this section, thirty-five per centum ad valorem."

The above paragraph covers description of the main product manufactured in jute mills in this country, and any reduction in the rates specified would at once further increase competition, and with importations lessen demand from factories here. It is a fact that during a considerable portion of the period covered by present tariff prices have been materially below cost of production, and one jute mill in this district has been liquidated.

We recommend that consideration be given to the following wording for paragraph 338, so that same will read as follows:

"Single yarns (in hanks or in skeins), in the gray, made of jute, and not finer than five lea or number, one cent per pound and twenty per centum ad valorem; if finer than five lea or number, thirty-five per centum ad valorem."

Importations under this clause would cover the ordinary yarns required in large bulk as raw material for subsequent manufacture, but would make it clear that specialties usually required in small amounts and yarns which require additional labor and particular manufacture would be classified under paragraph 358. At present, paragraph 334 does admit plied, twisted, cabled, polished, colored, or bleached jute yarns, and in any form of final "put-up condition" or package which may be desired. It would appear to us that product with this additional labor and increased cost should be subject to higher classification. The suggested change, i. e., in ad valorem portion of duty would tend to more nearly maintain the differential which may be available through the very wide ranges of the price of the raw material.

Paragraphs 344 and 354.—Importations have been on basis of material increase, as covered by the above, and during the operation of present tariff schedule we have been forced to abandon weaving machinery formerly operated, and product is now practically limited to such specialties and to such limited requirements as must necessarily be supplied through direct and near-by connections.

Under the free list we would submit the following:

"PAR. 578. Grasses and fibers, istle or Tampico fiber, jute, jute butts, manila, sisal grass, sunn, and all other textile grasses or fibrous vegetable substances, not dressed or manufactured in any manner, and not specially provided for in this section."

We would recommend that raw material remain, as at present, on the free list, as no similar fiber has possibility of production on our high-valued land and with labor conditions as found in this country.

The Chelsea Fiber Mills (operating since 1876) directly furnishes employment to about 1,500 operatives, in addition to the number required for the handling of its raw material stored outside of its factory property.

Products made from jute and hemp, covered by following list, are produced: Jute and linen carpet yarns, matings and floor coverings, Smyrna rugs, seamless bags and specially woven fabrics, twines and cordage.

A very considerable portion of the product is for subsequent further manufacture in other properties, and only to a very limited extent is the product in its final condition for consumption by or for direct delivery to the consumer.

Respectfully submitted.

CHelsea FIBER MILLS,
FRANK L. PIERCE,
General Manager.

BRIEF OF HENRY W. T. MALI & CO., NEW YORK CITY.

NEW YORK, *January 23, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

SIR: We are importing French linen threads made of flax yarns, and are interested in the erection of a mill in this country where these threads could be made, under suitable conditions, of the imported single yarns. These yarns are now listed under Schedule J, paragraph 331, paying 40 per cent ad valorem, and we beg to submit to the consideration of your committee a revision downward, in keeping with the difference in the cost of manufacture here and abroad, which difference is now by far exceeded by the present duty; we would suggest a revision to 20 per cent ad valorem, which would give ample protection to the amalgamated manufacturers spinning their

PARAGRAPH 338—JUTE YARNS.

yarn from raw flax paying only 1 cent per pound; create healthy competition and yield a better revenue to the State than the raw flax; at the same time providing for American labor, as under reasonable conditions a rather extensive business could be worked up.

Yours respectfully,

HENRY W. T. MALI & Co.

STATEMENT SUBMITTED BY THE STEVENS LINEN WORKS.

JANUARY 25, 1913.

THE WAYS AND MEANS COMMITTEE.

GENTLEMEN: As the name of our company, the Stevens Linen Works, has been brought prominently before your committee in the hearing on Schedule J, we desire to submit the following statement:

Fifty per cent of the yarns used in our goods are not finer than 8 lea and pay a duty of 6 cents per pound, which is equivalent to about 50 per cent ad valorem on our American cost. The other 50 per cent are finer than 8 lea, and under the present tariff pay a duty of 40 per cent ad valorem. (See par. 341.) This is an average of 45 per cent ad valorem on yarn which represents only 56 per cent of our conversion cost. The other 44 per cent of cost of conversion is covered by a duty of 5 per cent ad valorem. The present duty under paragraph 357 equals about 50 per cent on the finished goods.

It can be readily seen that with the present duty equivalent to about 50 per cent on crash toweling, paragraph 357, it leaves only 5 per cent between the duty on yarn and that imposed on the goods.

This insufficient duty between the yarns and woven goods is one of the causes why the woven linen industry has not been further developed in this country. We manufacture our own yarns, and this fact alone allows us to compete under the present rate of duty.

Yours, truly,

STEVENS LINEN WORKS,
NATHANIEL STEVENS, *President*.

BRIEF OF THE ROCHESTER THREAD CO., ROCHESTER, N. Y.

ROCHESTER, N. Y., *January 21, 1915.*

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: We beg to submit for the consideration of your honorable committee reasons for a reduction of the present rate on single-linen yarns, "Schedule J, paragraph 331," on which the present tariff is 40 per cent ad valorem to 20 per cent ad valorem, and a retention of the present rate on twisted linen yarns and linen threads.

A reduction of the present rate on twisted linen yarns and finished threads would open the American market to a flood of cheap, foreign threads, with the inevitable result of wage cutting in the American mills.

A reduction of 20 per cent of the present rate on single yarns would not only permit the erection of mills in this country, giving employment to American workmen, but would force the foreign manufacturer to do the same—that is, erect mills in this country and employ workmen here, in order to compete.

It is a fact worth noting that while the consumption of linen thread has kept pace with the growth of the country, in the past 10 years (from 1901 to 1911) not a single new manufacturer of linen threads has entered the field in this country, due partly to the large amount of capital required to process thread from the raw flax to the finished article and partly to the prohibitive tariff on single yarns.

With a reasonable tariff on single yarns it would be possible for those anxious to enter the field to start in in a modest way—twisting, finishing, and tubing yarns—and with care to gradually work up to a complete mill.

Yours, very truly,

ROCHESTER THREAD CO.
THEODOR SCHELLING.

PARAGRAPH 339—CORDAGE.

PARAGRAPH 339.

Cables and cordage, composed of istle, Tampico fiber, manila, sisal grass or sunn, or a mixture of these or any of them, three-fourths of 1 cent per pound; cables and cordage made of hemp, tarred or untarred, 2 cents per pound.

CORDAGE.

STATEMENT OF RICHMOND ROCHESTER, ON BEHALF OF THE
NEW YORK CORDAGE CO.

The witness was duly sworn by the chairman.

Mr. ROCHESTER. Mr Chairman and gentlemen of the committee, I am representing the New York Cordage Co., of New York City. I suppose we would be known as jobbers, or factors and importers of cordage.

The particular item in which we are interested and here to speak to you about is the item known under your Schedule J, paragraph 339, as "cables and cordage made of hemp, tarred and untarred." There are two divisions under that paragraph 339.

While my training and breeding and tendencies have always been toward free trade, I am only advocating or asking for the abolition of the duty on the last item mentioned in the paragraph, known as "cables and cordage made of hemp, tarred and untarred."

The untarred cables and cordage made of hemp are known in the cordage trade as "dumb-waiter rope or elevator rope." In the large cities, and especially is it true in New York City, nearly every apartment house that is built or that exists, of almost any class except the very high-class apartments, is equipped with dumb-waiters, and these dumb-waiters, of course, have to be run with ropes; and it has been found that the rope best suited to that purpose is the rope known commercially as Russia rope, which is the same as that item, "cables and cordage, untarred."

This rope we have been importing for several years, to a greater or less extent, depending somewhat upon the number of new houses that go up and somewhat upon the relative value of other ropes made in this country and somewhat upon the general trade conditions, etc.; so that I say the principal consumption for such rope, if not almost the exclusive consumption, is for dumb-waiter and elevator use, and our trade in that line is with the poor carpenter and the dumb-waiter and elevator maker who, as a rule, is a man of not very much means and who makes his living by his daily wage.

Mr. HARRISON. In what respect is this dumb-waiter rope different from the rope that is used in building construction and for a thousand other purposes?

Mr. ROCHESTER. The rope used in building construction is manila rope, made from the hemp that comes from the Philippine Islands, which withstands the weather and is very much stronger. This dumb-waiter rope does not require tensile strength, but it needs to be round and needs to be smooth, both of which characteristics this hemp untarred rope possesses.

Mr. HARRISON. How do you suppose it originally came to be in a separate classification like this? Why are not untarred cables the same thing as any other kind of rope?

PARAGRAPH 339—CORDAGE.

Mr. ROCHESTER. For the very reason that the untarred cable is not made in this country. We tried diligently for a long time to get some manufacturer here to make this particular rope for us, but we have been unsuccessful in doing it.

Mr. LONGWORTH. How do you account for the fact the imports are so small?

Mr. ROCHESTER. The business is small. It is a small business, at best. I think we have to-day paid most of the duty that appears in that schedule, some \$7,000 or \$8,000 a year.

Mr. LONGWORTH. Between \$7,000 and \$8,000; yes.

Mr. ROCHESTER. I am sure we have paid as much as \$6,000 of that duty on the rope, if not more.

Mr. LONGWORTH. The equivalent ad valorem is only about 17 or 18 per cent. It is not a high duty.

Mr. ROCHESTER. It is 2 cents a pound.

Mr. LONGWORTH. The equivalent ad valorem would only be about 17 or 18 per cent of the import value of the rope, so that is comparatively a small duty.

Mr. ROCHESTER. On the other items under the same paragraph you will see they are assessed at three-fourths of a cent a pound.

Mr. LONGWORTH. Yes.

Mr. ROCHESTER. Those things are made in this country—that manila rope, sisal grass or sunn, etc.

Mr. LONGWORTH. There are other exports of those.

Mr. ROCHESTER. All those things are made here in this country, and under the theory of protection I can see some justification for a tariff on those particular items; but on the others that we do not make—

Mr. LONGWORTH (interposing). It is purely a revenue duty?

Mr. ROCHESTER. Purely revenue, and the revenue is negligible.

The other part of the rope—that is, the tarred—is used principally by the Government itself. We sell quite largely to the different posts and forts this tarred hemp cordage, so that it seems to me it would be the height of folly to be putting a duty on there to tax yourselves. The Government puts 2 cents a pound duty on, and goes down into its pocket and pays the 2 cents back to itself. They are the principal users of that stuff here.

Mr. LONGWORTH. None of it is made in this country at all?

Mr. ROCHESTER. As Mr. Metcalf stated in his speech yesterday, there is a very little of it made, very little of the tarred, and so far as I know none of the untarred. You could not buy a coil of it any place.

Mr. HARRISON. In what respect does the phraseology “cables, tarred or untarred” denote a different article from the next phrase “cables and cordage composed of manila”?

Mr. ROCHESTER. I have just attempted to explain to you that “cable and cordage, tarred and untarred, made of hemp,” is a piece of cordage made of what we know in the trade as Russia hemp, hemp grown in Russia and Prussia and Belgium and other countries in that particular section, where the climatic and other conditions are conducive to the growth of such fibers. The manila rope, on the contrary, is made of a fiber known as abaca, which grows exclusively

PARAGRAPH 339—CORDAGE.

in the Philippine Islands and never grows or is imported from any other country. The sisal that you see noted there is a species of cactus which grows in Mexico and Yucatan, and is imported here principally from Merida. Sunn hemp comes from India, I believe.

Mr. HARRISON. Surely the bulk of this Yucatan product does not come here in the shape of cables and cordage? It is a sort of binder twine, is it not?

Mr. ROCHESTER. The Yucatan product comes in as hemp altogether. There is no finished rope or twine imported from Yucatan. All of the sisal cordage we have anything to do with is made there.

The CHAIRMAN. Russia hemp is soft hemp?

Mr. ROCHESTER. Russia hemp is a soft fiber. Sisal and manila are classed as hard fiber. They are separate and distinct entirely with us.

I would certainly be content if you could see your way clear to abolish the duty on this stuff, which I think is iniquitous, which ought to be on a parity with manila and sisal and other things which are made here, and which are maintained at three-quarters of a cent a pound for the sake of protection.

The CHAIRMAN. That sounds reasonable.

Mr. ROCHESTER. It does to me; yes, sir.

Mr. LONGWORTH. Even I will admit that.

Mr. ROCHESTER. I would state, Mr. Chairman, that I have seen, and I think your committee will see, if they have not already, several overtures from several people in our trade to the same purport and effect to which I am speaking, showing you how they feel about it, and you will recall that of all the witnesses you have had before you, only one has touched on this particular paragraph at all, namely, Mr. Metcalf, who stated there was little or no cordage made in this country, "cables and cordage, tarred and untarred."

Thank you, Mr. Chairman.

BRIEF SUBMITTED BY THE PLYMOUTH (MASS.) CORDAGE CO.

WHY THE PROTECTION ON ROPE SHOULD NOT BE REMOVED.

For 89 years the Plymouth Cordage Co. has maintained in the town of Plymouth, Mass., a factory for the manufacture of cordage made from manila, sisal, and other fibers. This industry has grown from a small beginning until in its present condition it constitutes a New England institution, and we might say a national institution, worthy of a good deal of consideration.

This company has an enormous investment in its property at Plymouth—not only strictly for manufacturing purposes but in ways which amount really to public improvements and means of furnishing highly desirable living conditions for its employees, things which are without question of great benefit to the community. A living wage is paid even to the most unskilled laborer, and the company has recognized the increased burden of the cost of living by making such increases to the compensation of its employees as conditions from time to time have permitted.

Here is an enterprise which really forms a community in itself, with all practical modern improvements in its factory equipment, making for the safety, contentment, physical and moral welfare of its people; with churches, schools, public library, places devoted to recreation and social purposes, free nursing, free instruction in domestic science and manual arts; in short, a community where high regard is given to the welfare of its people along every line of human need, where the younger generation is given every opportunity to train itself for good citizenship. All these things are carried on without paternalism, although their maintenance so far as expense is concerned comes from the proceeds of the industry around which the community is

PARAGRAPH 339—CORDAGE.

centered. While, in order to make the situation clear, we have thus frankly described this feature, it should be understood that this work is carried on in a cooperative spirit and without ostentation or commercial exploitation.

When it is stated that the present number of employees in this institution now nearly numbers 2,000, it can be seen at once what the scope of the influences above described must be, and one need but compare for one instant the conditions just described with those commonly understood to exist in connection with similar manufacturing establishments abroad, to realize the importance to the community and to the Nation of maintaining such an attitude in regard to foreign-made goods as shall absolutely preclude the possibility of this difference in conditions being done away with.

We do not need argue that the reduction of the duty on rope and cordage would endanger this situation and imperil these advantages to the public which the conditions of the past and the present have made possible. But we do most strongly contend that there is a possibility of such a danger, and we respectfully submit that no reduction should be made without the most searching and careful examination of all conditions here and abroad in order to be perfectly sure that no action may be taken which would have the effect of reducing the condition of American employees in this industry to or toward that of similar employees in other countries. Certainly such investigation should be carefully and scientifically made before imperiling such desirable conditions as we first described. Some years ago, at the voluntary suggestion of members of the trade, the duty on certain classes of rope, comprising the bulk of production, was reduced to three-fourths of 1 cent per pound. It should be understood that this protection is seemingly increased by the remission to the American people of the Philippine export duty upon manila hemp. This remission, while it may act as a protection against foreign goods, certainly acts definitely and immediately to the advantage of the consuming public. This being a question somewhat apart, we shall refer to it latter.

If the effect of still further lowering the duty on rope should be to allow the importation of rope made by English and European manufacturers, would such a condition be of benefit to the American consumer? It is generally admitted that the rope made by such manufacturers is of a quality inferior to that of a great part of the rope made by manufacturers in the United States.

In the cordage industry there is no such thing as a trust or combination. The business is strictly competitive among a considerable number of manufacturers, and profits in individual cases have depended entirely upon questions of superior organization, business ability, and economy of factory methods instead of upon any condition of control of prices, limitation of supply, or artificial regulation of any phase of the business.

There is always a supply of rope equal to the demand, and prices are based upon the cost of the goods under the most favorable manufacturing conditions. These things seem to mean that if it were possible for foreign manufacturers to introduce their rope into the United States the market would be oversupplied, a surplus of goods would be provided which would tend to depress the market below the point where the American manufacturer could continue to do business, he being already close to the dividing line through domestic competition. It is difficult to see how this situation would benefit our consumer. It is true that the price of rope might be temporarily reduced, especially on the poorer grades of goods. This lower price, however, being one at which the American manufacturer can not make goods at a profit, he very naturally will stop manufacturing. This action will curtail the supply of high-grade rope, which is made by the American manufacturer but not by the foreigner. A very large class of American buyers demand this grade of rope, and it seems natural to suppose that in this case, while the price of the poorer goods may drop to the advantage of certain buyers, the price of the high-grade goods will advance, because the opportunity to use his facilities to advantage has been taken from the American manufacturer. The curtailment in his production will make the cost of the high-grade rope, which must be made in this country, greater than it is at the present time. Thus, as we have indicated, if a certain class of buyers will be benefited, probably a larger class will be injured, thereby more than neutralizing the advantage gained. At the same time, American business will be severely injured and ideal industrial conditions rendered impossible.

It therefore seems fair to judge that the introduction of foreign rope into the American market would be to the disadvantage of not only the American manufacturer and his thousands of employees but of the American consumer as well.

A question which we have previously mentioned as having a connection with the protection of this industry is that of the exemption from the export duty on manila

PARAGRAPH 339—CORDAGE.

hemp now enjoyed by the American public. The opinion has been advanced in certain quarters that this exemption should be done away with, but it seems to us that such a contention is based upon a false conception of facts. It is true, as we have indicated, that this exemption acts as a protection to American goods, but for reasons previously described it is obvious that it does not operate as a benefit to the manufacturer but as a benefit to the purchasing public.

The cost of manila hemp to the American manufacturer is, of course, reduced by the amount of the export duty from the price which his foreign competitor must pay. We have shown, however, that selling prices of rope in the United States are determined by the highly competitive conditions, in which this reduction in cost of fiber is fully taken into account. Were the American user of hemp to be compelled to pay this export duty, it would immediately and fully be reflected in the price of the finished product to the buyer of manila cordage.

Assuming that the imposition of the export duty on hemp is the accepted and proper manner for raising a part of the funds for the support of the Philippine Government, it would seem that the exemption from this duty, so far as it applies to the people of the United States, is a benefit which should properly flow to them through their ownership of the islands. To put the matter bluntly, such a course results in imposing upon the people of other countries who use Philippine products a part of the burden of maintaining the Philippine Government, to the relief of the American people.

It is understood the opinion is held in certain quarters that the exemption from this import duty operates for the benefit of some so-called "fiber trust." We respectfully submit that the Plymouth Cordage Co. is the largest user of manila hemp in the United States, and so far as we are aware, there does not exist any such thing as a fiber trust, nor indeed such a thing as any trust or combination in the cordage business. The only concern importing manila hemp that is commonly known as a trust is the International Harvester Co., sometimes referred to as the Harvester Trust. It needs, however, only reference to the statistics of importation to learn that the cordage manufacturers take the bulk of the fiber and that the company just referred to receives less than 10 per cent of the total importation, using it in the manufacture of binder twine for their harvesting machines, and not for making rope.

As we have explained above, the benefit of this free trade with our island possessions goes not to any manufacturer, but to the American public. This is a thing, concerning which the people's Representatives should thoroughly post themselves before taking action which would deprive their constituents of a benefit which properly is now theirs.

Respectfully submitted,

PLYMOUTH CORDAGE CO.,
By F. C. HOLMES, *Treasurer*.

BRIEF OF THE CONTINENTAL CORDAGE CO., NEW YORK, N. Y.

New York, *January 9, 1913.*

HON. OSCAR W. UNDERWOOD,
Washington, D. C.

DEAR SIR: We should like to have you lay before the coming session of Congress, which is to take up the question of tariff revision, the proposition of removing the present unnecessary and detrimental duty which importations of tarred and dry Russian rope are compelled to pay when brought into this country from abroad.

Cables and cordage made of hemp, tarred or untarred, present tariff, page 339, is same as tarred and dry Russian rope here referred to.

So far as we know, there is absolutely no untarred Russian rope made in the United States and never has been. The United States Navy is perhaps the largest individual user of Russian rope. What logic there can possibly be in taxing the people of the country and the Government itself, on a matter which needs no protection, as there is no one to protect, is something we have never been able to fully comprehend.

Such dry Russian rope as we handle for our trade we are compelled to import, and we know the cordage manufacturers in general, and large and small distributors, would certainly welcome the removal of the onerous duty.

If there is any additional information you would like to have, we should be pleased to furnish it.

Respectfully yours,

CONTINENTAL CORDAGE CO.
By CHAS. M. ALBERTSON.

PARAGRAPHS 340-341—LINEN THREAD AND YARN.

TELEGRAM FROM TUBBS CORDAGE CO.

SAN FRANCISCO, CAL., *January 20, 1913.*

Congressman JULIUS KAHN,

House of Representatives, Washington, D. C.:

We are advised that a hearing will be given in Washington on January 24, on Schedule J, flax, hemp, and jute manufacturers, at which hearing will come up the matter of reduction in the tariff rate on Manila and sisal rope, and the refund of the present export duty on manila hemp from the Philippine Islands. We can not too strongly oppose any action looking to a reduction of the present tariff and refund of export duty. It would work a great hardship to us and the entire cordage industry of the United States, and would absolutely leave our industry unprofitable and at the mercy of foreign manufacturers.

TUBBS CORDAGE CO.

PARAGRAPH 340.

Threads, twines, or cords, made from yarn not finer than five lea or number, composed of flax, hemp, or ramie, or of which these substances or either of them is the component material of chief value, ten cents per pound; if made from yarn finer than five lea or number, twelve cents per pound, and three-fourths of one cent per pound additional for each lea or number, or part of a lea or number, in excess of five.

See J. E. Barbour, page 3687.

PARAGRAPH 341.

Single yarns in the gray, made of flax, hemp, or ramie, or a mixture of any of them, not finer than eight lea or number, six cents per pound; finer than eight lea or number and not finer than eighty lea or number, forty per centum ad valorem; single yarns, made of flax, hemp, or ramie, or a mixture of any of them, finer than eighty lea or number, fifteen per centum ad valorem; ramie sliver or roving, thirty-five per centum ad valorem.

See J. E. Barbour, page 3687.

LINEN THREAD AND YARN.

BRIEF SUBMITTED BY T. S. TODD, NEW YORK.

NEW YORK, *January 23, 1913.*

The WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: We beg to direct your attention to the duties on flax threads, which seem to us unwarranted, and in many cases, absolutely prohibitive. (See particulars in par. 340 of Schedule J.)

In most cases it is impossible to land such merchandise without a loss, and in many cases are the duties so excessive that, based on the domestic price, there is not sufficient margin to warrant a consumer in importing such threads, or an importer in engaging in this business.

The manufacture of these goods in this country at this time, as in 1908, is controlled by a syndicate or trust, which embraces about 90 per cent of the production throughout the United States. (See pp. 4647-4678, tariff hearings, testimony of Mr. G. F. Smith.)

The product of the mills comprising the syndicate is sold in the United States exclusively through the Linen Thread Co. of New York.

We do not object to the American producer having a reasonable protection, which we submit should be represented by the difference in cost of labor abroad and in America. British labor, comprising spinning and twisting of linen threads, has been paid for several years past 20 per cent advance on former schedules and another 10 per cent will be added March 1, 1913, although we believe there has not been any material change in the rates of similar labor prevailing in this country.

The prevailing difference in cost between American made threads and those made in Europe is almost entirely the difference in the cost of labor, which we understand runs about double the rates in America to the wages paid in Europe.

The raw flax, from which linen threads are made, is higher to-day than it has been for years. Its cost, however, is practically the same to the American as to the foreign manufacturer. The elements of loss and waste are also the same. In some instances, dyestuffs and chemicals are cheaper abroad than here, and in other instances, the reverse is the case.

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Flaxes from which these goods are made are chiefly grown in Ireland and Belgium. Unfortunately, no flax is grown in this country which is suitable for manufacture into linen threads, which require the strongest and best flaxes the world can produce.

The annual American production of linen threads is fully 90 per cent of the entire trade in this country, leaving only 10 per cent for importations of foreign manufacture. The latter are largely composed of special brands, the production of the foreign houses with which the American combine is affiliated.

These linen threads are very largely employed in the manufacture of boots and shoes, clothing, harness, and fishing nets, and these manufacturing interests should not pay more than a reasonable tariff on their raw material.

In making 1 pound of thread No. 60 yarn quality, the labor abroad costs 7.97 pence per pound, equal to \$0.1594. If we double this, to equal the American labor, add thereto 25 per cent additional making thereby a very liberal allowance to cover extraordinary expenses, which may or may not accrue, and 4 cents per pound to cover duties on raw material, both manufacturers are then placed on a parity, and you find the labor cost in this country, together with the duty on raw flax, to be \$0.3986 per pound. (This assumes that $1\frac{1}{2}$ pounds of dressed line flax are required to make 1 pound of finished threads. We, therefore, add 4 cents per pound, which covers the present rate of duty of 3 cents per pound on dressed line flax.) The duty on No. 60 linen thread, which is assessed on finished thread of 66 lea to the pound, is \$0.5775 per pound, so that the American manufacturer has a protection equal to the duty on raw material, plus two and one-quarter times the entire foreign labor cost and 44 per cent additional, which is practically prohibitive.

Taking 1 pound of No. 40 yarn quality, on which the duty is assessed, as of No. 44, the foreign labor cost is \$0.1196 per pound. If we double this to equal American labor, add 25 per cent additional, also 4 cents per pound for duty on raw material, we have entire American labor cost of \$0.3091 per pound; the duty is \$0.4125, or 33 per cent, over the full American labor cost. Taking this same thread on the foreign value, packed in condition ready for shipment, the ad valorem duty is more than 50 per cent. This quality of thread is used extensively for fishing nets, which is an important industry in this country. The manufacture of these nets is also largely controlled by a company affiliated with the same linen-thread combination or trust.

These illustrations, based solely on labor, show an abnormal and apparently wholly unwarranted protection. It may therefore be desirable to analyze the situation from another standpoint, namely, the relation of duty to the whole foreign cost, and we will therefore take the figures of the Government for the year ending July 1, 1912, as the basis, wherein we find imports of 254,698 pounds, valued at \$162,916, of numbers 15 to 20, which is such a wide range as to work against our contention, nevertheless we accept it and point out for your consideration that the average value per unit in the above range is \$0.639 per pound, packed in condition ready for shipment from abroad. Taking No. 19 $\frac{1}{2}$, probably the number of largest import, assessed as No. 20, the duty is \$0.2325 per pound, equivalent to more than 36 per cent, and shows cost of imported thread of this number, duty paid, and 2 cents to cover ocean freight, insurance, and landing charges, of \$0.8915 per pound, against which the corresponding American product sells for, one quality 89 and another 98 cents net.

Taking a specific and actual case we find 19 $\frac{1}{2}$ lea costing abroad 52 cents per pound and assessed for duty at No. 20 lea at \$0.2325 per pound, which shows an ad valorem duty of more than 44.7 per cent.

Linen threads, three-cord, put up on 200-yard spools, such as are used in every household for domestic purposes, are sold in all sizes at a net price of \$0.805 per dozen spools, corresponding foreign threads would pay a duty, on a liberal average, of 23 cents per dozen spools, or a protection of more than 42 per cent, which is prohibitive.

The information as to the cost of foreign labor has been given to us by a gentleman of the highest standing, who has been for many years engaged in the business abroad, and, if desired, proofs can be given as to the accuracy of the figures submitted.

The control of this business by combination has brought about much economy of operation, by reason of the fact that the mills have been assigned to produce different brands of similar character, formerly made in several mills, which concentration obviates the necessity of readjusting machinery to make several types or numbers. It has also lessened administrative and selling expense, and given territory is supplied from and by one distributing house as against several. These economies of operation, however, have not been manifest in any lessening of price to the consumer.

In view of the above, we would suggest that a specific duty of 10 cents for No. 5 lea, with three-eighths of a cent for each additional lea, would give to the American

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thread manufacturer ample protection and at the same time give us, as manufacturers of other lines of goods, the advantage of the world's markets for our raw materials, to which, after affording full protection to American labor, we feel ourselves entitled.

The above figures are predicated on the present duty of 3 cents per pound on the raw material as dressed line flax, and if the duty on such material is reduced it would change to the extent of such reduction our calculations, and we should hope would correspondingly reduce the duty on the finished article—thread.

We feel that the liberality of our contention will commend our cause to the equitable consideration of your committee.

We have the honor to be, yours, respectfully,

T. S. TODD.

(For Joseph M. Herman & Co., Boston, Mass.; L. Lichtenstein's Sons, Richmond, Va.; Tenison Bros. Saddlery Co., Dallas, Tex.; Eisendrath Glove Co., Chicago, Ill.; John A. Griffith & Co., Chicago, Ill.; Schoenbrun & Co., Chicago, Ill.; Keyston Bros., San Francisco, Cal.; Dean & Sherk, Detroit, Mich.; B. H. Schnur & Co., New York, N. Y.; Caesar & Pratt, Philadelphia, Pa.; Cummer-Jones Co., Boston, Mass.; F. A. Lederle & Co., Chicago, Ill.; Los Angeles Saddlery & Finding Co., Los Angeles, Cal.; Kellogg Switchboard & Supply Co., Chicago, Ill.)

STATEMENT OF SMITH & DOVE MANUFACTURING CO., ANDOVER, MASS.

THE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Smith & Dove Manufacturing Co., of Andover, Mass., are manufacturers of linen threads, yarns, and twines. This concern was the first in this country to manufacture linen threads, having been established in 1835. From the very beginning it has been fully equipped to take the raw flax as produced by the farmers along the Hudson River, as well as in Russia and other foreign countries, hackle it, and carry it through all of the subsequent processes into the finished thread. During these 78 years it has been growing constantly, and to-day it is doing a very large business.

Years ago the growing of flax for fiber on a commercial basis ceased to exist in this country, and we have been compelled to depend entirely upon its importation from foreign countries. During the greater part of this time there has been a duty on raw flax, and there is to-day a duty of 1 cent per pound on raw flax, \$20 per ton on flax tow, and \$22.50 per ton on hemp and hemp tow. The duties on flax and flax tow are really revenue duties, as there is practically no flax suitable for spinning produced in this country. From our standpoint as manufacturers it is immaterial to us whether these duties on our raw material are continued or not, so long as we are compensated for them in the duties on our finished products. If, however, it seems desirable to allow raw fiber to come in free, a proportionate reduction could be made in the duties on the finished products covered by paragraphs Nos. 340 and 341. This reduction, however, should not be greater than the equivalent of the reduction on the raw material, as even under the present rates of duty large quantities of linen yarns and threads are being imported.

Should it be decided to put flax, hemp, and tow on the free list, the duty on hackled flax and hackled hemp should be reduced, but only by the equivalent of the reduction on the raw fiber. Should hackled flax and hackled hemp be placed on the free list as is being advocated by certain manufacturers, it would operate most unfavorably against manufacturers in this country who hackle their own flax. A fully equipped flax-spinning mill includes hackling and sorting among its other processes, and those who advocate free hackled flax are either not fully equipped in this particular or must desire to maintain hackling establishments abroad, where they can avail themselves of cheaper labor. The Smith & Dove Manufacturing Co. has always maintained hackling and sorting departments as part of its plant, and should hackled flax and hackled hemp be placed on the free list would be obliged to establish a hackling and sorting plant abroad, thus discontinuing the use of a large and expensive department, as well as throwing out of employment a large number of men. In fact, the amount paid by this concern in wages in its hackling and sorting departments amounted last year to over 13 per cent of its total wage disbursements.

Concluding, we would point out that any reduction in the existing tariff on our products, excepting such pro rata reduction as might be brought about by the admission of free raw fiber, would seriously affect the flax manufacturers in this country.

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Our costs in this business are increasing enormously; nearly all of our machinery has to be imported at a duty of 45 per cent; our labor costs us from two and one-half to three times what it costs in Ireland, Belgium, or Germany; our supplies are constantly advancing in price; and the added cost due to legislative requirements in the line of shorter hours, costly ventilating systems, workmen's compensation laws, etc., is very considerable. There should therefore be no reduction in our net protection, if the difference in the cost of manufacture here and abroad is to be given consideration and the successful operation of this industry is to be maintained.

Yours, very truly,

SMITH & DOVE MANUFACTURING CO.,
By GEORGE F. SMITH, *President*.

JANUARY 20, 1913.

BRIEFS OF RAMIE YARN MANUFACTURERS, SUBMITTED BY
HULL & REEVE.

WASHINGTON, D. C., *January 24, 1913.*

HON. OSCAR UNDERWOOD,
*Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.*

MY DEAR SIR: We inclose you herewith two briefs, one by Mr. John H. Meyer, who has been greatly interested in the raising of ramie, as well as its manufacture, and one by the Superior Thread & Yarn Co., through the president of the company, Mr. John W. Hiltman.

We regard these briefs as furnishing your committee information on the growing and the manufacturing of a product which may in the future, and we hope will develop into a great industry, and we know that we can confidently expect from you and your associates a careful examination of the facts presented therein.

We are, with great respect, yours, very truly,

HULL & REEVE.

BRIEF SUBMITTED BY JOHN H. MEYER, OF THE SPRINGDALE FIBER CO.

RAMIE YARNS AND FIBERS.

Ramie, or China grass, as known to the trade, is a fibrous plant which grows in China, India, the Malay Islands, and, in fact, can be grown in most warm climates, and our Agricultural Department has for several decades past made most exhaustive experiments and tests in several parts of the United States of America, and has conclusively proven that ramie, or China grass, can be most successfully grown in our Southern States, or in any part of this country where there is no ground frost. It is also grown in Mexico, and in almost all parts of Central America and South America.

Ramie is unquestionably the linen of the Bible, as flax, or linen, is absolutely indigenous to the more temperate climates of northern Europe and can not be grown in hot climates. Therefore, the mummy cloth of the ancient Egyptians was made of the ramie fiber, and, in fact, so named after one Ramesis, Pharaoh of Egypt. Some of these mummy cloths are in a perfect state of preservation, which only serves to prove the enormous durability of this fiber—far superior to any other.

Ramie is a most wonderful fiber, almost as glossy as silk, much stronger than linen or any other fiber; it is absolutely mildew proof, does not stretch, can be spun into very fine yarns, and can be successfully manufactured into any fabric of clothing, table linen, napkins, dress goods, threads of all description, mixed silk fabric of great beauty, underwear, hose, gas mantles, and many other goods whose names are legion. There is no doubt but what, if the oriental nations had been as progressive in the manufacture of goods, and in particular of textile fabrics, in a measure the same as the occidental nations were for the past 300 years, ramie fabrics would have flooded the European countries of the past and present ages, and would now not be a comparatively unknown article. This shortcoming will undoubtedly be remedied in the near future, and particularly in the United States with the assistance of our Government.

The only very large mill where ramie is most successfully processed and spun into yarns is the one owned by Mr. Baumgarten, at Emmendingen (Grand Duchy of Baden). This factory, however, is subsidized by the German Government, and is

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therefore in a position to import Italian and French labor (particularly skilled in the spinning and manipulating of spun silk yarns) at very low wages, whose children again, form a very formidable quota of still cheaper but very useful labor.

Mr. Baumgarten is practically the only manufacturer whose yarns are now shipped to this country, and are mostly used for the manufacture of gas mantles.

It is further a fact, with reference to the importation of yarns or woven fabrics, that the main quantity of yarn imported into this country is produced at Emmendingen, Germany, and a decrease of duties would but serve to create a practical monopoly for the concern in Germany, who would have little or no competition whatever from other sources. And further, the only person who would directly benefit in this country by the decrease of duties would be the representative for the foreign producers.

Gas mantles manufactured from ramie yarn are perhaps only 2 to 3 per cent of the entire gas mantle production of this country, which, however, may be enormously increased on account of the great superiority of ramie over those of cotton gas mantles.

It is further noteworthy that Mr. Baumgarten has been decorated by the German Government, for the reason, as the writer understands, that the ramie yarns supplied by him are especially adapted for the manufacture of dirigible balloons and aeroplanes.

The few mills now existing in the United States, which have spent hundreds of thousands of dollars (not to speak of past ventures in this same direction by others, which undoubtedly have run into the millions) are now on the high road to producing a perfectly satisfactory article, and are willing to make still further sacrifices in the direction of importing the latest and most improved machinery in order to attain equal perfection to the foreign product.

It is therefore the prayer of the undersigned, and on account of the entire American ramie industry:

(a) That the classification of ramie yarns, or fabrics, is taken out of tariff schedule J, where they are now placed with flax, hemp, jute, etc., and that ramie be put into an entirely separate schedule, as none of the other fibers can possibly have the same claim in any way whatsoever.

(b) That the duties are readjusted in a manner to further offset the enormous advantages of low-priced and skillful labor, of foreign Government subsidy, and also making certain allowances for the great struggle incidental to all infant industries.

(c) That in order to do full justice to the American ramie manufacturer, and to at once help the planters of our Southern States, to develop an entirely new and most profitable business, the undersigned prays the honorable committee to consider the following schedule:

	Per cent.
The China grass in the raw state as now imported.....	Free.
The fiber degummed; that is, after the removal of all wood and gummy substances.....	40
Combed sliver.....	50
Roving preparatory to going on the spinning frame.....	55
Spun yarns, metric Nos. 5 to 12, inclusive.....	60
Over No. 12, up to No. 20, inclusive.....	62½
Over No. 20, up to No. 28, inclusive.....	65
Over No. 28, up to No. 35, inclusive.....	70
Over No. 35, up to No. 65, inclusive.....	75
Over No. 65, up to No. 100, inclusive.....	80
Noils.....	30

The Chinese manufacture their very finest garments from the ramie, such as samples herewith submitted (Exhibition No. 5) will show.

The Japanese are also largely using ramie mixed with silk, and should the ramie schedule be readjusted in the manner pointed out there is no question but what this country will build up an immense industry, making some of the most beautiful and serviceable goods; also insuring to the southern farmers, where there are millions of acres open for the cultivation of ramie, with its three yearly crops, a profit unprecedented and far greater than cotton, which will add to our country one more most flourishing industry, starting up from the soil to the finished product.

Respectfully submitted.

SPRINGDALE FIBER CO.,
JOHN H. MEYER, Owner.

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STATE OF NEW YORK, *County of New York*, ss:

John H. Meyer, owner of the Springdale Fiber Co., being duly sworn, deposes and says that he is the petitioner in and has read the foregoing petition and knows the contents thereof, and that the same are true of his knowledge, except as to matters therein stated to be alleged on information and belief, and as to those matters he believes it to be true.

[SEAL]

CHAS. HULSMAN,
Notary Public, New York County.

Sworn to and subscribed before me this 18th day of January, 1913.

BRIEF SUBMITTED BY THE SUPERIOR THREAD & YARN CO.

RAMIE YARNS AND FIBERS.

To the tariff revision congressional committee:

Reasons why the tariff on yarns and fabrics made from ramie or China grass should be increased rather than reduced.

First. The ramie industry in the United States is still in its infancy and needs the fostering care of the Government at this time more than it ever needed it before.

A short survey of the history of this industry in the United States shows conclusively that neither time nor skill nor money were spared to make it a commercial success and that the retardation of this process was not due to causes which could be attributed to our manufacturers.

Recognizing at an early date that the climatic and atmospheric conditions make it impossible to grow flax and manufacture linen goods in the United States which could compete with the European products, manufacturers and textile men began experimenting with ramie as far back as 1860, with the view of using it as a substitute for flax. Bruckner's early experiments having shown in our botanical gardens what soil and climate were necessary to bring the plant to its full growth and develop to the utmost the fiber which it contains, attempts were made to raise it commercially by Emile Leiram, who began operations in Camden and Newark, N. J. This enterprise failed because the climate of New Jersey was not well suited to the cultivation of the plant. Felix Fremery introduced it then into Texas, and the Agricultural Department opened an experimental station at New Orleans under the management of Prof. Hubbs. It was soon found that ramie could be grown successfully in the Southern States and that its cultivation could be made more profitable to our southern farmers than the cultivation of either sugar cane or rice if they had a market for it.

At the same time manufacturers began experimenting with the fiber, some to make decorticating machines in order to free the fiber from the stem upon which it grows, others to spin it into yarn and to weave it into cloth. While in foreign countries, especially in Germany, France, and England, the Governments subsidized this infant industry, in our country it was left entirely to individual initiative and in the hands of inventors, manufacturers, and capitalists. But though the financial risks and initial failures prevented systematic work and retarded the growth of the industry, a steady progress was made toward solving the difficulties and surmounting the obstacles which presented themselves from time to time. Among the manufacturers of decorticating machines mention must be made of the Kauffman Fiber Co.; of the Collyer Fiber Co.; of Leruth & Myers, of New Orleans, La.; of Fremery, of Galveston, Tex.; of Green & Co., Versailles, Ky.; Sanford, of Brooklyn; Van Buren, of Jacksonville, Fla.; Rothermel & Lorimer, of Philadelphia; Spence, of Providence, R. I.; and quite recently G. W. Schlichten, of Los Angeles, Cal.

In the last 10 years several companies were organized to spin this fiber to the exclusion of all others, some of which failed either from insufficient funds or lack of knowledge. In fact, there is scarcely a silk or cotton manufacturer in the United States who has not, at one time or another, spent time and money in attempting to spin or weave this fiber, and thus directly or indirectly help to bring this industry to success. Dobson, of Philadelphia; Cheney Bros., of South Manchester; Fleitman & Co., of New York; the Phoenix Silk Mills, of Paterson; Jenckes & Co., of Pawtucket, R. I.; are but a few names in the long list.

To-day the Superior Thread & Yarn Co., of New York, and the Springdale Fiber Co., of Springdale, Mass., are working ramie exclusively.

It is very difficult, perhaps impossible, to get at exact figures or statistics, as manufacturers are loath to speak of losses which they suffered in chasing rainbows, but

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the most conservative estimate will show \$50,000,000 at the least as the amount expended so far, and there is not one manufacturing company in the United States to-day manufacturing ramie yarns or ramie goods that is on a paying basis.

Second. American ramie products can not be manufactured as cheaply as the European products are. The only really successful ramie enterprise in Europe is located at Emmendingen, in Germany, and is called "Erste Deutsche Ramie Gesellschaft." This company employs Italian labor of the cheapest kind. Children of the operatives are employed to do the assorting and cleaning of the fibers preliminary to their treatment in the mill, for which work they are paid a nominal sum per day. In this country such work is done by boys, who earn \$1 to \$1.25 per day. In spinning and finishing the yarn, experienced girls earn from 20 cents to 35 cents per day at the German factory, while here \$1.25 per day is paid to unskilled hands.

American manufacturers have recognized the fact that they must use superior machinery in order to be able to compete with the German ramie yarn, and they are constantly improving along such lines. But inasmuch as ramie stands in a class of its own as a textile fiber, and can not be worked successfully on systems such as are used in the spinning of cotton, wool, silk, hemp, or jute, considerable time and large sums of money have been expended in order to reach a satisfactory solution of this problem.

A reduction of the tariff at the present time would therefore be equivalent to the paying of a subsidy to the one successful company in Germany and put the American manufacturers absolutely out of business.

Third. The chief use of ramie in the United States so far is, first, for hat braids; second, for incandescent gas and kerosene mantles, and all efforts to introduce ramie yarns for other textile purposes have been unsuccessful. While every indication points to a large field at some not very remote day, nothing of a substantial nature has as yet been accomplished. Everything, therefore, with the exception of the two items here named, may be disregarded. So far as hat braids are concerned the market is not large enough to keep a small mill busy, and braided hats being subject to the dictates of fashion can not be depended upon as a continuous market. The superiority of ramie yarn in the manufacture of incandescent gas mantles has been fully demonstrated, but its adaptation by mantle manufacturers depends upon their skill and knowledge of the fiber to such an extent that 98 per cent of all incandescent mantles manufactured to-day in the United States are still made from cotton yarn. Manufacturers of ramie yarn in this country will have to spend time and money in educating mantle manufacturers before this market is secured, and until such a time they should be protected by the Government. The present duties are entirely inadequate, and the tariff on ramie mantles and ramie yarns for mantle purposes should be materially increased.

Fourth. The report of Mr. Charles Richard Dodge, fiber expert of the United States Agricultural Department, made in 1890, and the report of his successor, Mr. Lyster Dewey, made very recently, show that the southern farmer can raise ramie successfully, and is, for many reasons, anxious to do it if a market can be opened up for his product. The American Cane-Sugar planters, in their meetings at New Orleans, deliberated upon this subject repeatedly, and it is their unanimous opinion that the raising and cultivation of ramie would be more profitable to them and to the South in general than the raising of cane sugar. They can make money from sugar cane only once in seven years, they claim, owing to climatic conditions, and that one year has to pay for the other nonproducing years. They attempted to cultivate rice, but with no better result. On the other hand those who had grown ramie for experimental purposes were enthusiastic in speaking of its possibilities, especially so because its cultivation, after the first two years, requires but little work and attention, and because three crops can be grown in a year, the product of which, at half the price of the imported Chinese ramie, would yield a larger profit than anything which they now grow. The only way this can be accomplished is by encouraging the American manufacturer to use ramie. Large sums of money have been spent and are still being spent in experiments with ramie on southern plantations; farmers have devoted time and money to the study of this question, mainly by reason of the encouraging reports which they received from the Agricultural Department. The reduction of the tariff on ramie yarns and ramie goods would, therefore, very materially and very seriously affect the interests of the southern farmer who keeps his eye on our ramie manufacturer with care and anxiety.

Fifth. Ramie occupies a singular position among the textile fabrics, inasmuch as it requires a treatment preliminary to spinning different to all other fibers. This treatment consists of separating the fibers from the adhering woody matters and from the gums which hold them together. The German company invented a simple fer-

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mentation process, the cost of which is a negligible quantity, amounting to less than $\frac{1}{4}$ cent per pound; but though this process is not patented in the United States, it can not be used here. The fermentation produced by ramie is the source of such stench that it is most offensive to people living in a radius of 4 miles around Emmendingen. The German government having issued to this company a license to manufacture, had to issue special grants and privileges to enable this company to work under its charter.

No community in America would tolerate such a nuisance, consequently American manufacturers of ramie are compelled to have recourse to chemicals to free the fiber from wood and gums. This chemical process is not the same in all the mills, and its cost varies according to the uses to which the fiber is to be put. Thus, the cost of the chemical process in the case of yarns used for incandescent mantles is nearly three times the cost of the chemical process ordinarily used, and exceeds the cost of raw material and manual labor.

The Emmendingen Co., of Germany, subsidized by their Government, is the only concern that has so far made a commercial success of the manufacture of ramie yarn, and their product in one form or another is almost the only import of ramie to this country. Consequently any reduction that may be made on the present duty is in effect a subsidy by this Government of the German concern that is already subsidized by their Government.

Our recommendation is that ramie (china grass) be taken from its present classification as linen, be given a separate class under its proper name, and that the duty on ramie yarns, sliver, and noils, as well as on articles manufactured therefrom, be made 70 per cent ad valorem.

Respectfully submitted.

SUPERIOR THREAD & YARN CO.,
JOHN W. HILTMAN, *President*.

STATE OF NEW YORK,
County of New York, ss:

John W. Hiltman, president of the Superior Thread & Yarn Co., being duly sworn, deposes and says that he is the petitioner in and has read the foregoing petition and knows the contents thereof, and that the same are true of his knowledge, except as to matters therein stated to be alleged on information and belief, and as to those matters he believes it to be true.

JOHN W. HILTMAN.

Sworn to and subscribed before me this 17th day of January, 1913.

[SEAL.]

LONDON W. L. EDMONDS,
Notary Public, Kings County.

Certificate filed in New York County.

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

PARAGRAPH 342.

Flax gill nettings, nets, webs, and seines shall pay the same duty per pound as is imposed in this schedule upon the thread, twine, or cord of which they are made, and in addition thereto twenty per centum ad valorem.

PARAGRAPH 343.

Floor mattings, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances, not otherwise provided for in this section, and having a warp of cotton, hemp, or other vegetable substance, including what are commonly known as China, Japan, and India straw matting, three and one-half cents per square yard.

PARAGRAPH 344.

Carpets, carpeting, mats and rugs made of flax, hemp, jute, or other vegetable fiber (except cotton), valued at not exceeding fifteen cents per square yard, four cents per square yard and thirty per centum ad valorem; valued above fifteen cents per square yard, eight cents per square yard and thirty per centum ad valorem.

FLOOR MATTINGS, ETC.

TESTIMONY OF MYRON W. ROBINSON, PRESIDENT OF THE
CREX CARPET CO., NEW YORK CITY.

Mr. ROBINSON. In presenting this case I wish to say that I not only represent the Crex Carpet Co., but I am here as a committee on behalf of the American manufacturers of carpets, mattings, and rugs manufactured from vegetable substances, which come under sections 343 and 463 of Schedule J.

This committee recommends that the present tariff on imported mattings and rugs which are sold in competition with our products be maintained. There are two kinds of mattings and rugs manufactured from vegetable substances in the United States. One is made from wire grass, which is grown in the States of the Northwest, the other is made from a so-called fiber, which is a paper product. I shall have to deal with them separately.

In the industry of manufacturing carpets and rugs from grass there are four distinct companies, none of which is in any way connected with the other, and it is only by the strictest economy that we are able to make this business profitable and to pay our stockholders 6 per cent. In fact, in the first two or three years of this industry it was carried on at a loss.

Our brief, which we have prepared and would like to go on record, will show you that we use considerably over 100,000 acres of theretofore waste lands; we use this wire grass, which is absolutely useless for any other purpose, and we employ in the grass fields over 2,000 men, and in the factory over 1,500 operatives, paying annually in wages \$700,000, and producing about six and a half million square yards of carpet, of value of about \$2,600,000.

We are the largest individual users of domestic cotton warp, the two industries using about 4,000,000 pounds a year. The freight charges to and from our mills every year amount to something over \$200,000.

Competition in this is entirely a question of wages. The wages come in twice in our manufacture, you might say, in that we have to employ men to cut the grass first and then we employ people in our mills to make the grass into rugs, so the competition between these

. PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

rugs and the Japanese and Chinese mattings is entirely a question of labor. The average wages paid at our mill is \$1.85 and \$1.90 a day, and the average paid to the weavers is \$3.46 a day, whereas the total wages in Japan are from 17½ cents to 25 cents. The average labor cost of a square yard of rug in the United States is 11 cents, and in Japan it is eight-tenths of a cent; in China it is somewhat less than in Japan. So that the difference in the labor cost between Japan and the United States, figured on a 9 by 12 rug, is \$1.22, while the present duty on this rug is only \$1.09. These figures do not take into account the great difference in the cost of labor of harvesting the grass and the higher taxes paid in this country in overhead charges. Our brief will go further into detail in regard to some of these goods, and will show you conclusively that under the present tariff we have the strongest competition not only in this country but abroad.

In regard to the paper manufacture, we will say that is a paper product; a twisted thread is prepared and it is then woven into mattings and rugs. Those rugs, together with the grass mattings, are intended as a cheap substitute for the ordinary woolen carpet.

There are 12 companies engaged in this business in this country and, as in the matting industry, their interests are entirely apart and there is the strongest kind of competition.

This is a very new industry, and I think you can readily see the necessity of sustaining the present tariff and that any reduction would simply be so much more for the importers without any change in price to the consumer.

Either this, or if there was any further reduction in price it would mean a considerable reduction in labor which we employ in the United States in order for us to compete at all. In other words, taking away the rate of duty would not only be a great injury to the whole industry, but it would not improve the revenue.

I understand that the importers ask for a specific duty on grass rugs of 5 cents. The present duty is an ad valorem duty of 35 per cent, which amounts to from 8 to 12 cents. We would recommend on this, if the committee thought that a specific duty was better, that this duty should be placed at 12 cents.

The statement was made here yesterday by the importers that they did not consider that we are in competition with them. In view of that I brought some samples that will show you very conclusively there is the keenest kind of competition and that this [exhibiting rug] is practically an imitation of our goods. I also will show you the prices if I may be permitted.

This [exhibiting rug] is our grass rug, and this [exhibiting rug] a rug which the Japanese make. This rug we sell at 93 cents, and they pay the present tariff and sell this rug [indicating] for 90 cents.

Mr. PAYNE. What is that Japanese rug composed of?

Mr. ROBINSON. It is made from some sort of a grass fiber produced on the other side. I do not know exactly what it comes from, but it is a sort of grass fiber which they twist.

Mr. FORDNEY. Is there any difference in the lasting qualities of the two rugs?

Mr. ROBINSON. We consider our rug the best rug.

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Mr. PAYNE. What paragraph does that Japanese rug come under?

Mr. ROBINSON. Things manufactured of straw, other than mattings.

Mr. HARRISON. It comes under the basket clause, does it not?

Mr. ROBINSON. Yes, sir.

Mr. HARRISON. They pay 35 per cent customs duty in order to get into competition with you.

Mr. ROBINSON. They pay a 35 per cent duty, which amounts to from 8 to 12 cents.

Mr. HARRISON. The specific rate of 5 cents a yard which the importers suggested is the same as 20 per cent ad valorem?

Mr. ROBINSON. Yes, sir.

Mr. HARRISON. This is one of the three kinds of floor covering which is made out of straw or grass?

Mr. ROBINSON. Yes, sir; there are three kinds.

Mr. HARRISON. There are rugs made out of one piece, with a cotton warp, and then there are rugs made out of matting sewn together.

Mr. ROBINSON. Yes, sir; the regular width of matting sewn together making a rug.

Mr. HARRISON. The one-piece rugs which come into competition with your grass products pay a rate of 35 per cent ad valorem, under the basket clause?

Mr. ROBINSON. Yes, sir.

Mr. HARRISON. And on the other two classes the rates are specific?

Mr. ROBINSON. Three and one-half cents a square yard; yes, sir.

Mr. HARRISON. That was raised in the Payne law, and it worked out to an ad valorem equivalent of about 49.51 per cent.

Mr. ROBINSON. I understood that they were reduced in the Payne law.

Mr. HILL. They were reduced by being cut in two.

Mr. HARRISON. The specific rate was 3 cents a square yard under the Dingley law and $3\frac{1}{2}$ cents a square yard under the Payne tariff.

Mr. HILL. The Payne tariff made it $3\frac{1}{2}$ cents a square yard, without the ad valorem.

Mr. HARRISON. The fact is the Payne law abolished the differential of 10 cents, so that the duty is no longer assessed at different rates, whether it is worth more or less than 10 cents a yard; but the cheaper or commoner kinds that used to come in under 10 cents a yard now actually have the duty raised upon them from 3 cents to $3\frac{1}{2}$ cents a square yard. It was only on the kind formerly imported above 10 cents a square yard that the duty was reduced. On the cheaper kind the duty is raised, and on the more expensive kind the duty is now reduced. I think I am correct in that contention.

Mr. ROBINSON. It is my understanding that it was formerly 7 cents and was reduced to $3\frac{1}{2}$ cents.

Mr. HARRISON. Those that were imported under 10 cents a yard were formerly imported under the Dingley law at 3 cents; that was raised by the Payne law to $3\frac{1}{2}$ cents a yard. Those are the ones of which there are the most importations. The only effect the rate has had has been to take about \$2,000,000 worth of imports with consequent revenue away from us that we used to have in 1905.

Mr. ROBINSON. The matting is not used as much to-day, no matter whether there is any competition or not.

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Mr. HARRISON. I do not wish to make your testimony for you or to take your time. You can testify only as to these one-piece rugs woven with a cotton warp, made out of grass, twisted straw, or some similar fiber?

Mr. ROBINSON. Yes, sir.

Mr. HARRISON. That is only a small item. The most important part is the question of mats or matting.

Mr. ROBINSON. We also make a matting of the same width as the rugs but of heavier substance.

Mr. HARRISON. Do you contend that the mats and matting made in China and Japan are sold at prices anything like the mats and mattings which are made in the United States? If they are not, if they are sold at much lower prices, do they really come in competition with you?

Mr. ROBINSON. The importations, according to the records, are over twice as much as the combined amount in square yards that is made by these two industries, the fiber industry and the grass-carpet industry. It is impossible to find out whether the higher-priced Japanese matting is imported or the lower priced. In fact, when you get up to matting which costs them 22 cents, why then they come in competition with us. The cheaper ones do not come in such direct competition, although any matting will come in competition—

Mr. HARRISON (interposing). In your judgment is it not true that the bulk of the importations which come in and which are restricted by the raise in the Payne rate to 3½ cents a yard, are the cheaper kinds of Chinese and Japanese mattings, which do not come into competition with the American made product?

Mr. ROBINSON. No, sir; I do not think that is so. I think they do come in competition.

Mr. HARRISON. It seems that they used to be imported to the extent of \$3,000,000 worth under the Dingley tariff, and now they import less than \$2,000,000 worth of the kind that were valued not exceeding 10 cents a square yard. Those did not come in competition with you, did they?

Mr. ROBINSON. There are all sorts of different prices. You can not tell how much of any one price is imported.

Mr. HARRISON. As to the grades which fell under 10 cents a yard the effect of raising the duty has been to decrease the revenue, and at the same time in what way do you think it has benefited you?

Mr. ROBINSON. In regard to the revenue, in the whole carpet trade, it is a recognized fact that the matting and three-fourths of the carpets are not used any more to the same extent that they used to be used. They used to have the floors entirely covered by carpets. If you will go into any house to-day in which they have a decent floor, you will find that they use rugs. The carpets are not used, so there is a certain decrease in importations on that account any way. It is a question of the people's wishes, and they are using rugs instead of carpets.

I do not believe that any decrease in the tariff on the cheaper goods would be of any benefit as to revenue to the Government, because if they undersell us so much already, they are surely not going to sell any cheaper to the consumer because of the difference of 1 cent a yard decrease for which they ask.

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Mr. HARRISON. They do not undersell you if they sell to any entirely different class of consumers?

Mr. ROBINSON. We are selling to the same class of consumers. We sell our goods at a higher price, because we have to. We can show very conclusively in the figures in the brief that it is only by the strictest economy that we are able to make the small margin of 8 per cent that we do make. I simply want to impress the committee with the thought that competition exists.

Mr. FORDNEY. Does this competition come from any other countries except China and Japan, where you have described the difference in wages?

Mr. ROBINSON. Only from these countries.

The following communications signed by the witness were at a later date filed with the committee:

NEW YORK, *January 15, 1915.*

Hon. JOHN J. ESCH,
Washington, D. C.

DEAR SIR: I take pleasure in inclosing you a little pamphlet¹ on the story of Crex. The story interests your State very much, in that this industry has turned heretofore useless wire-grass lands into something profitable. It has given employment to a great many of your constituents, and, in addition to that fact, we employ all the farmers we can get in the different sections at a time between their seeding and harvesting, when, otherwise, they would have nothing to do. This has resulted in keeping up the farming lands very materially.

We also furnish to the people of the United States a very cheap, sanitary, durable grass covering, and it is only by the greatest economy that we are able to pay 6 per cent to our stockholders. In fact, the first three or four years we lost considerable money.

I would ask that you kindly put this matter up to the Ways and Means Committee in the proper light, as I do not believe they care to do anything that would injure the American manufacturer and the public at the same time. On the other hand, I do not want to leave any step unturned to bring this to their attention, and I thought you would appreciate it, in the interests of your State, that I bring it to your attention to do what you can in the matter.

There are four distinct companies in the country—the Willow Grass Matting Co., at Green Bay, Oshkosh, the Grass Matting Co., and Waite Grass Matting Co., at Oshkosh, and the Crex Carpet Co. at St. Paul. All of these companies own a very large acreage throughout Minnesota and Wisconsin. The Japanese and Chinese mattings are already able to undersell us, on account of the cheap labor on the other side, even with the present tariff, and we might conscientiously and consistently ask for additional tariff; but knowing that there is a tendency to cut down on the tariff, we ask that you take the matter up very seriously and maintain the present tariff, at least, and we ask, both on account of the labor we employ, not only ourselves, but we are the largest users of paint in the Northwest, very large users of cotton yarn, and, in fact, many other things would be indirectly affected by any injury to this industry.

We wish to say that there is not a single stockholder in any one of these competing companies that is a stockholder in another, and we have a thorough competition, not only on this side, but with the Japanese and Chinese mattings and rugs under the present tariff.

I would be pleased to answer any further questions, and I trust, in behalf of not only your State, but the people of the United States, that you will look into this matter and do all in your power to have it properly presented and considered.

Yours, truly,

MYRON W. ROBINSON, *President.*

¹ Not printed.

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NEW YORK, *January 27, 1913.*

HON. OSCAR W. UNDERWOOD,
House of Representatives, Washington, D. C.

MY DEAR SIR: I presented the brief in regard to the Crex Carpet Co. and grass twine industry on Saturday, but this matter is so important to a strictly American industry that if there was anything that I possibly could answer further I would be pleased to do so.

I know that it is not the intention of yourself or the Ways and Means Committee to do anything that is going to injure American manufacture and the American people. At the same time and for this reason we have tried to state our business very clearly in our brief and are very proud of our industry and have every reason to believe of still more benefit to the American people in the future if allowed to grow.

Any decrease in the tariff would simply mean a decrease in the revenue to the Government and an injury to our manufacturing business. I have tried every rule of tariff that I have gathered through different people and I can not see one that does not show that this company deserves every protection. The belief is, that I think this importation should be at least one-third in order to have the proper competition. In this instance, although we are growing steadily, we have not made one-third of the goods on this side, which would indicate that the revenue should be increased and the tariff increased on this in order to get to the right proportions. I believe on account of the cheapness of the Japanese and Chinese labor that these tariffs could be increased and revenue of the United States increased without injury to the manufacture or the people.

In going through our brief we have openly put every bit of our business from organization to the present time and if there is anything that is not clean I will be pleased to use every endeavor to place the matter properly before you. The tariff really should be increased and I really have no doubt but what it should be maintained, but I want to use every endeavor I think that you have every information at hand for your consideration.

Yours, truly,

MYRON W. ROBINSON.

BRIEF ON BEHALF OF AMERICAN MANUFACTURERS OF CARPETS, MATTINGS, AND RUGS MANUFACTURED FROM VEGETABLE SUBSTANCES—(SECTIONS 343 AND 463, SCHEDULE J).

We, the undersigned, a committee representing the domestic manufacturers of mattings and rugs made from fiber and grass, respectfully recommend that the present tariff on imported mattings and rugs which are sold in competition with our products be maintained.

There are two kinds of mattings and rugs manufactured from vegetable substances in the United States: (1) Mattings and rugs made from wire grass grown in the States of the Northwest; (2) mattings and rugs made from so-called fiber, which is a paper product. We shall deal with these articles separately.

FLOOR MATTINGS AND CARPETS MANUFACTURED FROM GRASS.

There are four companies engaged in this industry, with a total capitalization of \$3,300,000, namely, the Crex Carpet Co., capitalized at \$3,000,000; the Willow Grass Rug Co., the Waite Grass Matting Co., and the Oshkosh Grass Matting Co., capitalized, respectively, at \$100,000 each. These companies manufacture exclusively a cheap rug and matting made from wire grass that grows in certain swamps and marshlands. Previous to the inception of this industry these swamps or marshlands were of little or no value—in fact, treated as waste lands, being unsuitable for grazing—while the practical impossibility of killing off the wire grass and of draining the land precluded its cultivation. This is well illustrated by the price of these lands in Minnesota and Wisconsin, which a few years ago before use had been discovered for the wire grass were selling at from \$2 to \$3 an acre, whereas to-day the average selling price is from \$20 to \$25 an acre, the rise being due almost entirely to the growth of the new industry.

The above-mentioned companies are all of recent growth, the Waite Grass Matting Co. having been operating since 1905, the Oshkosh Grass Matting Co. since 1902, the Willow Grass Rug Co. since 1911 and the Crex Carpet Co. since 1908. The latter, however, was the successor of the American Grass Twine Co., which began the manufacture of rugs in 1900. The industry is a new one, and all the companies engaged in

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it are on a strictly competitive basis, having no common directors or interests in common.

The article produced is in no sense a luxury, but is intended for and used by families of small or moderate means as a substitute for more expensive woolen rugs and carpets. It is clean and durable, and, to the great extent, that it has succeeded in supplanting the cheaper and less durable and cleanly Japanese and Chinese straw matting, it has been a distinct advantage to the less prosperous American people who use such rugs.

The above-mentioned companies own 77,000 acres of grass lands and lease 80,000 additional acres from the farmers, who are thus enabled to realize a return on that part of their land which had heretofore been treated as unproductive. They operate four mills, situated, respectively, Waite company and Oshkosh company at Oshkosh, Wis., Willow Grass company at Green Bay, Wis., and Crex company at St. Paul, Minn.; employ in the grass fields 2,000 men, and in the factories 1,500 operatives; pay annually in wages \$700,000; produce annually 6,500,000 square yards of a value of \$2,600,000; use annually in the manufacture of their product goods of the value of over \$750,000, the greater percentage of which are produced in this country; and pay annually to the railroads in freight charges approximately the sum of \$40,000. The capitalization in each case represents money actually invested in the companies, there being no so-called water in any of them. We cite as typical the Crex Carpet Co., the largest concern.

The Crex Carpet Co. was organized in 1908, with a capital of \$3,000,000, as a successor to the American Grass Twine Co., which has been capitalized at \$15,000,000, and did not prove successful. The assets of the company, as of December 31, 1908, were as follows:

St. Paul plant—land, buildings, machinery, etc	\$1, 316, 150. 82
Superior plant—land, buildings, machinery, etc	125, 000. 00
Oshkosh plant—land, building, machinery, etc	35, 000. 00
Grass department—land, buildings, sheds, machinery and camp equip- ment, live stock, etc.....	638, 885. 85
	<hr/>
	2, 115, 036. 67
Franchise, license, shop rights, good will, etc	589, 963. 48
Manufactured product, at cost	\$183, 201. 71
Material and supplies, at cost.....	193, 059. 88
Furniture and fixtures	2, 500. 00
Accounts receivable	99, 235. 68
Cash	186, 441. 65
	<hr/>
	664, 438. 92
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	3, 369, 439. 07

The company's annual statement for the year 1912 has not yet been prepared, the various inventories not being completed. Its assets, as of December 31, 1911, were as follows:

St. Paul plant—land, buildings, machinery, etc.....	\$1, 260, 723. 69
Superior plant—land, buildings, machinery, etc	93, 221. 50
Oshkosh plant—land, buildings, machinery, etc	18, 897. 57
Grass department—land, buildings, machinery, camp equipment, live stock, etc	801, 775. 01
	<hr/>
	2, 174, 597. 77
Franchise, license, shop rights, good will, etc	583, 710. 10
Manufactured product, at cost	\$368, 004. 30
Material and supplies, at cost.....	291, 118. 52
Furniture and fixtures	3, 373. 63
Bills and accounts receivable	154, 811. 09
Cash	166, 816. 87
	<hr/>
	984, 124. 41
	<hr/>
	3, 722, 432. 28

The company in these four years has produced 13,005,431.14 square yards of material, valued at \$5,146,227. It has paid in dividends \$550,000, while its surplus has increased \$450,553.67; or, in other words, on a capitalization which represents actual investment it has earned but 8.4+ per cent.

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The company has disposed of its Oshkosh and Superior plants, and at present operates one mill at St. Paul, Minn., while a second mill between St. Paul and Minneapolis is about to be constructed. It owns in Minnesota and Wisconsin 47,000 acres of grass lands, and leases from the farmers an additional 40,000 acres. It employs 700 men in its mill, paying annually in wages \$300,000, and in the camps during the summer months it employs a thousand men, paying them in wages \$90,000 and furnishing them in addition board and lodgings. Furthermore, it employs farmers and farm hands during the grass-cutting season, with their horses and wagons, to whom it pays the sum of \$100,000 annually. The rate of wages of operatives is \$1.85 to \$1.90 per day. Foremen get \$4 per day. The average rate of wages to laborers in the grass fields is \$1.75 per day, including board and lodging.

The Crex Carpet Co. uses in the manufacture of its products 1,796,000 pounds of domestic cotton annually, valued at \$315,000. It consumes in its grass camps domestic foodstuffs of the value of \$42,000 annually. The Crex Co. is one of the largest single users of harvest machinery, mowers, reapers, binders, etc., in the United States, which are used in the harvest of the grass grown upon 87,000 acres of land. It ships annually 1,400 carloads of goods, and itself pays the sum of \$22,544.23 in freight rates, while its customers pay over \$150,000 to the railroads for the carriage of these goods.

Willow Grass Rug Co. was incorporated in 1911, has a capital of \$100,000, and operates one mill at Green Bay, Wis. Its product is a woven grass rug and matting similar to that manufactured by the Crex Carpet Co. It employs in its plant in the manufacture of goods 100 employees. It uses 1,500 tons of grass and 150,000 pounds of cotton yarn annually. This company owns and rents 2,500 acres of grass land from which it cuts the grass used in the manufacture of its product. It employs 100 people in harvesting the grass.

Waite Grass Matting Co., operating since 1905, and Oshkosh Grass Matting Co., operating since 1902, own mills in the State of Wisconsin and produce a grass rug and grass matting similar to that manufactured by the Crex Carpet Co. and the Willow Grass Rug Co. The operations and product of the Waite Grass Matting Co. are about twice that of the Willow Grass Rug Co., and the operations and product of the Oshkosh Grass Matting Co. are about four times that of the Willow Grass Rug Co. The two last-named companies own and lease about 65,000 acres of grass land in the State of Wisconsin and employ about 700 men in their mill. The mattings and rugs made by these companies compete with grass and straw mattings and rugs imported from China and Japan, the duty being $3\frac{1}{2}$ cents per square yard on mattings and 35 per cent ad valorem on rugs. The great disparity in wages which obtain in China and Japan and in the United States is a matter of common knowledge. There are no importations of these products from other countries, and a comparison of the wage scale of China and Japan and of the United States alone justifies the retention of the present tariff on these commodities.

The average wage paid in the American mills is \$1.90 per day, and the average wage paid to weavers is from \$3 to \$4 per day, whereas the average daily wage in Japan for weavers is from $17\frac{1}{2}$ cents to 25 cents; the average labor cost of a square yard of rug in the United States is 11 cents, and in Japan $\frac{1}{10}$ cent, while in China it is somewhat less than in Japan; so that the difference in the labor cost between Japan and the United States, on a standard 9 by 12 rug, is $\$1.22\frac{1}{10}$, while the present duty on such a rug amounts to \$1.093. These figures do not take into account the great difference in the cost of labor of harvesting the grass, or the higher taxes paid in this country, and overhead charges, the exact data as to which is not available.

The cost, landed in New York, of a 9 by 12, one color, Japanese grass rug, such as competes with the rug made by the manufacturers of Minnesota and Wisconsin, is as follows:

Bale containing 4 Japanese rugs, 9 by 12, cost.....	Yen. 24.60
Packing.....	.72
5 per cent commission.....	1.23
	26.55
At exchange.....	.51
Gold.....	\$13.54
Duty, 35 per cent ad valorem.....	4.375
Freight.....	1.80
Marine insurance.....	.1354
Total for 4 rugs (gold).....	19.85

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The landed New York cost for one rug, 9 by 12, is \$4.9625, or 41 cents per square yard.

The average selling price to the jobber of the American grass rug, 9 by 12, is 44 cents per square yard; so that, after receiving a 5 per cent commission, the importer is able to earn 2½ cents per square yard, or 28 cents per rug, making a total of over 10½ per cent and still undersell the American manufacturer who, as we show above, in the case of the Crex Carpet Co. (the largest American company), is earning but 8.4+ per cent on its investment.

The domestic rugs sell at \$5.51, 4 per cent for 10 days, in carload lots, to points not taking a freight in excess of 38 cents per hundredweight; in less than carload lots, f. o. b. the mills. The competitive Japanese rug sells for \$5.50, 4 per cent off 10 days, delivered to common overland points; carload lots not necessary. The difference between the selling price of \$5.50 and the price received by the manufacturer as given above is accounted for by the jobbers' commissions.

Furthermore, the American grass rug comes into competition with the so-called Japanese stenciled rug, the cost of which landed in this country is as follows:

	Yen.
Bale containing 6 stenciled, 9 by 12, rugs	11. 10
Packing . . . . .	. 92
	12. 02
5 per cent commission . . . . .	. 601
	12. 621
At exchange . . . . .	. 51
	\$6. 437
Gold	2. 002
Duty . . . . .	. 9625
Freight . . . . .	. 064
Marine insurance . . . . .	. 064
	9. 47

The landed New York cost for one 9 by 12 rug is \$1.57 $\frac{5}{8}$, or 13 cents per square yard. This rug sells for \$1.80, less 4 per cent.

MATTINGS.

As far as the matting is concerned, there are a very great number of grades of Japanese and Chinese straw mattings.

The following is the cost of the lowest and highest grades of Chinese and Japanese mattings:

40 to 45 pound China matting.

First cost, a roll of 40 yards	¹ \$2. 40
Less 2 per cent trade discount . . . . .	. 048
	2. 352
River freight . . . . .	. 15
Inspection, 1 per cent . . . . .	. 023
Incidentals, that is: Consular invoice, bill brokerage, customs, stamp duty, approximately one-fourth of 1 per cent . . . . .	. 006
	2. 531
3 per cent commission . . . . .	. 076
	2. 607
At exchange rate, 6-months' draft . . . . .	. 5187
	1. 353
Gold	1. 40
Duty . . . . .	. 38
Freight, Suez to New York . . . . .	. 027
Marine insurance, 2 per cent 027
	3. 16
Landed cost, New York (square yard=\$0.07 $\frac{1}{8}$)	3. 16

¹ Mexican.

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100 to 120 pound Linton China matting.

First cost, a roll of 40 yards.....	1	\$12.00
Less 2 per cent trade discount.....		.24
		<hr/>
River freight.....		11.76
Inspection, 1 per cent.....		.15
Incidentals, that is: Consular invoice, bill brokerage, customs, and stamp duty, approximately one-fourth of 1 per cent.....		.118
		<hr/>
		12.057
3 per cent commission.....		.362
		<hr/>
		12.419
		<hr/>
At exchange, 0.5187 rate, 6 months' draft..... gold..		\$6.442
Duty.....		1.40
Freight, Suez to New York.....		1.014
Marine insurance, 2 per cent.....		.129
		<hr/>
Landed cost, New York (square yard=22½ cents).....		8.99

80 warp Chirugo short-straw Japan matting.

		Yen
First cost, roll of 40 yards.....		5.10
Packing and incidentals.....		.52
		<hr/>
		5.62
3 per cent commission.....		.17
		<hr/>
		5.79
At exchange, 0.5111 rate, 4 months' draft.....		.5111
		<hr/>
Gold.....		\$2.959
Duty.....		1.40
Freight.....		.50
Marine insurance, 1 per cent.....		.03
		<hr/>
Landed cost, New York (square yard=12¼ cents).....		4.89

460-warp plain white Japan matting.

		Yen.
First cost, roll of 40 yards.....		27.00
Packing and incidentals.....		.72
		<hr/>
		27.72
5 per cent commission.....		1.386
		<hr/>
		29.106
At exchange, 0.5136 rate of 6-months' draft.....		.5136
		<hr/>
Gold.....		\$14.949
Duty.....		1.40
Freight.....		.55
Marine insurance, 1 per cent.....		.15
		<hr/>
Landed cost, New York (square yard=42½ cents, or an average selling price for these 4 mattings per square yard of 21 cents).....		17.05

Only one grade of American grass matting is made. The price received by the manufacturer for this is 30 cents per square yard. This is superior to the imported matting, but is sold in competition with the Japanese and Chinese article.

¹ Mexican.

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The great bulk of the Japanese and Chinese matting sold in this country are of the cheaper grade, in which, in spite of the duty, the foreigner is well able to undersell the domestic product. Although this is due, to a certain extent, to a poorer grade of material, in the main it is the result of the great difference in the cost of labor.

As we have hereinbefore pointed out, the American operative in a mill earns on an average \$1.90 per day; the Japanese weaver and foreman, who are skilled workmen and the best paid, earn daily from $17\frac{1}{2}$ cents to 25 cents. The labor cost on a square yard of matting in Japan is but eight-tenths cent, while in the United States it is $6\frac{2}{5}$ cents. The difference in labor cost is thus $5\frac{4}{5}$ cents per square yard, while the present duty is but $3\frac{1}{2}$ cents per square yard.

FLOOR MATTINGS, CARPETS, AND RUGS MANUFACTURED FROM FIBER.

Fiber is a paper product so treated that a twisted thread is prepared which is then woven into mattings and rugs. These mattings and rugs compete in the market with the articles manufactured from grass and straw in China and Japan and in this country and are generally used for the same purposes. They, as well as the grass mats and mattings, are intended as a cheap substitute for the ordinary woolen carpet or rug for people of moderate and small means. There are 12 companies engaged in this industry in the United States, namely: Plymouth Mills, Lawrence, Mass.; Hodges Fiber Carpet Co., Indian Orchard, Mass.; Harvey Fiber Carpet Co., Philadelphia, Pa.; C. H. Masland & Sons, Philadelphia, Pa.; Bradley, Ricker Co., Plymouth, Mass.; H. Nelson & Co., Rycker & Co., William T. Smith & Sons, Swyre, Herring & Co., and William Scholes & Co., all of Philadelphia, Pa.; Joseph Wild & Co., New York City; and Laurel Mills, Frankfort, Pa.

The industry is a new one, having originated with the Hodges Co. in 1894, which company was alone engaged in the business until 1905, with the exception of William Scholes & Co., a small concern. In 1905 were organized the Harvey Fiber Carpet Co. and the Plymouth Mills. These three are the principal companies manufacturing fiber mats and mattings in the United States. The other concerns above enumerated are all of very recent origin, four of them having been started in 1912. The approximate number of looms respectively operated is as follows:

Plymouth Mills.....	275
Hodges Fiber Carpet Co.....	225
Harvey Fiber Carpet Co.....	154
C. H. Masland & Sons.....	17

the remaining companies in the neighborhood of 10 looms each, with the exception of Joseph Wild & Co. and William Scholes & Co. with approximately 20 looms each.

The exact figures with reference to the various smaller concerns are not available, but the total capital invested is computed at \$1,400,000 and the annual production at over \$2,000,000 worth of goods.

We cite as typical two of the largest concerns, namely, the Plymouth Mills and the Harvey Fiber Carpet Co., which do approximately 50 per cent of the fiber business. Their combined annual production is 3,941,056 square yards of the value of \$1,126,510.72. They employ 579 employees, male and female; pay annually in wages \$317,933.02; consume annually 4,256,749 pounds of fiber; and utilize in the manufacture of their product 568,524 pounds of domestic cotton. The average weekly wage of operatives is \$11.41. The Plymouth Mill Co. has since 1908 paid dividends at 6 per cent, while the Harvey Fiber Carpet Co. has as yet paid no dividends.

All of the above-mentioned companies are on a strictly competitive basis and have no common directors or interests in common.

The fiber mattings and rugs manufactured by these companies compete with the grass products imported from China and Japan. There are no other importations into this country of mattings and rugs with which the fiber products come in competition.

The average wage paid in the American mills is \$1.90 per day, whereas the average daily wage in Japan is from $17\frac{1}{2}$ cents to 25 cents, or from 800 to 1,000 per cent lower. A weaver in Japan earns 25 cents per day, while a weaver in the United States earns an average of \$3.50 per day, or 1,400 per cent more. The average labor cost per square yard of rug is in the United States $8\frac{2}{5}$ cents and in Japan $\frac{8}{10}$ cent, while in China it is somewhat less than in Japan, so that the difference in the labor cost between Japan and the United States on a standard 9 by 12 fiber rug as compared with the Japanese competitive straw rug is $92\frac{4}{10}$ cents, while the present duty on the Japanese stenciled straw rug of medium quality is $33\frac{1}{10}$ cents.

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

RUGS.

The rug with which the American fiber rug comes into chief competition is the so-called Japanese straw stenciled rug, the cost of which landed in this country is as follows:

	Yen.
Bale containing 6 stenciled 9 by 12 rugs.....	11. 10
Packing.....	. 92
	<hr/>
5 per cent commission.....	12. 02
	<hr/>
At exchange.....	12. 621
	<hr/>
Gold.....	\$6. 437
Duty.....	2. 002
Freight.....	. 9625
Marine insurance.....	. 064
	<hr/>
	9. 47

The landed New York cost for one 9 by 12 rug is \$1.57 $\frac{3}{4}$, or 13 cents per square yard. The average production cost per square yard of the American article is 30 $\frac{7}{10}$ cents; so that after paying the per cent ad valorem duty and the 5 per cent importer's commission, the importer of the Japanese product has an advantage of 17 $\frac{7}{10}$ cents per square yard over the American manufacturer, while the duty is but 2 $\frac{8}{10}$ cents per square yard. The average selling price of the American fiber rug is 37 $\frac{5}{10}$ cents per square yard.

The cheapest fiber rug sold in the United States, basis 9 by 12, is \$4.80, 4 per cent off at 10 days, f. o. b. the mills, Philadelphia or New England, for which the manufacturer receives \$4.20. The competitive imported rugs, manufactured of grass, are as follows: Japanese stenciled matting rugs, \$1.80; Chinese woven rugs, \$1.75; Japanese woven rugs, \$2.17; all 4 per cent 10 days, delivered to any common overland point in the United States. The difference in the case of the Japanese rug between \$1.57 $\frac{3}{4}$, which is the landed New York cost of the Japanese rug, and the selling price of \$1.80, represents the importer's profit, while the difference between \$4.20, received by the American manufacturer for the fiber rug, and \$4.80, the so-called selling price, is accounted for by jobbers' commissions.

MATTINGS.

When we come to mattings, as already stated in that portion of the brief covering grass mats and mattings, there are a very great number of grades of Japanese and Chinese straw mattings. We give again the figures showing the landed cost of the lowest and highest grades of Japanese and Chinese mattings, for purposes of comparison with the fiber product.

40 to 45 pound China matting.

First cost, a roll of 40 yards.....	¹ \$2. 40
Less 2 per cent trade discount.....	. 048
	<hr/>
River freight.....	2. 352
Inspection, 1 per cent.....	. 15
Incidentals, that is: Consular invoice, bill brokerage, customs stamp duty, approximately one-fourth of 1 per cent.....	. 023
	<hr/>
	. 006
	<hr/>
	2. 531
3 per cent commission.....	. 076
	<hr/>
	2. 607
At exchange rate 6 months' draft.....	. 5187
	<hr/>

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

Gold.....	\$1.353
Duty.....	1.40
Freight, Suez to New York.....	.38
Marine insurance, 2 per cent.....	.027
<hr/>	
Landed cost, New York (square yard= $7\frac{3}{4}$ cents).....	3.16
<i>110 to 120 pounds linton China matting.</i>	
First cost, a roll of 40 yards.....	¹ \$12.00
Less 2 per cent trade discount.....	.24
<hr/>	
	11.76
River freight.....	.15
Inspection 1 per cent.....	.118
Incidentals, that is: Consular invoice, bill brokerage, customs, and stamp duty, approximately one-fourth of 1 per cent.....	.029
<hr/>	
	¹ 12.057
3 per cent commission.....	.362
<hr/>	
	¹ 12.419
At exchange 0.5187, rate 6 months' draft, gold.....	6.442
Duty.....	1.40
Freight Suez to New York.....	1.014
Marine insurance 2 per cent.....	.129
<hr/>	
Landed cost New York (sq. yd.= $22\frac{1}{2}$ cents).....	8.99
<i>80-warp Chikugo short straw Japan matting.</i>	
	Yen.
First cost, roll of 40 yards.....	5.10
Packing and incidentals.....	.52
<hr/>	
	5.62
3 per cent commission.....	.17
<hr/>	
	5.79
At exchange 0.5111, rate 4 months' draft.....	.2111
<hr/>	
	2.959
Gold.....	1.40
Duty.....	.50
Freight.....	.03
Marine insurance 1 per cent.....	
<hr/>	
Landed cost New York (sq. yd.= $12\frac{1}{4}$ cents).....	4.89
<i>460 warp plain white Japan matting.</i>	
	Yen.
First cost, roll of 40 yards.....	27.00
Packing and incidentals.....	.72
<hr/>	
	27.72
5 per cent commission.....	1.386
<hr/>	
	29.106
At exchange 0.5136 rate of 6 months draft.....	.5136
<hr/>	
	14.949
Gold.....	1.40
Duty.....	.55
Freight.....	.15
Marine insurance, 1 per cent.....	
<hr/>	
Landed cost, New York (square yard= $42\frac{5}{8}$ cents) or an average selling price per square yard for the four mattings of 21 cents.	17.05

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

The average production cost of American fiber matting per square yard is 15.8 cents. The average price received by the manufacturer for these goods per square yard is 17.6 cents. The American operative in a mill earns on an average \$1.90 per day. The Japanese operative earns daily from 17½ to 25 cents. The labor cost on a square yard of matting in Japan is but eight-tenths of a cent, while in the United States it averages 4.2 cents. The difference in labor cost alone is thus 3.4 cents per square yard. By far the greatest proportion of Japanese mattings sold in this country are of the cheaper variety, of a grade on which the importer, as shown above, is well able to pay a duty of 3½ cents and still undersell the American manufacturer.

The cheapest fiber matting made in this country is plain goods, sold at 14½ cents a square yard. The next grade is 17.1 cents per square yard, also plain, manufactured for the use of the makers of suit cases and utility boxes. The cheapest woven goods competing with Japanese fancy mattings are 18 cents per square yard. All these goods are subject to 4 per cent for 10 days, and are sold f. o. b. the mills, Philadelphia and New England. The competitive imported mattings are as follows: Japanese mattings to be used for suit cases and utility boxes, plain white, 120 warp, 13¾ cents; 150 warp, 14 cents; 4 per cent off, 10 days. Japanese carpet patterns competing with the fiber woven goods, 15½ cents up, and the Chinese mattings somewhat cheaper. The prices of the imported goods are f. o. b. common overland points.

The above figures demonstrate clearly that the present tariff is in no sense prohibitive, as is further evidenced by the fact that in 1912 25,787,752 square yards of matting, worth \$1,750,618, were imported, on which a duty was paid of \$902,571.78. The figures as to the number of mats imported under section 463 are not available. That imports have diminished since 1908 can not be attributed to the present tariff, the rates of which are lower than those of the tariff of 1897, but is accounted for by the entrance of the American manufacturer in the field and by his energy and industry and the better quality of his goods.

Moreover, it is apparent that in the great majority of grades of both mats and matting the importer of the Japanese product is able under the present rate of duties to undersell the American manufacturer by a very considerable margin. In fact, in the lower grades the margin is so great that there is practically no competition, and the latter, in order to sell his goods, must appeal to those desiring a somewhat higher quality, and in so far as this class of goods is concerned, must rely on the tariff to protect him from the foreign competitor. A reduction of the present rates will probably have a two fold result. In the first place there will be an increase of imports in the higher class of Japanese and Chinese goods, particularly in those whose price more nearly approaches the price of the American product and which, therefore, come into more direct competition with the latter, to the great detriment of the home industry which, as we have seen, is still in its infancy and at a tremendous disadvantage in so far as wages are concerned, and whose profit is so narrow (8.4 per cent) as not to warrant a cut in price without a corresponding reduction in wages. In the second place, in so far as the lower grades of mats and mattings are concerned, a reduction will not mean an increase in imports, since the price to-day, even with the present duty, is well below that of the American product. Such a reduction, then, merely means the transfer of the duty now paid to the United States Government to the pockets of the importer who, as already stated, will have no inducement to reduce the price to the public. It is doubtful whether the increased imports of the higher class of goods will equalize the loss on the lower grades, which are by far the larger part of such imports. But in any event we submit that such action would be doing a grave injustice to an American industry in favor of the importer of foreign goods.

Respectfully submitted.

GRASS AND FIBER RUG AND CARPET MANUFACTURERS,
MYRON W. ROBINSON,
I. SOLOMON,
SAMUEL K. HARVEY,
Committee.

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

TESTIMONY OF J. C. WIRTZ.

Mr. WIRTZ. Gentlemen, I will file my brief, and I will not read in detail. I will state in a general way that we have three distinct propositions.

The first proposition is that on floor matting, commonly known as Chinese and Japanese floor matting, the duty should be reduced. At the present time the duty is $3\frac{1}{2}$ cents a square yard, which varies from 108 per cent on the low grades to about 30 per cent on the high grades. It is the opinion of the importer that this is an excessive duty on that class of floor covering, because it competes practically with nothing made in this country, and that in the interest of the consumer it should be reduced. For the purposes of revenue I presume it will be necessary to retain some duty on matting, and it is the consensus of opinion of the importers that $2\frac{1}{2}$ cents a square yard would produce a reasonable revenue without being a hardship.

Our second proposition is that on rugs—

Mr. HARRISON (interposing). Before we leave the question of floor matting, I would like to ask you a question. Have you any figures giving the production in the United States and the amount of imports?

Mr. WIRTZ. There is no floor matting made in this country similar to that which is imported from China and Japan.

Mr. HARRISON. Is there no production of any kind of floor matting in the United States?

Mr. WIRTZ. Not straw floor matting. There will be a contention made by one of the gentlemen who was called, but who has not yet appeared, that floor matting to some extent competes with fiber matting made in this country, which is a product of twisted paper, but not of straw. Their own figures will show that their lowest cost is somewhere in the neighborhood of 15 cents on the product that they sell mostly in the neighborhood of 20 cents. That is their manufacturing cost, or, perhaps we had better say, that is the selling price to the jobbers.

Mr. HARRISON. Then you mean to inform us that there is no American production of straw floor matting?

Mr. WIRTZ. That is a positive fact; yes, sir.

Mr. HARRISON. And that our imports of this article come from China and Japan.

Mr. WIRTZ. All of them; yes, sir.

Mr. PALMER. For what reason have the imports so largely fallen off?

Mr. WIRTZ. It is a question of taste and hardwood floors. As the floors in the homes improve, people are loath to put them full of the tacks that are necessary to keep the matting together. When they can afford it they put in a good flooring, paint borders, and put on rugs. Floor matting has greatly decreased in use on that account.

Mr. HARRISON. What is the ordinary matting made of that we see in so many houses?

Mr. WIRTZ. Of a reed specially grown in China and Japan for the purpose of manufacturing straw matting.

Mr. HARRISON. Is there any other fiber except straw from which that matting which is in common use in the United States is made?

Mr. WIRTZ. No, no other fiber for ordinary floor matting.

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

Mr. Payne will remember that during the last session there was a contention made that floor mattings could be produced in this country, but it was proven that there was absolutely no industry at all. Since that time nothing has been heard of it. While there were about a million rolls imported in 1909, when we had the last tariff hearing, there were perhaps 50 or 100 rolls produced in this country and their cost was five or six times the cost of the imported article.

Mr. HARRISON. So when you are discussing the effect of this specific rate, which you said runs from 30 to over 100 per cent, you are discussing that merely from a revenue standpoint and there is no question of protection involved?

Mr. WIRTZ. Of course, being an importer, I naturally do not look on the side of protection. Nevertheless, there is nothing of a like nature made in the United States. Floor mattings are used very largely in the South, where the houses still have the broad board floors and where the rooms are large, and where they must have a low-priced floor covering to use over the entire floor. The roll matting serves that purpose and, I repeat, interferes with nothing that is manufactured in this country.

Our second proposition is that rugs made of strips of floor matting should come in at the same specific duty as the floor matting itself.

Mr. HARRISON. Are any of those rugs made in the United States?

Mr. WIRTZ. No rugs of that material are made in the United States. There are domestic rugs of wire grass, and also fiber rugs, the 9 by 12 size, retailing at something over \$8, whereas a matting rug of the same size will retail for something in the neighborhood of \$2 to \$2.25. The imported rug costs, laid down in this country, from \$1.50 to \$1.75, whereas the cheapest price of grass rugs is somewhere in the neighborhood of \$5.50 to \$6.

They will give you their figures on that, of course. The fiber rug, as I understand it, the cheapest one is now in the neighborhood of \$4.50, 100 per cent more than the straw rugs are being sold for.

Mr. HARRISON. Of what material is the fiber rug made?

Mr. WIRTZ. The fiber rug is made of paper, twisted paper, not straw, and very much higher in cost.

Mr. HARRISON. Is it made in the United States?

Mr. WIRTZ. Made here in the United States. Our contention is that the rugs which are made in Japan of strips of floor matting sewn together and then stenciled should carry the same rate of duty as the floor matting does, and it was the intention in the Payne-Aldrich bill; but due to the rulings of the Board of General Appraisers they were finally put down as manufactures of straw not specially provided for, at 35 per cent, and that causes a great deal of difficulty in collecting revenue because of the fact that the market in China and Japan fluctuates considerably, and it is a question of the market value at which they should be entered. We have to contract for them some months in advance of the shipment, in order to get them made, and we contract for them at one price, and the market at the time of shipment may be another price, and consular invoices have to be made out and sent to our purchasers at the purchase price, and it necessitates informing them of the market price at the time we ship them.

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Those fluctuations may not be more than 5 to 10 per cent, but they are sufficient to impose a penalty on the importer, and it is to do away with that that we want a specific.

Mr. HARRISON. You want them taken out of the basket clause and given a special mention themselves?

Mr. WIRTZ. Given special mention; and in our brief we say that the clause should in our opinion read as follows:

Floor mattings, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances, not otherwise provided for in this section, and having a warp of cotton, hemp, or other vegetable substance, including what are commonly known as China, Japan, and India straw matting, $2\frac{1}{2}$ cents per square yard. Mats and rugs manufactured from straw, round or split, having a warp of cotton, hemp, or other vegetable substance and made of the same material as what is commonly known as China, Japan, and India straw matting, $2\frac{1}{2}$ cents per square yard.

That would cover it and take it out of the possibility of going into the basket clause.

Mr. HARRISON. What would that be, ad valorem?

Mr. WIRTZ. That ad valorem would be in the neighborhood of 29 per cent.

Mr. HARRISON. That is an actual reduction of 6 per cent in the rate?

Mr. WIRTZ. Yes; it would be some reduction in the rate; but our contention is that as there is nothing that approaches floor matting from the point of cheapness, and those who buy floor matting of necessity wanting something cheap and having to consider the almighty dollar, it should not be unnecessarily taxed, because any tax within reason would be sufficient to amount to a protection to the domestic industry.

Then our third contention is that the duty should be reduced on rugs made of so-called binder twine, which are very similar to the Crex rugs and other rugs made in this country similar to the Crex.

For about five years we have been experimenting in Japan with the manufacture of a rug similar to this. It is not made of the same material, and it is probably not, at least at present, as good an article. It costs laid down here, duty paid, at the present time, practically the same as the domestic.

Mr. HARRISON. What are those made out of?

Mr. WIRTZ. The domestic are made of wire grass, so called. The foreign are made out of waste rice straw and waste barley straw, and also from some fiber that is imported into Japan from Formosa and there turned into a rug.

Mr. HARRISON. Are they competitive, or do those prices differ a great deal?

Mr. WIRTZ. In five years the total import, I think, has probably not exceeded in value \$250,000 to \$300,000 in five years.

Mr. HARRISON. Why is that? Is it because they are not the style in this country?

Mr. WIRTZ. No, they are the style in this country. The domestic manufacturers have been increasing their business by leaps and bounds; they have been under the necessity of increasing their plants right straight along. At that, during the busy part of the season, they are unable to keep up with their orders.

Mr. HARRISON. Are those under the 35 per cent duty?

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

Mr. WIRTZ. Those are under the 35 per cent duty. Under that 35 per cent duty, foreign competition has not been a factor.

Mr. HARRISON. What figure do you suggest?

Mr. WIRTZ. We suggest 5 cents per square yard.

Mr. HARRISON. What is that ad valorem?

Mr. WIRTZ. Those rugs cost about \$3, and 5 cents per square yard would be 60 cents, equaling about 20 per cent.

Mr. HAMMOND. Is this paragraph 344?

Mr. WIRTZ. No; paragraph 343 and the paragraph under which they come in, the basket clause, is in Schedule N, paragraph 463.

We claim that if the consumers are to have the benefit of foreign competition—and I believe the idea is to make the duty a competitive one—that it will have to be reduced, because at 35 per cent it has been shown that the manufacturers in foreign countries are not able to produce an article at a price that will compete with the domestic.

Mr. HARRISON. How would you describe these binder-twine rugs?

Mr. WIRTZ. I would say that the committee of which I am chairman, and which represents the matting importers, drew up the following:

Rugs, mats, or matting, plain, fancy, or figured, made of straw or other vegetable substances, so twisted or wound with a binding thread or other material as to produce a rope or twine, and then woven into rugs, mats, or matting, with a warp of cotton or other vegetable substance, five cents per square yard.

That, to our minds, seemed to cover the point.

Mr. HARRISON. You think that would increase our revenue?

Mr. WIRTZ. I think it would, because I think it would permit of the manufacture of some of these goods in foreign countries to come in here.

The CHAIRMAN. Your time has expired.

Mr. HILL. I would just like to ask a question.

Here is something I do not understand at all: Schedule J, paragraph 343, under the act of 1909, reads:

Floor mattings, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances, not otherwise provided for in this section, and having a warp of cotton, hemp, or other vegetable substance, including what are commonly known as China, Japan, and India straw matting, three and one-half cents per square yard.

Mr. WIRTZ. Yes, sir.

Mr. HILL. I do not see how it is possible that matting averaging 10 cents and up, with $3\frac{1}{2}$ per square yard, could have a 78 per cent duty. The comparison here in this book gives two rates which do not read the same as the tax here in the law.

Mr. PALMER. It is 7 cents per square yard.

Mr. WIRTZ. That is in the previous bill. It is now $3\frac{1}{2}$ cents per square yard. Under the previous bill it was 7 cents, with 25 per cent ad valorem on high grades. What you speak of was in the previous bill.

Mr. HILL. The tax which is given here in the statistics which gives 78 per cent duty provides for 7 cents per square yard and 25 per cent ad valorem, whereas the Payne bill is a straight $3\frac{1}{2}$ cents per square yard.

Mr. WIRTZ. Quite right.

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Mr. HILL. And this is evidently a serious mistake, and I wondered at it when I heard the gentleman from New York talking about the tariff being—

Mr. HARRISON (interposing). Mr. Wirtz told us on the first class of articles of which he was testifying, namely, these Chinese and Japanese floor mattings, that the specific rate under the present law, as the entered value decreased, mounted up to over 100 per cent.

Mr. HILL. If it got down to 1 cent a yard it would be over 300 per cent.

Mr. WIRTZ. Six cents Mexican is equal to 3 cents of our money, because exchange is 50, and when we pay $3\frac{1}{2}$ cents duty on a 3-cent article, and the duty is always reckoned at the market value at the time of shipment in the country of shipment, you will see that that is over 100 per cent.

Mr. HILL. Those figures that are given here are given not in Chinese and Mexican money; they are given in United States money.

Mr. WIRTZ. In my brief I gave the averages.

Mr. PAYNE. This matting that you speak of is matting made of vegetable substances, split straw, or something of that kind, and cotton or hemp or some other vegetable fiber or fabric?

Mr. WIRTZ. Yes.

Mr. PAYNE. And you say it is not made in this country? It is highly colored, some of it, and some of it plain, is it not?

Mr. WIRTZ. Yes; some of it is dyed.

Mr. PAYNE. Is it not a fact, however, that it comes in direct competition with the cheaper mattings made in this country, woven from vegetable fiber, from the yarn?

Mr. WIRTZ. I do not think so.

Mr. PAYNE. A floor covering?

Mr. WIRTZ. It was the contention before the committee of which you were chairman, Mr. Payne, that ingrain carpet interfered with it, that it interfered with ingrain carpet, but ingrain carpets have steadily declined and their greatest period of decline was during the time when the manufacturers of ingrain carpet enjoyed that 7 cents and 25 per cent ad valorem which they had put onto our rates in order to protect them. The people in the South want matting, and they do not want anything made of wool in place of it.

Mr. PAYNE. How do you account for the fact that when this matting you speak of came in free there was a very large importation and very small manufacture in this country of the other matting of which you speak, made from these vegetable products?

Mr. WIRTZ. Mr. Payne, I do not know of the matting made of vegetable fiber, of which you speak. I am not familiar with anything similar to matting that is made or sold in this country.

Mr. PAYNE. You spoke of the woven cotton matting or the woven fiber matting in this country, which is manufactured here, which is a pretty cheap article.

Mr. WIRTZ. There is a paper fiber matting here, in which the wholesale price is 20 cents, but the retail price of imported straw matting varies from 10 to 25 cents. There is very little of it above that.

Mr. PAYNE. I am speaking of matting under paragraph 344.

Carpets, carpeting, mats and rugs made of flax, hemp, jute, or other vegetable fiber (except cotton), valued at not exceeding fifteen cents per square yard.

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That is not in excess of the second class you spoke of yourself, and which comes in direct competition, or with which that imported matting comes in direct competition when it comes to this country, so much so that you are driving out the manufacture of that, and when this duty was put on there was a large importation; there were about \$2,000,000 worth imported and about \$2,000,000 manufactured of this other kind in this country.

Mr. WIRTZ. You say that you are gradually driving out these things, but if you will look at the statistics you will find that in 1910, 2,400,000 square yards were imported, and in 1911, 1,900,000 and in 1912, 1,800,000.

Mr. PAYNE (reading):

Paragraph 343, floor mattings, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances, not otherwise provided for in this section, and having a warp of cotton, hemp, or other vegetable substance, including what are commonly known as China, Japan, and India straw matting, three and one-half cents per square yard.

I find that in 1905 the import value was three million and a half. That is the kind you spoke of.

Mr. WIRTZ. That is the kind I spoke of, and we barely do half the business we used to.

Mr. PAYNE. That has decreased under the present law, until there was \$1,750,000 in 1912.

Mr. HARRISON. That is because the rate was raised. That is what decreased the imports.

Mr. WIRTZ. Yes, sir.

Mr. PAYNE. That is what I am trying to get to the witness.

Mr. WIRTZ. It would favor our contention to say that, and it is our hope that a lower rate will stimulate the imports, else we would not be appearing before you, but on the other hand the greater part of the decrease in the importation of matting is due to a change in the tastes of the public.

Mr. PAYNE. What is that?

Mr. WIRTZ. I say that the greater part of the decrease in the importations is due to a change in the public taste.

Mr. PAYNE. Yes, I think that would make a change in the taste, and people would get a little better floor matting, and for that reason our manufacture seems to have kept pace with the importation of this cheap stuff.

Mr. WIRTZ. The manufacture of the domestic material has increased with leaps and bounds, and some people prefer it when they can afford it; but you ought not to tax excessively the foreign and only cheap floor covering that there is in the market.

Mr. PAYNE. There does not seem to be much difference in the price of the article per yard in the foreign stuff you want to come in here free of duty and the domestic article.

Mr. HARRISON. There is a considerable difference in the amount of revenues we got in 1905 under the old rate. We got \$1,465,000, and then you raised the rate, and in 1912 we only got \$902,000.

Mr. PAYNE. Gentlemen, if that is all you are after, you may be able to raise the revenue in this particular. If you get a law under the operation of this present law that will raise the revenue you will do

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

a great deal better than I think you will. We have got to have business here in order to get it.

BRIEF FOR IMPORTERS OF MATTINGS FROM CHINA, JAPAN, AND INDIA.

Schedule J, paragraph 343.

NEW YORK, *January 22, 1913.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: As importers and distributors through the jobbers to the retailers, and consequently coming in close contact with the consumers, of what are known as China and Japan mattings and matting rugs, we ask your consideration of a readjustment of the present tariff on these articles, which reads as follows:

Schedule J, paragraph 343: "Floor mattings, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances, not otherwise provided for in this section, and having a warp of cotton, hemp, or other vegetable substance, including what are commonly known as China, Japan, and India straw matting, 3½ cents per square yard."

We ask that the duty on mattings be reduced to 2½ cents per square yard. The present duty, as shown by our exhibit of samples, varies from 108 per cent on the low grades to, say, 38 per cent on the high grades, averaging about 49 per cent, as shown by the Government statistics, and is too great a burden on the consumer. By far the larger part of mattings sold is to those in moderate circumstances, as evidenced by the fact that fully 75 per cent of the importations cost from 8 cents to 14 cents per square yard all charges landed, duty paid, and are retailed at from 10 cents to 25 cents per square yard. The better grades of mattings are rapidly going out of consumption, because when consumers can pay a moderate to a high price and are not looking for something "cheap" in the way of a floor covering, they do not consider mattings, as their tastes lead them to something else. The class of matting imported to-day proves it to be essentially the poor man's floor covering, and the tariff should not tend to increase the price of it more than necessary to produce a reasonable amount of revenue for the Government.

It will probably be claimed by certain manufacturers of domestic floor coverings that the imported straw mattings interfere with them, but their own figures will show that their first cost on practically every grade is almost equal to, if not above what straw mattings retail for.

There is no commodity made in this country that takes the place of straw mattings. Straw mattings do not compete with any floor covering made in the United States. Mattings were on the free list from 1890 to 1897. Then through the claims of manufacturers in this country that mattings were interfering with the sale of domestic goods, a very excessive duty was imposed by the Dingley bill of 3 cents per square yard on low and medium grade mattings and 7 cents plus 25 per cent ad valorem on the higher grades. The duty imposed by the Payne-Aldrich bill is 3½ cents per square yard for all grades. Thus the consumer, in order to use straw mattings, has been paying an excessive premium for a period of 16 years.

We repeat, that mattings and matting rugs are articles of necessity and should not bear the present excessive rates of duty. Mattings should be free; but we realize that the Government must have a revenue from imports, hence our suggestion of 2½ cents per square yard, which equals an ad valorem of 35½ per cent, this figure being arrived at by using the Government statistics of imports for the year ending June 30, 1912.

Plain white Japanese matting is used to some extent by manufacturers of furniture, fancy boxes and suit cases as a covering. Manufacturers of a domestic substitute are making great strides in supplanting the imported for suit cases, etc., due to certain natural advantages which their product has for this purpose—owing to its uniformity of make, flexibility, etc., inherent in the article itself and which can not be obtained in the Oriental product; and this natural difference plus the 2½ cents per square yard, which the importers suggest as a revenue to the Government, will give the manufacturers of the domestic article all the protection they can reasonably expect; the great increase in the volume of their business within the last five or ten years showing that they have nothing to fear from the importers' competition.

We suggest that the phraseology of the paragraph be as follows:

"Floor mattings, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances, not otherwise provided for in this section, and having

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

a warp of cotton, hemp, or other vegetable substance, including what are commonly known as China, Japan, and India straw matting, two and one-half cents per square yard. Mats and rugs manufactured from straw, round or split, having a warp of cotton, hemp, or other vegetable substance, and made of the same material as what is commonly known as China, Japan, and India straw matting, two and one-half cents per square yard."

This change in phraseology will take in matting rugs which are now assessed at 35 per cent under Schedule N, paragraph 463, as manufactures of straw not specially provided for. Inasmuch as they are made of identically the same material as the floor mattings covered by paragraph 343, and in reality are merely strips of this matting sewn together, as demonstrated by our exhibit No. 23 and No. 24, they should bear the same rate of duty. This was the original intention, the change coming about through the methods of administering the law. This will also be in keeping with the carpet schedule, which provides that rugs made of the same fabric as carpets should bear the same rate of duty.

In our opinion, to simplify and improve the administering of the law, as many duties as possible should be made specific rather than ad valorem. It is not an uncommon practice for some importers to attempt to increase their volume of business by cutting prices and making it up by the lower duties obtained by undervaluation.

In a separate brief we refer to rugs now being imported, made of straw or other vegetable substances, so twisted, or wound with a binding thread or other material as to produce a rope or twine, and then woven into rugs, mats, or mattings, with a warp of cotton or other vegetable substance, as per exhibits No. 25 and No. 26—as it is not the intention of this committee that they should come under the paragraph covering straw mattings.

Respectfully submitted.

JOHN N. BOYD, of *Joseph Wild & Co.*,

T. RUSHMORE, of *Carlowitz & Co.*,

JOHN C. WIRTZ, of *Smith, Baker Co.*,

Committee.

J. C. WIRTZ, *Chairman, 85 Wall Street, New York.*

This committee represents the following firms: Arnhold, Karberg & Co., Akawo, Morimura & Co., Carlowitz & Co., Dowler, Forbes & Co., F. S. Ellenberg & Co., Alfred Richter, Shewan, Tomes & Co., Smith, Baker Co., Jos. Wild & Co.

RUGS OR MATTING MADE OF STRAW OR OTHER VEGETABLE SUBSTANCES, TWISTED OR BOUND WITH A BINDING THREAD OR OTHER MATERIAL.

Addition to Schedule J.

NEW YORK, *January 22, 1913.*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: We wish to present the following facts regarding imported rugs made of straw or other vegetable substances, so twisted or wound with a binding thread or other material as to produce a rope or twine, and then woven into rugs, mats, or matting with a warp of cotton or other vegetable substance, as per Exhibits No. 25 and No. 26.

At the present time the duty is 35 per cent, equaling from 8 to 12 cents per square yard, which is very excessive. While we do not want to see the manufacturing interests of the country jeopardized, and realize that the country must be prosperous if we are to have a satisfactory outlet for our importations, we do feel that the consumer is entitled to the price regulating force of reasonable competition, and we ask that the present excessive duty be reduced to a reasonable one.

Foreign manufacturers have been working for four or five years in an attempt to produce an article of this nature. The business in that time has been so small that the revenue to the Government on imports probably does not exceed \$25,000 per annum, if that; whereas the domestic industry started about 20 years ago and has been growing with leaps and bounds, a constant increase in facilities being necessary, the manufacturers not being able to keep pace with the demand. All the indications are that the profits in the business are large, and the present protection of 35 per cent more than necessary, while five years of effort in foreign countries with the present handicap of the duty has prevented any material progress.

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

In order to provide a revenue for the Government, and to put the duty on a reasonable basis, we ask that the duty on this class of rugs be made 5 cents per square yard and that the tariff read as follows:

"Rugs, mats, or matting, plain, fancy, or figured, made of straw or other vegetable substances, so twisted or wound with a binding thread or other material as to produce a rope or twine, and then woven into rugs, mats, or matting with a warp of cotton or other vegetable substance—5 cents per square yard."

Respectfully submitted.

JOHN N. BOYD, of *Joseph Wild & Co.*,
T. RUSHMORE, of *Carlowitz & Co.*,
JOHN C. WIRTZ, of *Smith, Baker Co.*,
Committee.

J. C. WIRTZ, *Chairman*,
85 Wall Street, New York.

This committee represents the following firms: Arnhold, Karberg & Co.; Akawo; Morimura & Co.; Carlowitz & Co.; Dowler, Forbes & Co.; F. S. Ellenberg & Co.; Alfred Richter; Shewan, Tomes & Co.; Smith, Baker Co.; Jos. Wild & Co.

SUPPLEMENTARY BRIEF FOR IMPORTERS OF MATTINGS FROM CHINA, JAPAN, AND INDIA.

Schedule J, paragraph 343.

NEW YORK, *February 6, 1913.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: On January 24, this committee filed a brief with you with reference to Schedule J, paragraph 343, covering mattings from China, Japan, and India; and on January 25, Mr. Myron W. Robinson filed a brief on behalf of the American manufacturers of carpets, mattings, and rugs manufactured from vegetable substances.

The brief filed by him gives a proforma invoice of China mattings weighing 110 to 120 pounds, and landing duty paid at 22½ cents; and also gives a proforma invoice of Japanese white matting containing 460 warps and landing duty paid at 42½ cents.

The importation of both of these grades is practically nil and has been for years. The firms which we represent do business in all grades, and not one-tenth of 1 per cent of their business is done in grades of this description or approximating them in cost.

The Government import figures for the 12 months ending June 30, 1912, show that the dutiable value of the importations was \$1,819,224 for 25,870,411 square yards, or an average of 7 cents per square yard. With freight, duty, and incidental charges added, the landed cost does not exceed 14 cents per square yard. In the light of these statistics the average of 21 cents mentioned in the domestic manufacturer's brief is shown to be entirely misleading.

The argument of the domestic manufacturers to the effect that the better grades of matting interfere with their business falls to the ground, for the reason that the importation of such grades is infinitesimal and declining.

The domestic manufacturers further say that the reduction in duty would not benefit the consumer, but would go into the pockets of the importers. Competition is so keen that the jobbers and distributors of matting are always kept informed of the slightest fluctuation by circulars sent by the various importing houses, and any reduction in duty would at once be deducted from the quotations and would ultimately reach the consumer through the keen competition of the retailers.

In our original brief we referred to exhibits which were filed with Mr. Daniel C. Roper, clerk of the committee, but were not shown to the committee when we were before them. We would ask that they be examined and considered when paragraph 343 of Schedule J is being taken up, as they are ticketed to show in detail the percentage of the present excessive duty, and, furthermore, the distinct difference in character between the imported straw matting and any domestic manufacture (including the domestic paper fiber matting) will at once be apparent.

Respectfully submitted.

J. C. WIRTZ, *Chairman*.
JOHN N. BOYD,
T. RUSHMORE,
JOHN C. WIRTZ,
Committee.

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

This committee represents the following firms: Arnhold, Karberg & Co., Akawo, Morimura & Co., Carlowitz & Co., Dowler, Forbes & Co., F. S. Ellenberg & Co., Alfred Richter, Shewan, Tomes & Co., Smith, Baker Co., Jos. Wild & Co.

BRIEFS ON MATTINGS, RUGS, ETC.

SCHULTZ & BRO.,
Baltimore, January 18, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman, Ways and Means Committee, Washington, D. C.

DEAR SIR: We, as importers of Chinese and Japanese mattings and as manufacturers of domestic carpets, have been called upon by committees representing both of these interests in this country to express our views to you on the matter of duty on mattings.

While being in favor of lower tariff, generally speaking, we feel that the duty on straw matting does not carry any great hardship to the people of this country, as it is still very cheap merchandise. We would suggest, however, that a great many complications have arisen by reason of the ad valorem duty on the matting rugs, and we think it would be very much better for all concerned if this duty was made a specific duty, the same on all grades. Our own opinion is that 3 cents per square yard on all matting and matting rugs would work to the best interest of all concerned.

Thanking you for your kind consideration of this suggestion, we remain,

Yours, very respectfully,

SCHULTZ & BRO. (INC.).

LORENTZ BROS. CO.,
Cincinnati, January 21, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman, Ways and Means Committee, Washington, D. C.

DEAR SIR: Our attention having been called to the tariff on mattings and matting rugs imported from China and Japan of approximately 3 to 3½ cents a square yard, we wish to state that we do not consider said rate either excessive or prohibitive. This will only average about 75 cents to \$1.25 for an ordinary room or a rug for an ordinary room, and we believe that this slight additional cost to the consumer will be more than offset by the additional labor afforded American workmen on such other floor coverings as this additional cost may be the cause of influencing the consumer to buy. We therefore ask your committee to retain the present rate or nearly so.

Very truly,

THE LORENTZ BROS. CO.

GERSHON BROS CO.,
Atlanta, Ga., January 13, 1913.

HON. THOMAS M. BELL, M. C.,
Washington, D. C.

DEAR SIR: We are advised that on January 24 the Ways and Means Committee will have a hearing in the matter of mattings, an article which we have imported in considerable quantities during the past 10 years. Matting art squares and rugs and also matting in rolls are used in considerable quantities in the South, owing to their lightness and, until recently, owing to their reasonable cost. At one time there was a specific duty on all of these goods which was changed to an ad valorem duty, which raised the price quite a good deal and consequently the cost to the consumer. We believe that a specific duty should be placed on matting rugs just as same as it is on matting carpet, and we would appreciate your investigating the matter and using your efforts to have the most advantageous rate placed on these goods for the benefit of the consumer and consistent with your ideas in regard to the tariff.

Assuring you of our very best wishes for a happy and prosperous year and our personal regard and esteem, we remain,

Yours, respectfully,

GERSHON BROS. CO.,
IRA GERSHON, President.
S. FREITAG, Secretary.

PARAGRAPHS 343-344—FLOOR MATTINGS, ETC.

J. & A. D. GRIMOND (LTD.), OF NEW YORK,
New York, January 18, 1913.

CHAIRMAN WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: J. & A. D. Grimond (Ltd.), of Dundee, Scotland, used to ship to this country large quantities of jute carpeting. I, personally, sold and invoiced the goods in 1895, when jute carpeting under the Wilson bill paid only 20 per cent ad valorem. The advance in duty on this commodity under the Dingley bill stopped the importing trade entirely, and consequently must have caused a great loss of revenue to the Government. The present bill reduced the duty a little, but it is still almost impossible to import cheap jute carpeting. Goods worth 8 pence per square yard cost 20 cents to land under the Wilson bill. To-day they cost 30 cents to land. So far as I know, there are not many manufacturers of jute carpeting in this country, and the protection afforded to them amounts to almost 200 per cent. A reasonable ad valorem duty similar to the Wilson bill would work no hardship to any manufacturer here and would most assuredly provide revenue for the Government. As things are at present there can be no revenue worth talking about, the importations being so trifling. With the present duty the cheaper woolen carpetings can be sold in competition with jute goods. The result is that the ultimate consumer gets no really cheap carpeting at all.

Yours, very truly,

J. & A. D. GRIMOND (LTD.), OF NEW YORK.
H. N. GILDEA, *President*.

LAMOND & ROBERTSON CO.,
PATERSON, N. J.

*The Committee on Ways and Means,
House of Representatives, Washington, D. C.*

GENTLEMEN: We herewith beg to submit for your consideration brief of our opinion and experience on Schedule J in reference to the carpets, mats, etc.

We recommend that the duties on the above be retained as at present, and our reasons for recommending same are as follows:

1. (a) That during a time in the jute business when the demand for burlap and linoleum foundations are off the manufactures of the other side, when devoting their time to floor covering products, can in every instance compete, and in some cases (on light-weight carpets), undersell the American manufactures.

(b) Also the condition of the Calcutta market should be kept in mind, as at the present time the India mills are making at or about 60 per cent of the burlap used, and practically all of the lighter weight burlaps are made in India. To our minds it is but a question of very short time when the introduction of the floor coverings will be introduced in the India mills, as the class of help used are becoming very proficient in working on this fiber. If such should be the case, and knowing the condition of labor (extremely low wages) the American manufacturer, even at an increased tariff, would be at a great disadvantage to compete, and his business would be reduced to a point of simply being able to secure business owing to the fact of prompt shipments.

(c) Also the manufacturer whose goods are made entirely of jute is at a great disadvantage, as the fiber is the cheapest used and is universally known as such, and he must therefore base his price according as it is necessary for him to compete against all carpet floor coverings made, not only the imported, but domestic, and his price on all grades must be under every known fiber, which does not allow for any fancy prices, but merely a legitimate return on his investment.

(d) Also the last revision of the tariff, when carpets, mats, etc., were reduced to value under 15 cents per square yard to 4 cents per square yard, 30 per cent ad valorem, and value over 15 cents per square yard to 8 cents per square yard and 30 per cent ad valorem, making average deduction of slightly over 10 per cent, we felt a decided decrease in business due to the increased imports, and in a great many cases were unable to meet the competition, due to the fact that the cost of production is ever on the increase. From our last experience, do not feel that the line could stand further reduction of the tariff.

4. In the present tariff as now written, specific duty on all carpets is figured from a square yard basis. From our experience we wish to assure you that the cost of making the narrow widths such as 2/4, 18 inch; 2/5, 22 1/2 inch; and 3/4, 27 inch, is higher. From records you will find that in jute goods the larger proportion of imports

PARAGRAPH 345—FIRE HOSE.

are the narrow widths, and would therefore recommend that the change be made accordingly in specific duty, so change of duty will offset the increased cost of manufacturing on narrow widths.

We trust you will give the foregoing due consideration, and beg to be,
Respectfully, yours,

THE LAMOND & ROBERTSON CO.,
By GEORGE R. ROBERTSON, *Vice President.*

PARAGRAPH 345.

Hydraulic or flume hose, made in whole or in part of cotton, flax, hemp, ramie, or jute, fifteen cents per pound.

FIRE HOSE.

BRIEF OF WM. & CHAS. BECK, LAWRENCE, MASS.

LAWRENCE, MASS., *December 23, 1912.*

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We understand that you are to give a tariff hearing on January 24 on Schedule J, in which we are vitally interested and as we are unable to have one of our representatives present at the hearing we wish to take this opportunity of protesting against the present high rate of duty on single linen yarn on which we are paying a duty of 45 per cent, whereas there is no concern in this country who can make suitable yarns, so we can not see where it would hurt any concern in this country if the duty on this raw material was lowered.

Two or three years ago, when the tariff was revised, the committee saw fit to recommend a reduction on the manufactured goods, namely, linen fire hose, and the reduction of 5 cents per pound on these goods was put through and the duty on the raw material was left as it was, namely, 45 per cent ad valorem. This, in our minds, was hardly fair and was not consistent with the needs of this country.

It certainly appears to us a just and reasonable request that the duty on the raw material, which will not conflict with the United States spinners, should be reduced and the duty on this material should only be reckoned for revenue purposes. We should be glad to give any further information and we stand at your disposal.

Thanking you for your kind attention and consideration, and hoping you will see your way clear to recommend a reduction in the duty on the raw material, we remain

Yours, very truly,

WM. & CHAS. BECK,
A. E. BECK, *Manager.*

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

PARAGRAPH 346.

Tapes composed wholly or in part of flax, woven with or without metal threads, on reels, spools, or otherwise, and designed expressly for use in the manufacture of measuring tapes, forty per centum ad valorem.

PARAGRAPH 347.

Linoleum, corticene, and all other fabrics or coverings for floors, made in part of oil or any similar product, plain, stamped, painted or printed, only, not specifically provided for herein, if nine feet or under in width, eight cents per square yard and fifteen per centum ad valorem; over nine feet in width, twelve cents per square yard and fifteen per centum ad valorem; and any of the foregoing of whatever width, the composition of which forms designs or patterns, whether inlaid or otherwise, by whatever name known, and cork carpets, twenty cents per square yard and twenty per centum ad valorem; mats for floors made of oilcloth, linoleum, or corticene, shall be subject to the same rate of duty herein provided for oilcloth, linoleum, or corticene; oilcloth for floors, if nine feet or less in width, six cents per square yard and fifteen per centum ad valorem; over nine feet in width, ten cents per square yard and fifteen per centum ad valorem; waterproof cloth composed of cotton or other vegetable fiber, whether composed in part of india rubber or otherwise, ten cents per square yard and twenty per centum ad valorem.

OILCLOTH AND LINOLEUM.

STATEMENT OF GEORGE STABER, REPRESENTING THE GERMANIA IMPORTING CO., 41 UNION SQUARE, NEW YORK CITY.

Mr. STABER. I appear in behalf of a number of New York houses engaged in the business of selling floor covering. They are not only importers, but they are also dealers and jobbers in domestic goods, and to a certain extent are exporters of domestic goods.

The CHAIRMAN. To which paragraph do you refer?

Mr. STABER. Paragraph 347—oilcloths and linoleum.

I came here to advocate a radical reduction in the duties on these articles, as we believe these duties are entirely unnecessary and excessive, and we know that on certain articles included in this paragraph that they are prohibitive.

The duties on oilcloth and linoleum are compound duties, partly specific—so many cents per square yard—plus ad valorem duties. Like all specific duties they weigh most heavily on the cheaper grades of goods, or are even prohibitory on those grades of goods which are used by the masses, while they allow a moderate importation of the high-priced goods which are used by the well-to-do people.

Speaking first of oilcloth. The last census shows that the production of domestic oilcloth for floor covering was, in the year 1909, \$3,777,000, while the imports of the same article in 1911 were \$68,000, and in 1912, \$52,000. In other words, the domestic manufacturers had 98.5 per cent of the market and the imports were only 1.5 per cent.

Now, you probably all know that oilcloth is not used in the houses of the wealthy, and not even in the houses of the middle classes. The farmer's wife uses it to cover the floor of her kitchen or her bathroom, if she has one, and the poorer classes in the cities use it. Therefore the heavy tax on an article of general use among the poorer classes falls entirely on those classes and not on the wealthy.

The CHAIRMAN. Do the figures which you have just given include linoleum or do they just refer to oilcloth?

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

Mr. STABER. Just oilcloth, for floor covering. They are according to the census.

The making of oilcloth in this country is not an infant industry. The leading house in the business in Philadelphia advertises, with just pride, that their business was established more than 100 years ago. They have grown wealthy and powerful in the business, and certainly they have outgrown the infant stage.

Gentlemen, every time that Congress is in session and tariff matters are considered there appears before you that very house over 100 years old, appealing for more protection and more protection, and so far they have gotten it every time.

Mr. HILL. The import business is not any chicken, is it?

Mr. STABER. No; and I am not any chicken either.

Mr. HILL. I say the import business generally is not an infant industry, is it?

Mr. STABER. What industry?

Mr. HILL. The import business?

Mr. STABER. No; I do not consider a merchant's business an industry, although we have to be industrious.

Whatever reduction Congress in its wisdom may make in the rates on oilcloth, it will bring an increased revenue to the Government, because the entire revenue that the Government received in 1912 on this article was \$23,130.

I will go to linoleum—

Mr. PALMER. Before you leave oilcloth, I want to ask you a question about it.

Mr. STABER. Certainly.

Mr. PALMER. There is a section in the cotton schedule which provides for cotton cloth, filled or coated, oilcloths, cotton window hollands, etc., 3 cents a square yard and 20 per cent ad valorem. That is not the section you are speaking of?

Mr. STABER. No; that is another section.

Mr. PALMER. That paragraph I have read was intended to cover what we know as shelf oilcloths, was it not?

Mr. STABER. I believe so.

Mr. PALMER. Do you know whether this is true, that instead of shelf oilcloths coming in under that section, they have been held to come in under section 347 about which you are now talking, as waterproof cloths?

Mr. STABER. I do not know.

Mr. PALMER. Is shelf oilcloth a waterproof cloth?

Mr. STABER. I am not familiar with that.

Mr. PALMER. What kind of oilcloths are you talking about?

Mr. STABER. Oilcloth for floor covering, under paragraph 347.

Mr. PALMER. That is the linoleum paragraph?

Mr. STABER. Yes.

Mr. PALMER. That is the same paragraph that provides for "waterproof cloth composed of cotton or other vegetable fiber, whether composed in part of India rubber, or otherwise, 10 cents a square yard, and 20 per cent ad valorem."

Mr. STABER. I am not familiar with that article.

Mr. PALMER. I would like to find out whether under that clause cheap oilcloths have been coming in or whether it has been kept out,

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

because the duty would be from 150 to 175 per cent. There may be other oilcloth people here who can tell me that.

Mr. STABER. Yes, sir.

Speaking of linoleum, that is an industry that is not as old as the oilcloth industry, and yet it is not an infant industry. Linoleum was invented about the year 1870 in England, and the first mill in this country was started in 1875 by the American Linoleum Co. Linoleum is sanitary, it is easily kept clean, and is long wearing, and is, in the long run, the cheapest floor covering. As the public found out these merits of the article, the demand for linoleum increased, and during the last 15 years the linoleum industry has made wonderful progress. The census figures show that in the five years of from 1904 to 1909 the production of linoleum in this country, of plain linoleum and cork carpet, increased 78 per cent in quantity and 86 per cent in value, and the production of inlaid linoleum in the same five years increased 110 per cent in quantity and 171 per cent in value. That is certainly a prosperous industry.

Mr. LONGWORTH. How about the importations during that same period?

Mr. STABER. The importation also increased up to the year 1907, for the reason that the American industry could not supply the demand. The importations in 1907 are the maximum.

Mr. LONGWORTH. What were they?

Mr. STABER. \$2,314,000. Since then the importations of linoleum have steadily declined, and in the year 1912 they were \$1,918,000.

The CHAIRMAN. What is the total production of linoleum in this country?

Mr. STABER. The total production of linoleum?

The CHAIRMAN. I do not think you gave that in your brief, and that is the reason I am asking you now.

Mr. STABER. According to the census, in the year 1909 the production of linoleum, including plain linoleum and cork carpet, was \$7,850,000, and of inlaid linoleum, \$2,994,000, and others, \$279,000—between eleven and twelve millions in 1909.

Mr. LONGWORTH. So that according to those figures to-day, the importations are nearly 25 per cent of the total consumption?

Mr. STABER. No, sir. Since 1909 the production of linoleum in this country has very much increased again.

Mr. LONGWORTH. Those figures were for 1910?

Mr. STABER. Excuse me; I am speaking of to-day.

The CHAIRMAN. Let me see if I understand you. The amount of cork linoleum and carpet produced for 1909 was \$7,850,000; inlaid linoleum was \$2,944,000, and for all other linoleum about \$279,000, making a total of linoleum produced in this country of about \$11,000,000. Now, you say the importations were how much?

Mr. STABER. The total importations in 1912 were \$890,000 for plain linoleum; \$71,000 for linoleum over 9 feet wide, and \$905,000 for inlaid linoleum.

Mr. LONGWORTH. Making a total of very nearly two million?

Mr. STABER. Yes, sir; \$1,800,000.

Mr. LONGWORTH. So that the total production was eleven millions in round numbers and the importations over two millions?

Mr. PALMER. Under two million.

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

Mr. STABER. \$1,800,000.

Mr. LONGWORTH. Then your figures show that about 20 per cent is imported.

Mr. STABER. No; I figure \$1,800,000 and \$11,000,000 a good deal less than 20 per cent. These figures are for 1909 and since then the production has been materially increased.

Mr. HARRISON. I notice the production jumps from a little over five million in 1905 to \$10,800,000 in 1910, and if it is keeping on at that rate, it is reasonable to suppose that the production is somewhere in the neighborhood of \$13,000,000 now.

Mr. STABER. If the production during the last four years has increased at the same ratio as it did increase for the five years from 1904 to 1909, then of course the figures for linoleum would be about \$20,000,000. That is what I believe they are. I believe the total production of linoleum in this country is about \$20,000,000.

Mr. HARRISON. As to these imports, are they of the higher grades of linoleum?

Mr. STABER. Only the higher grades; the lower grades can not be imported. The duty is too high.

Mr. HARRISON. As to the lower grades the duty is prohibitory?

Mr. STABER. Yes, sir.

Mr. HARRISON. Are the lower grades of linoleum the kind that we export in such comparatively large quantities?

Mr. STABER. The export of linoleum is moderate, \$700,000.

Mr. HARRISON. It is increasing very fast, is it not?

Mr. STABER. Yes, sir; it is.

Mr. HARRISON. It nearly doubled from 1910 to 1912.

Mr. STABER. I am not well posted as to whether it is the lower or the higher grades. I would suppose it was the lower grades, because the higher grades would be furnished from Europe.

The CHAIRMAN. Are you talking about the lower grades in linoleum or oilcloth?

Mr. STABER. Linoleum. We consider the duties on linoleum entirely too high, for the reason that the materials in this country, with one exception, are not higher than in Europe. Good linoleum is made of ground cork and the best grades of oxidized linseed oil, to which is added what are called driers and pigments and some clay and other stuff, which do not figure much in value either way.

Mr. FORDNEY. Have the importations of linoleum increased or decreased since the adoption of the Payne tariff?

Mr. STABER. They have decreased.

Mr. FORDNEY. They have decreased?

Mr. STABER. Yes; they reached their maximum in 1907.

Mr. FORDNEY. What do you attribute that to—the higher rate of duty?

Mr. STABER. To the higher duties under the Payne Act.

Mr. HILL. It was lower than it was under the Dingley law.

Mr. STABER. I beg your pardon.

Mr. FORDNEY. Under the Dingley law the rate on the widths under 12 feet was 8 cents a square yard and 15 per cent ad valorem; under the Payne law, 6 cents per square yard and 15 per cent ad valorem; that is, under 9 feet in width.

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Twelve feet in width under the Dingley law, it was 20 cents per square yard and 20 per cent ad valorem; under the Payne law, 10 cents per square yard and 15 per cent ad valorem. They are very material reductions. And here is what happened, my friend, and as an importer you may remember something about this: Under the Dingley tariff law the widths of linoleum, as I understand it, ranging from 3, 6, 9, 12, and 15 feet widths, and in the intermediate widths it doubled and tripled, and so on; and under the Dingley law widths under 12 feet were 8 cents a square yard and 15 per cent ad valorem; 12 feet and wider, 20 cents and 20 per cent ad valorem. But the importers, taking advantage of a clerical error, perhaps, in the writing of that law, imported linoleum 11 feet, 11 feet 11½ inches, and 11 feet 11¾ inches—a fraction under 12 feet—and brought it in under the lower rates as 9-foot linoleum.

Mr. STABER. They did.

The CHAIRMAN. Before you answer the question I would like to have the record show the change in the law. I have a book compiled by the Ways and Means Committee which shows a comparison of the tariffs. Under the act of 1897, the Dingley bill, the tax on oilcloths and linoleums was, under 12 feet, 8 cents per square yard and 15 per cent ad valorem.

Mr. FORDNEY. I stated it that way, Mr. Chairman.

The CHAIRMAN. Pardon me a moment. I would like to make this statement: Twelve feet and over in width, 20 cents a square yard and 20 per cent ad valorem; inlaid linoleum, 20 cents per square yard and 20 per cent ad valorem. When the Payne bill was enacted you wrote into the bill "9 feet or under in width, 8 cents a square yard and 15 per cent ad valorem."

Mr. FORDNEY. Pardon me, Mr. Chairman, I am reading this from your own book.

The CHAIRMAN. It is 6 cents in my book. Nine feet and under in width 8 cents per square yard and 15 per cent ad valorem; over 9 feet in width 12 cents per square yard and 15 per cent ad valorem; and of different widths, composed of different forms or designs or patterns, whether inlaid or otherwise, 20 cents per square yard and 20 per cent ad valorem.

Up to that point the Payne bill corresponded identically with the Dingley bill on linoleums. Then the Payne law went on "oil cloth flooring, 9 feet in width or less, 6 cents a square yard and 15 per cent ad valorem." But so far as linoleum was concerned there was no reduction.

Mr. LONGWORTH. There was a reduction in the 12-foot linoleum from 20 cents to 12 cents.

Mr. STABER. In the 9-foot linoleum?

Mr. FORDNEY. And in the ad valorem duty from 20 to 15 per cent.

The CHAIRMAN. I think I read that correctly.

Mr. FORDNEY. You did, but there is a reduction. I had this item wrong. Let me say to the gentlemen that these changes were made in the language to overcome the claim of the importers who had imported the linoleum a quarter of an inch and a half an inch under 12 feet in width to take advantage of the 9-foot rate. Our custom collectors had held that that was 12-foot linoleum. The importers

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paid the duty under protest, went to the Supreme Court, and the Supreme Court held that linoleum 11 $\frac{3}{4}$ feet wide was not 12 feet wide.

Mr. STABER. That is right.

Mr. FORDNEY. Now, the importers or manufacturers made a linoleum that sold for 12 feet wide, but which was not 12 feet wide, and it was an evasion of the law.

Mr. STABER. I admit that, but the buyers were aware that the goods were half an inch less than 12 feet wide.

Mr. FORDNEY. The language of the law was changed, the rate of duty was lowered, and you say the imports have fallen off?

Mr. STABER. I admit that it was an evasion of the law.

Mr. FORDNEY. The duty has been lowered on the 12-foot and wider linoleum, or on all linoleums over 9 feet in width?

Mr. STABER. Yes, sir; on 12 feet and over which was not imported, but on 9 feet to and including 11 feet 11 $\frac{1}{2}$ inches it was raised from 8 cents to 12 cents, and these were the widths that were largely imported. The present law also raised very materially the duty on so-called granite and oak plank linoleum. These paid, under the Dingley law, 8 cents and 15 per cent ad valorem, an equivalent of 40 per cent ad valorem. They have to pay now 20 cents and 20 per cent ad valorem, an equivalent of 80 per cent ad valorem, which is prohibitive, and has stopped importations completely.

Under the Dingley law about \$200,000 of these goods were imported, yielding a revenue of \$80,000. Under the present law the Government gets no revenue whatever from these goods. When the present law went into effect, the domestic mills raised their prices of granite and oak plank linoleum 8 to 10 cents per square yard, which means for the consumer about \$60,000 per year increased cost.

Mr. FORDNEY. And you say the importations have fallen off?

Mr. STABER. Yes, sir.

Mr. FORDNEY. That was not because of the increase in duty, because they were lowered, and on the lower grades there was no change in the duty at all. You understood that the duties had been raised, did you not?

Mr. STABER. Will you allow me to make an observation?

Mr. FORDNEY. Certainly.

Mr. STABER. I would like to observe that this lower duty which you quote works out 62.30 per cent ad valorem.

Mr. FORDNEY. But it is a specific rate.

Mr. HILL. Let me call your attention to the committee's statistics, which show that the rate on this paragraph in 1905 was 56.54; in 1910 it had fallen to 52.32; in 1911 to 49.68; and last year it was 45.52; so that the ad valorem would show that the contention of the gentleman from Michigan is pretty nearly correct.

The CHAIRMAN. He was talking about a specific rate. This rate that the gentleman from Connecticut has read puts them all together.

Mr. HILL. Certainly.

Mr. STABER. I have here the official figures of the United States Treasury.

Mr. FORDNEY. Mr. Chairman, these goods paid both a specific and ad valorem duty. Now, the only way, under the Payne law, that the

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ad valorem duty could increase would be because of the lower price of the imported article. It could not otherwise increase, could it?

Mr. STABER. I have here the official figures of the United States Treasury.

Mr. FORDNEY. How can the ad valorem duty on an article imported pay a specific rate? How can the ad valorem advance unless the article is reduced in price?

The price of the imported article must have gone down if the ad valorem is higher than it was before if there was no lowering of the duty.

Mr. STABER. Before the present law went into effect no goods 12 feet and over that ought to have paid 20 cents and 20 per cent ad valorem were brought in. The law was evaded by the bringing in of goods 11 feet 11 inches and a fraction. Since then goods over 9 feet are not brought in to any extent, and the average rate of duty on goods over 9 feet was, in the year 1911, 62.3 per cent.

Mr. FORDNEY. Goods which paid 12 cents per square yard specific duty and 15 per cent ad valorem?

Mr. STABER. That is right.

Mr. FORDNEY. When you figure all the duty as ad valorem, then the price of the linoleum must have gone down in order to raise the ad valorem?

Mr. STABER. Certainly.

Mr. FORDNEY. It could not be otherwise?

Mr. STABER. No, sir.

Mr. LONGWORTH. Have you figured as to the retail price of the linoleum?

Mr. STABER. I have never been in the retail business in my life.

Mr. LONGWORTH. You were complaining a moment ago that this duty was oppressing the consumer.

Mr. STABER. Of course. The wholesale price has gone up, and I suppose the retail price will go up.

Mr. LONGWORTH. Is it not a fact that the retail price has gone down substantially?

Mr. STABER. I do not believe it has.

Mr. LONGWORTH. Do you deny it?

Mr. STABER. I know that the people to whom I sell the goods wholesale do not sell the goods they buy from me at less than they pay for them, and I know they are in the habit of making very fair profits.

Mr. FORDNEY. Under the lower rate of duty, with lower importations, you have advanced the price to the jobber, have you?

Mr. STABER. I have never handled that kind of goods, goods that were over 9 feet in width, in my life.

Mr. FORDNEY. Well, in any other way?

Mr. STABER. The importations at the present time are insignificant. They amounted to \$82,000 in 1911 and \$71,000 in 1912.

Mr. LONGWORTH. Have you raised your price recently?

Mr. STABER. Not recently. The price of linoleum has gone down because the price of material has gone down.

Mr. LONGWORTH. Of course they have. Linoleum has gone down, too; that is what I said.

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Mr. STABER. The reason is that linseed oil has gone down over 50 per cent.

Mr. LONGWORTH. The consumer is paying less for linoleum to-day than he did five years ago?

Mr. STABER. That depends on the market price.

Mr. LONGWORTH. You said it depended on the tariff.

Mr. STABER. Certainly it does.

Mr. LONGWORTH. But the price has gone down.

Mr. STABER. It has gone down because the price of linseed oil has gone down.

Mr. FORDNEY. Where does the consumer come in on the price of linseed oil? Has the consumer gotten the benefit of it?

Mr. STABER. The benefit of the price on linseed oil?

Mr. FORDNEY. The cost has not been affected by the price of linseed oil or the tariff, but because the merchants put the prices up just because they could——

Mr. STABER. The merchants do not put the price up any.

Mr. FORDNEY. Then, why has it gone up?

Mr. STABER. It went up when the price of materials went up——

Mr. FORDNEY. If the price of the raw material has gone down and the duty has been lowered, how is it that the price to the consumer has gone up?

Mr. STABER. I did not say it had; I said it has gone down. It has gone down a little within the last two or three months because the price of linseed oil has declined.

Mr. FORDNEY. I understood you to say that the price to the consumer has not gone down.

Mr. STABER. I beg your pardon; I never mentioned the price to the consumer.

Mr. FORDNEY. That is what I was trying to find out.

The CHAIRMAN. Your time has expired, Mr. Staber, but a good deal of time has been taken up by questions from the committee.

Mr. STABER. May I continue, Mr. Chairman?

The CHAIRMAN. About how much time will you require?

Mr. STABER. I suppose about 10 minutes, if I am not interrupted.

The CHAIRMAN. The committee will allow you five minutes.

Mr. STABER. So far as other materials are concerned, the question of tariff does not enter into the other materials except burlap. Under the Dingley tariff burlap had a duty of 45 per cent ad valorem, and the linoleum manufacturers considered the specific duty simply as a compensation for the duty which they paid on burlap. Under the present tariff the rate on burlap was reduced from 45 per cent ad valorem to nine-sixteenths cent per pound and 15 per cent ad valorem, which amounts to about 21 per cent. In other words, the duty on burlap was cut in half, but the specific duty on linoleum was not reduced; it is the same, except on the over 9 feet proposition.

The burlap is very high in price to-day and consequently the 22 per cent or 21 per cent duty which it pays amounts to about 1½ cents per square yard, outside.

We assert, with the exception of labor, the materials out of which linoleum is made are not higher in this country than in Europe.

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As to labor. Linoleum is an article in the manufacture of which practically no skilled labor is employed. It is all made by machinery, and in that machinery this country had made immense progress in the last five years; in fact the machinery making linoleum here is ahead, in the amount of production, certainly, of the machinery used in Europe to-day. Outside of a few skilled workmen only the cheapest grade of immigrant labor is employed. I am told that when you go into some of these mills there is hardly a man that speaks English. They employ imported cheap labor.

The census states that in 1909 in the production of oilcloth and linoleum of a value of \$22,805,000, the manufacturers paid out in salaries to the officers of the thirty companies, and the clerks and salesmen and office force, I suppose, \$3,482,000, which amounts to 15½ per cent of the production. Of course the census does not show what part of this sum the officers of the companies drew out as salaries, but everybody who is familiar with the close industrial corporations in this country knows very well that when they make money it is the fashion to divide a good deal of the profits in the shape of salaries to the officers, even if it is only done to make the dividends which are paid the stockholders and which are published, appear moderate.

If I estimate very moderately the salaries and bonuses, and so on, of the 340 officers and clerks, etc.—if I estimate that at only about \$500,000—that would amount to 2¼ per cent of production. That would leave 13 per cent as paid to the workmen. According to the census there are 5,198 men employed in the 30 mills in this industry, and it shows an average wage per man of \$571, about \$1.90 per day for each working day.

We assert that the cost of labor per square yard for the manufacture of linoleum in Europe is about the same as it is here—13 per cent of the production. We do not claim that the wages that they pay here are as low as they are in England or Germany, but I do claim that the manufacturers here get out of their men a great many more square yards per day than they do out of their men in Europe; and besides, it is well known that the machinery in the American mills has to run 25 to 50 per cent faster than in Europe.

Mr. HILL. You said that the wages in Europe were the same?

Mr. STABER. About the same; 13 per cent.

Mr. HILL. You do not mean that their cost was 13 per cent of our cost? That would make quite a difference in the wages.

Mr. STABER. No, I did not say that at all. I have stated here that I believe that the materials for making linoleum, with the exception of burlap, do not cost any more here than they cost in Europe; and that the cost of labor is about 13 per cent of the production, both here and in Europe, consequently the cost of production here is increased only by the duty on burlap, amounting to about 1½ cents per square yard.

Mr. HILL. Are you familiar with the process of making oilcloth?

Mr. STABER. I have seen it.

Mr. HILL. You are not a practical manufacturer?

Mr. STABER. No, sir; and I do not pretend to be.

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Mr. HILL. I want to ask you whether it has come to be the practice to make narrow oilcloths on wide looms and then split them up afterwards. Do they do that at all?

Mr. STABER. I do not know.

Mr. HILL. Or is the wide loom used exclusively for the wide oil-cloth?

Mr. STABER. I do not know. I am confining my remarks just now to linoleum. Some representative manufacturers of Europe have traveled in this country and have thoroughly investigated conditions. They told me that they believed that if they employed a hundred men, the American mill would turn out the same quantity with 70 men, or, in other words, when a man in Europe gets a day's wage of \$1, and we pay here a wage of \$1.50, it would not be more expensive per yard or per pound.

Mr. FORDNEY. Is not that the only industry in existence where that factor is true? It is the only one I have ever heard of, if it is true.

Mr. STABER. There are other industries.

Mr. FORDNEY. I, have never heard of it except from the cotton men. They are getting ready to go into bankruptcy if they get what they are asking for.

Mr. STABER. I have heard it. I have imported to some extent from some leading paper manufacturers. Some leading foreign manufacturers came here and they traveled around the country and saw the leading mills in this country, and they told me that if their men worked as hard as they have to over here, or if they could turn out so many pounds of paper with so many men, they could pay much higher wages.

Mr. FORDNEY. The Tariff Board report shows just the reverse. They stated that the present rate of duty on paper, at the time the investigation was made, was just about enough to offset the difference in the cost of production—\$4.70 per ton.

Mr. LONGWORTH. Mr. Staber, did you not say, a moment ago, that so far as you knew the labor in the linoleum manufacture here was cheap imported foreign labor?

Mr. STABER. I did not say all of the labor. I said very little skilled labor is employed which gets good wages; but the majority of their labor is cheap.

Mr. LONGWORTH. Yet you say that our labor is twice as efficient as it is abroad.

Mr. STABER. That is because the machinery is run so much faster. We have so much better machinery, and we run the machine so much faster.

Mr. LONGWORTH. Do you know that to be a fact?

Mr. STABER. Yes, sir.

Mr. LONGWORTH. Have you the figures to support it?

Mr. STABER. I am not a technical man, but I know it is a fact that in all of the industries here—

Mr. LONGWORTH (interposing). I am not talking about all industries; I am talking about the linoleum industry.

Mr. STABER. Yes; the machinery is run faster.

Mr. LONGWORTH. How much faster?

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Mr. STABER. I am not a technical man, but I was told by manufacturers—

Mr. LONGWORTH (interposing). Who told you it was run faster?

Mr. STABER. I have seen it in the advertisement of companies in Philadelphia, that are building linoleum machinery, and they claim that their machinery is far superior to any in Europe and turns out a great deal more per hour or per day?

Mr. LONGWORTH. Have they exported any of that machinery?

Mr. STABER. I believe they have exported those machines to England.

Mr. LONGWORTH. So that the English have the same machines that we have here.

Mr. STABER. They may have one or two machines. The English are go-ahead people. When they see a better machine in America they buy it.

Mr. LONGWORTH. Thank you very much. That is the first real information that you have given me.

Mr. FORDNEY. You say you saw in the papers where a certain machine is more efficient?

Mr. STABER. Yes, sir.

Mr. FORDNEY. And you say the labor is more efficient than abroad?

Mr. STABER. Yes, sir.

Mr. FORDNEY. There was a New York gentleman here the other day, a jeweler, who testified that he had purchased Waltham watches and sold them for less money than he paid for them. If you saw a retail price advertised by that gentleman in the newspaper you would say that he was entitled to some profit, that the jobber is entitled to a profit, and that the Waltham Watch Co. could sell watches far below the prices that they did sell them, and that this man was making a profit at the price at which he was selling them. Would you believe it if you saw it in the newspaper?

Mr. STABER. When I see the advertisement of a machine-building firm of high standing, I generally give credit to the advertisement until I know to the contrary.

Mr. FORDNEY. How much of the machinery used in the linoleum manufacture in this country is foreign and how much domestic?

Mr. STABER. In this country?

Mr. FORDNEY. Yes.

Mr. STABER. I do not know. I believe there is a little foreign machinery in here.

Mr. FORDNEY. But you do know that the machinery here is more efficient than it is abroad?

Mr. STABER. Yes—

Mr. FORDNEY (interposing). You say there is foreign machinery in our linoleum factories run by foreign labor, which, you say, is a cheaper class of labor, but which turns out twice as much as that same machine and that same class of labor can turn out abroad. That is hardly consistent—

Mr. STABER (interposing). I did not say that. You do not quote me right. I said that experienced manufacturers who are well able to judge have told me that they got out of 100 workmen in Europe on the average no more work than the American manufacturer gets

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out of 70 men. That is not twice the amount. That is a difference of 30 per cent.

The CHAIRMAN. Mr. Staber, I do not like to interrupt you, but I will have to ask you to extend the balance of your remarks in the record.

Mr. STABER. May I go on?

The CHAIRMAN. Mr. Staber, we have so many witnesses here that I shall have to ask you to extend the balance of your remarks in the record.

Mr. STABER. Thank you, Mr. Chairman.

Hon. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: In behalf of seven New York houses, importers and dealers in foreign and domestic floor coverings, I beg to submit the following:

We consider the duties on oilcloth and linoleum unjust and excessive. The duties are compound duties consisting of specific rates per square yard plus ad valorem duties. Like all specific duties, they are heaviest on the cheaper qualities and lighter on the high-priced qualities. As a matter of fact, they are prohibitory on all oilcloth and prohibitory on the cheaper grades of linoleum.

According to the census in the year 1909 the production in this country of oilcloth for floors was \$3,777,000, and the imports in 1911 were \$68,000 and in 1912 \$52,000; or the American factories supplied 98.43 per cent and import 1.57 per cent.

Oilcloths for floors is an article which is not used in the houses of the wealthy, but only by the farmers and the poorer classes of the population; and these are the consumers who must pay for the floor coverings of their kitchens and bathrooms the prices that a small number of manufacturers who have grown wealthy in the business choose to dictate to them.

The making of oilcloth is not an infant industry in the United States. A leading firm in the business points in its advertisements with just pride to the fact that its business was established over 100 years ago. Surely they have outgrown the stage where they have to depend on tariff favors of the Government. They are not infants, nor are they old men in their dotage needing protection, but although 100 years in existence they are to-day young and vigorous giants, financially and otherwise—yet every time that Congress is in session considering tariff rates they appear at your doors asking for more tariff favors.

I appeal to you in the name of my associates for a radical reduction in the duties on oilcloth for floors. Whatever reduction Congress in its wisdom may make is bound to bring an increase of revenue to the Government, for in 1912 the total revenue from imports of oilcloth amounted only to \$23,130.

Linoleum.—This industry is not as old as that of oilcloth. The invention was made about 1865 in England. The first factory here, the American Linoleum Co., was started in 1875, so it may not be considered an infant industry either. However, it is only in the last 15 years that it has made a marvelous progress. The United States census shows that in the five years from 1904 to 1909 the increase of production was: Linoleum, including cork carpet, 77.6 per cent quantity, 85.8 per cent in value; inlaid, 109.8 per cent quantity, 171 per cent in value. This wonderful increase was due to the large demand for the article after the public had found out that linoleum is the most sanitary, cleanest, and in the long run the cheapest floor covering.

Up to 1907 the American factories could not supply the demand, and importations naturally increased until 1907, when they reached \$2,314,000. Since then they have declined to \$1,918,000 in 1912, or a decrease of 17 per cent, while exports of linoleum and oilcloth have increased from \$354,000 in 1907 to \$711,000 in 1912, or an increase of over 100 per cent.

We consider the duties on linoleum also as unjust and excessive, for the following reasons: Linoleum is made of ground cork and oxidized linseed oil on a foundation of burlap. As a binder certain so-called pigments are used, viz: Coloring matters, clay, ochers, wood flour, etc. Now, it has been claimed that the specific duty on linoleum of 8 cents, respectively, 20 cents square yard, is to compensate the manufacturer for the duties he pays on the imported articles he uses. But cork comes in free from Spain and Portugal, where Great Britain and Germany also must buy it. Flaxseed is not grown in England and Germany. They must import it from the

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United States, Russia, India, and Argentina to make this linseed oil. Flaxseed is an important crop in this country, estimated for 1912 at 28,000,000 bushels, of a value of \$37,000,000, and in normal years this country exports \$9,000,000 of flaxseed. Linseed oil ought to be cheaper here than in England and Germany, except, perhaps, when the United States flaxseed crop is exceptionally short, as it has been in 1910 and 1911.

The so-called pigments are not higher here than in Europe; ochre is in fact exported from here. Only wood flour, which is an adulterant and not a necessary ingredient of linoleum, is imported to some extent, paying 35 per cent duty.

The only other article entering into the manufacture of linoleum which is dearer here than in England and Germany is burlap, which is imported from Dundee or Calcutta. The Payne-Aldrich tariff reduced the duty on this article, of which the linoleum manufacturers complained at the time, from 45 per cent to $\frac{1}{8}$ cent a pound and 15 per cent ad valorem, or to about 22 per cent ad valorem, without reducing the specific duty on linoleum. At the present prices of burlap the duty amounts to about $\frac{1}{2}$ cents per square yard.

We assert that, except burlap, the cost of materials for linoleum is the same here as abroad.

Labor.—Linoleum is made for the largest part by machinery and involves little skilled labor. In the special machinery used in the mills here very great progress has been made, and this country is in this regard ahead of Europe to-day, especially in the large and extremely ingenious machines making inlaid linoleum, which take the place of many human hands. Very little skilled labor receiving high wages is employed in a linoleum mill. The majority employed is the cheapest kind of immigrant labor.

The census states that in 1909 on a production of oilcloth and linoleum of value \$22,805,000, salaries to the officials, employees in the offices and the selling force, and wages to the workmen amounted to \$3,482,000, equal to $15\frac{1}{2}$ per cent of the value of the production. The census does not show what part of this sum represented the salaries of the officers and managers of the 30 mills in the industry, but everybody knows that in these close industrial corporations generally a large part of the profits is paid out as salaries to the officers and managers, if only to make it appear that the dividends earned are moderate. But estimating the salaries of officials and clerks, reported to number 340 persons, as only \$513,000, or $2\frac{1}{4}$ per cent of the output, that leaves 13 per cent going to wage earners out of a production of \$22,805,000.

We assert that the cost of labor in the linoleum mills of England and Germany is not under the American cost of 13 per cent of the output. Wages in Germany and England have steadily increased during the last five years, and while day's wages are still lower than here, it is conceded that machinery here is run much faster and the output per hand employed greater. An American mill employing 70 hands turns out as many yards as a European mill employing 100 hands. We assert that the cost of labor per yard here is not greater than in England or Germany.

Expenses.—As to other expenses. Coal in the States of Pennsylvania, New Jersey, and New York, where the linoleum mills are situated, is very much cheaper than in England and Germany to-day. The mills here have to pay very light State and municipal taxes, and no direct taxes to the United States Government at all except a trifling corporation tax. In Europe taxation of industrial establishments is very heavy.

In this country there is no legal compulsion to provide funds for sickness, accidents, and old-age pensions of the workingmen, whereas in England and Germany these payments entail a very heavy expense on the mills.

Considering all these facts entering into the cost of production we believe that the present rates of duty on linoleum are entirely excessive.

For some reason that nobody in the trade has been ever able to understand, the Dingley tariff fixed the duty on cork carpet at the practically prohibitive rate of 20 cents per square yard and 20 per cent ad valorem. Cork carpet is made of the same materials and by the same process as linoleum, only the cork is ground coarser and less linseed oil is used. It costs to produce rather less than linoleum. There is absolutely no reason why it should pay any higher duty than linoleum. Linoleum known as granite and linoleum known as oak plank linoleum have to pay under the present tariff 20 cents per square yard and 20 per cent ad valorem although the courts had decided, during the existence of the Dingley tariff, that they are not inlaid linoleum, but properly taxable the same as plain linoleum at 8 cents per square yard and 15 per cent ad valorem. These two kinds are not made by the same process or on the same machines as inlaid. There are no patterns or designs in them, repeated at regular intervals, but simply effects produced by linoleum mass of different colors being

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

spread haphazard on the burlap foundation and treated like plain linoleum. We request that these two kinds of linoleum be put again in the same class as plain linoleum in compliance with the decisions by the United States courts after exhaustive testimony was taken.

Since the present tariff went into effect, importations of these two kinds of linoleum have entirely ceased and the Government has derived no revenue from them.

Over 9 feet wide linoleum pays under the present tariff 12 cents per square yard and 15 per cent ad valorem, and we claim that this is an unjust duty aimed to prevent importations or 12 feet wide goods, which in effect it does prevent. Every manufacturer charges somewhat more per square yard for 12 feet wide than for the ordinary 6 feet wide, and goods of the larger width pay therefore a higher duty per square yard than the narrower width, but there is absolutely no reason for imposing a higher rate of duty on linoleum over 9 feet wide, except to shut out competition.

On inlaid the rate of duty is 20 cents per square yard and 20 per cent ad valorem, amounting on the importations of 1911 to 55.03 per cent. On cheaper grades the duty is 65 to 70 per cent.

When linoleum making was an infant industry in this country, there may have been some reason for imposing high duties on inlaid. Since then the machinery for making inlaid linoleum has been so perfected here, and the whole industry has reached such a state of efficiency, that there is no reason to-day for maintaining an excessive duty, which is driving out competition and diminishing revenue.

According to the census the American manufacturers produced, in 1909, oilcloth and linoleum, \$22,805,000, or 92.3 per cent, and import was \$1,895,000, or 7.7 per cent. These official figures confirm the statement of the importers made before your committee on November 30, 1908, that production was 90 per cent and imports 10 per cent, and flatly contradict Mr. H. A. Potter, who asserted on November 30, 1908, most positively that production was 80 per cent and imports 20 per cent, and reasserted these figures when questioned by Mr. Underwood.

GEO. STABER,

President Germania Importing Co., 41 Union Square, New York City.

NEW YORK, January 24, 1913.

NEW YORK, January 15, 1913.

HON. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: The undersigned, importers and dealers in foreign and domestic floor coverings, wish to present to you their views on suggested changes in Schedule J, paragraph 347, covering linoleum and floor oilcloth. These two articles are used more or less in almost every house in the land, but principally by the poor classes of the population. Import duties which increase especially the cost of the cheaper grades of these articles are therefore a tax on a great majority of consumers, and benefit only a very few manufacturers. We submit that the present high duties on linoleum and floor oilcloth are unreasonable and unnecessary. Linoleum is properly and principally composed of ground cork, linseed oil and jute burlap as foundation. The cork wood is produced principally in Spain, Portugal, and Algiers, and the cost of it in the United States is not higher than in Great Britain or Germany, practically the only countries competing with the United States in the manufacture of linoleum. Flaxseed is not raised in Great Britain or Germany but it is imported from the United States, the Argentine, East Indies, and Russia, whereas in the United States it is raised on a large scale and is regularly exported to a large extent, although for the last two years, owing to the failure of the crop, exports were less than formerly. This year, however, the crop is very heavy, and prices have again reached a normal level. It may be asserted that under normal conditions linseed oil is produced cheaper in the United States than in Great Britain or Germany. The other important item in the manufacture of linoleum and oilcloth is the burlap or jute canvas which forms the foundation of both. This article has to pay an import duty of nine-sixteenths cent a pound and 15 per cent ad valorem, and as it is used in so many American industries the existing duties if lowered in the coming change should give an additional reason why the duties on the manufactured article of which it forms a part should be further reduced. So far as labor is concerned, this is a comparatively small item in the productive cost of linoleum and oilcloth, as the work is done almost entirely by machines, in the perfection of which the American manufacturers have excelled those of Europe. Only a few skilled workmen are employed

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

in a linoleum factory, and the majority of the employees of the American linoleum manufacturers are of the cheapest kind of immigrant labor.

We believe that the present duties can be greatly reduced and still afford ample protection to the American industry, which, in the first place, is protected to the extent of 10 per cent or more by freight insurance, and other necessary expenses incurred in importing foreign goods. As the present Payne-Aldrich bill and the Dingley bill have worked out, the specific duties have borne most heavily on the cheaper grades used principally by the poorer classes, and for that reason the undermentioned proposals eliminate all specific duties and substitute only ad valorem rates. We therefore suggest the new schedule should be as follows, in comparison with the present schedule:

PRESENT SCHEDULE.

Paragraph 347, Schedule J.

Linoleum, corticene, and all other fabrics or coverings for floors, made in part of oil or any similar product, plain, stamped painted or printed only, not specially provided for herein:

If 9 feet or under in width 8 cents per square yard and 15 per cent ad valorem; over 9 feet in width, 12 cents per square yard and 15 per cent ad valorem.

Any of the foregoing of whatever width, the composition of which forms designs or patterns, whether inlaid or otherwise, by whatever name known, and cork carpets; 20 cents per square yard and 20 per cent ad valorem.

Mats for floors made of oilcloth, linoleum, or corticene shall be subject to the same rate of duty herein provided for oilcloth, linoleum or corticene.

Oilcloth for floors, if 9 feet or less in width, 6 cents per square yard and 15 per cent ad valorem.

Over 9 feet in width, 10 cents per square yard and 15 per cent ad valorem.

(a) Cork carpet, so called, being simply a variety of linoleum, the ingredients being exactly the same, the only difference being in the chemical treatment of the linseed oil, there never was any reason for its being classified apart from ordinary linoleum. Cork carpet is cheaper to produce than equivalent thickness or quality of ordinary linoleum, and therefore it should carry no higher rate of duty. We include in this section linoleum known as granite, also linoleum known as oak plank, because neither of these are inlaid linoleum.

(See Treasury Decision No. 25075, *Hunter v. U. S. re Granite*, Feb. 7, 1904; Treasury Decision No. 29208, *Scott v. U. S. re Oak Planks*, July 27, 1908.)

(b) Inlaid linoleum: The rate of duty on inlaid linoleum under the present law has been continued for the past 16 years, during which time great developments and improvements have been made in this class of goods by the American manufacturers. Lower grades than formerly produced are now being made and the cost of production has been greatly decreased, whilst as the outcome of the lowering of the qualities the consumption has greatly increased. On the other hand, the importation has decreased since 1907. The proposed rate of 25 per cent ad valorem is ample protection under the present conditions.

It is impossible at this time to give figures as to the probable increase of importations under the herein-suggested changes. It is believed by us that the American manufacturers can meet by a reduction of their prices a substantial lowering of the present tariff, but, believing that the abolition of the specific duties would permit of the resumption of imports of low-priced linoleums and oilcloths as used by the masses, it is reasonable for us to state that these increased imports would offset the lowering of the present rates and could be expected to result in an increased revenue for the Government.

SUGGESTED NEW SCHEDULE.

Paragraph 347, Schedule J.

(a) Linoleum, stamped, painted, or printed, including corticene and cork carpet, figured or plain, also linoleum known as granite and oak plank, 20 per cent ad valorem.

(b) Inlaid linoleum in which the composing colors go solid through from the surface to the back to form a design or pattern confined in space, and repeated at regular intervals throughout the fabric, 25 per cent ad valorem.

Mats or rugs made of oilcloth linoleum, corticene, cork carpet shall be subject to the same rate of duty herein provided for oilcloth, linoleum, corticene, or cork carpet.

(c) Oilcloth for floors, stamped, painted or printed, 15 per cent ad valorem.

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

According to the last United States census the production of oilcloth and linoleum by 30 mills in the year 1909 amounted to \$22,804,000, of which \$10,844,000 was linoleum. Since 1909 up to the present time the production of these articles, especially of inlaid linoleum, has increased very much, as a number of large new mills have gone into operation.

Assuming that the ratio of increase of production prevailing from 1904 to 1909 has been maintained during the last four years, the total production of oilcloth and linoleum to-day would be \$35,855,000 and of linoleum alone \$20,330,000, as per table at foot. The exports in 1911 of oilcloth and linoleum were \$493,902, whereas the imports of oilcloth in 1912 amounted to the insignificant sum of \$52,246 and of linoleum \$1,866,185, or for oilcloth an insignificant fraction of the United States production and for linoleum amounting to 9.18 per cent of the United States production.

Production	1909	Increase over 1904.	Estimated increase, 1913 over 1909.	Estimate, 1913.
		<i>Per cent.</i>	<i>Per cent.</i>	
Oilcloth, floor.....	\$3,777,000	5.9	4.7	\$3,954,000
Oilcloth, enameled.....	2,265,000	46.9	37.5	3,114,000
Oilcloth, table.....	5,639,000	59.3	47.6	8,323,000
Linoleum, including cork carpet.....	7,850,000	85.8	68.6	13,235,000
Inlaid.....	2,994,000	171.0	137.0	7,095,000
Others.....	279,000	165.3	152.2	134,000
	22,804,000			35,855,000

† Decrease.

Respectfully submitted.

HENRY BEUTELL & SONS, *New York.*
 GERMANIA IMPORTING Co., *New York.*
 GREENWICH LINOLEUM Co. (INC.), *New York.*
 P. O. JUDSON & Co., *New York.*
 A. & M. KARAGHEUSIAN, *New York.*
 SCOTT & WEST Co., *New York.*
 C. H. WEBER, *New York.*

BRIEFS OF THOMAS POTTER SONS & CO.

OILCLOTH AND LINOLEUM.

[Schedule J, paragraph 347.]

There are three distinct articles of manufacture under this heading, all using linseed oil as a basis.

First. Table oilcloth, which is made on a cotton base and appears under paragraph 321 in the cotton schedule.

In all previous tariff laws these goods were specified as oilcloth not otherwise provided for and took a duty of 8 cents per square yard and 15 per cent ad valorem, which made an equivalent ad valorem of over 150 per cent, but in the present law were transferred to the cotton schedule, paragraph No. 321, and the duty here is 3 cents per square yard and 20 per cent, or an equivalent ad valorem of about 45 per cent.

Second. Floor oilcloth, paragraph 347. (Exhibit A.)

Third. Linoleum, paragraph 347. (Exhibits B, C, D, E, F, G, H, K.)

Floor oilcloth and linoleum appear in the flax and jute schedule because the foundation on which they are made is burlap made of jute.

Floor oilcloth is made on imported burlap. (Burlaps, par. 352.) The process is to take linseed oil in its liquid state mixed with ochre and other pigments and build up the fabric with successive coats spread on the burlap with a knife. After the desired thickness is obtained the patterns are printed on the surface and when dried and varnished is ready for the market. These goods, under the Dingley Act, if under 12 feet in width, were 8 cents per square yard and 15 per cent ad valorem and under the Payne Act were reduced to 6 cents per square yard and 15 per cent ad valorem. If

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

over 12 feet in width, were reduced from 20 cents per square yard and 20 per cent ad valorem to 10 cents per square yard and 15 per cent ad valorem.

The commercial widths of floor oilcloth are all practically under 9 feet.

Linoleums are made on a burlap foundation, but the linseed oil is oxidized and brought into a solid mass (Exhibit 1) and is then mixed with ground cork (all cork being imported, but free of duty) and other pigments. This composition is then rolled onto the burlap by passing the burlap and oil compound through heavy calender rolls, the quality and thickness of goods being determined by how far apart the calender rolls are placed.

Linoleums are divided into three classes: Plain, printed, and inlaid. The definitions of these classes are:

First. Plain is a uniform surface of composition of one color rolled on burlap. (Exhibit B.)

Second. Printed is a plain with a design or pattern printed on the surface either by a flat block or roller. (Exhibit C.)

Third. Inlaid: The composition is similar to the two foregoing, but the pattern or design is made of different colored compositions, which go through, or practically through, to the burlap foundation. (Exhibits D, E, F, G.)

The changes in the present law on this class of goods from the Dingley Act were principally in the phraseology.

The two commercial widths of linoleums are 6 and 12 feet. The Dingley Act made the division in width at 12 feet. It was intended that the 12-foot goods should pay a higher rate of duty than the 6-foot goods, but the importers took advantage of this language and cut the 12-foot goods (commercially known as 4-yard sheets) to 11 feet 11 inches and thus imported them under the lower rate of duty. To prevent this palpable evasion of the law Congress made the dividing line 9 feet, thus preventing the fraudulent entering of goods by cutting them 1 inch narrower.

Under 12 feet in width, the duty in the Dingley Act was 8 cents per square yard and 15 per cent ad valorem. The present law did not change this rate of duty.

Twelve feet in width and over in the Dingley Act, the duty was 20 cents per square yard and 20 per cent ad valorem. Under the present law the duty on 9 feet and over was reduced to 12 cents per square yard and 15 per cent ad valorem.

From August 6, 1909, to June 30, 1912, under the Payne Act, there were imported into the United States linoleums under 9 feet in width, 7,504,945 square yards, valued at \$2,320,740.97, and the Government collected in duties \$898,505.29. (Exhibits B, C, H, K.)

Inlaid (Exhibits D, E, F, G).—The Dingley Act fixed the duty on these at 20 cents per square yard and 20 per cent ad valorem. There was no change made in this duty, but the phraseology was changed to correct two decisions of the circuit court, one in Boston and one in New York. After the passage of the Dingley Act there were two new kinds of inlaid linoleum introduced to the trade, known as Plank (Exhibit E) and Granite (Exhibit F) inlaid linoleum. The importers claimed that these were not inlaid, but plain goods. The appraisers at New York said that Granite (Exhibit F) was inlaid linoleum and should pay a duty of 20 cents per square yard and 20 per cent ad valorem. The importers appealed to the Board of General Appraisers, and they sustained the appraisers. Then the importers appealed to the circuit court in New York, and they decided that these goods were plain and admitted them at 8 cents per square yard and 15 per cent ad valorem.

The Plank inlaid (Exhibit E) was entered at Boston. The appraisers at that port classed it as inlaid. On appeal, the Board of General Appraisers sustained the appraisers. On appeal, the circuit court in Boston reversed the board and allowed the goods to come in as plain at 8 cents per square yard and 15 per cent ad valorem instead of 20 cents and 20 per cent.

The same question has come up again under the present law. The appraisers in New York classed Granites as inlaid and were sustained by the Board of General Appraisers. On an appeal to the Customs Court, the decision of the Board of General Appraisers was sustained.

The changes made in the rates on these goods from the Dingley Act were as follows:

Linoleums under 9 feet in width are 8 cents per square yard, 15 per cent. No change. Equivalent ad valorem under present law, 38.7 per cent.

Linoleums over 9 feet in width, reduced from 20 cents per square yard and 20 per cent ad valorem to 12 cents per square yard and 15 per cent ad valorem. Equivalent ad valorem, 61.5 per cent.

Inlaid linoleums are 20 cents per square yard and 20 per cent. No change. Equivalent ad valorem, 54.4 per cent.

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

There was imported into the United States, under the present law, up to June 30, 1912, 14,316,508 square yards of floor oilcloth and linoleum, valued at \$5,745,207.10, from which the Government derived a revenue of \$2,762,448.15.

Besides this, the American manufacturers imported about 60,000,000 square yards of burlap per year, all made abroad. For the three years of the present law they would have imported 180,000,000 square yards, at an average foreign value of 5 cents per square yard, and with an equivalent ad valorem of 28 per cent, the Government would have derived an additional revenue from this industry of \$2,500,000.

Imports in year—	Square yards.	Foreign value.	Duty.
1909.....	5,351,521	\$1,909,339.46	\$984,396.73
1910.....	4,943,381	1,845,046.75	956,901.50
1911.....	5,317,651	2,070,747.35	1,026,883.03
1912.....	4,439,078	1,918,431.00	868,879.51

Under the last year of the Dingley Act, equivalent ad valorem 51.5 per cent. Under the three years of the Payne Act, equivalent ad valorem 48 per cent.

When you take into consideration the fact that this is one of the smaller industries of the country, employing about 5,000 men, and a capital of about \$15,000,000; that the Government derives a revenue from the industry of nearly \$2,000,000 per annum; it would not appear that the duties are either excessive or prohibitive.

Linseed oil has a duty of 15 cents per gallon, and the pigments that we use average considerably over 25 per cent ad valorem. We do not question the right of the committee to place what duties they see fit on the manufactured products of others, which are our raw materials, but when these duties are fixed, we think we should have compensation for this and for the difference in labor and overhead charges.

In regard to labor and overhead charges, we in the United States pay double that of England, and labor is even less on the Continent than it is in Great Britain. A recent advertisement for the sale of a linoleum plant in Antwerp says, among other inducements: "Wages are moderate; on an average of 3 francs for a day's work of 10 hours." The cheapest labor that we can get is from \$1.75 to \$2 for 8 hours.

Since 1894, when the Wilson bill was passed, labor conditions in this country have entirely changed. At that time we could get all the labor we wanted at from \$1.10 to \$1.25 a day for 10 hours, with no extra charge for overtime, but now we have to pay from \$1.75 to \$2 for 8 hours, and time and half time for overtime.

Therefore, since that time labor has doubled in the United States and Europe has not kept up this pace. This increase in labor applies to wages paid for manufacture and affects also the overhead charges, such as building operations, salesman expenses, insurance, etc.

The sales and consumption of floor oilcloth are decreasing, but of linoleum are increasing.

Over 80 per cent of the imports are on lineolums having a foreign value of more than 36 cents per square yard, and over 40 per cent of this quantity is on inlaid having a foreign value of over 60 cents per square yard. These goods are not consumed by the masses, but are used by the people who have money to pay for a good, serviceable article, and they compete with hardwood and mosaic floorings. The introduction of cement floors has largely increased the consumption of linoleum and inlaid. They are used largely by the Government on all vessels in the Navy and Government buildings, and also for courthouses, hospitals, libraries, churches, theaters, restaurants, and hotels.

The act of 1890 (McKinley) was the first act to recognize linoleum by name, as distinguished from floor oilcloth. The dividing line in this act was on value. Goods valued below 25 cents per square yard were 40 per cent ad valorem; over 25 cents per square yard the duty was 15 cents a square yard and 30 per cent ad valorem.

The act of 1894 (Wilson) used the same language as the act of 1890, but placed the duties for goods under 25 cents per square yard at 25 per cent ad valorem, and over 25 cents per square yard at 40 per cent ad valorem.

The act of 1897 (Dingley) did away with the value and made the division on the width, because the wide goods were used exclusively by the rich, the manufacture of which was small in the United States, and the duties under all previous acts did not compensate us for the difference in material and labor used in this product.

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

The most aggressive manufacturer in England is Jas. Williamson & Son, of Lancaster, England. The American representative of those goods is Lyon Bros. & Co., of Baltimore, and their activity in trying to break down the American tariff on linoleum was undoubtedly inspired by their principal in order to make a larger market in the United States for his product.

The British manufacturers have an association, which is very much in the nature of a trust, to control prices in Great Britain and her colonies. Our agent in Great Britain writes us as follows:

"The following are the facts relating to the association of linoleum manufacturers in this country (Great Britain):

"The greatest secrecy is enjoined on all connected with the association, even in small matters, so that it has been difficult to get at the actual facts.

"Each firm issues two price lists, one applicable to Great Britain, British colonies, and possessions, the other to foreign countries, excepting France, Austria, and the United States. The two latter countries are regarded as open markets, and there is a special list for France.

"Qualities are fixed by micrometer gauge; weights are specified for each piece of 50 square yards each gauge; manufacturers employing their own designation of qualities. The price lists are subject to 10 per cent discount, except Government and railroad contracts, these being strictly net.

"No orders are to be accepted where delivery exceeds six months, except in case of Government and railroad contracts.

"New pattern books are to be issued once annually, on September 1, and no jobs or rejects to be offered during that month. Any member having a complaint brings the matter before the notice of the secretary, and in event of the matter not being adjusted, and a dispute arising, the matter is then placed before the arbitrator. He inflicts all penalties, and his decision is final.

"The arbitrator is a man outside of the business and is a prominent member of Parliament."

In conclusion, we submit that the duties in the present law are fair, both from the view of moderate protection and for a revenue basis, and would therefore ask that this paragraph be not disturbed. But in any event, we would ask that the duties be left compound rather than reduce them to all ad valorem.

THOMAS POTTER SONS & Co. (Inc.).
H. A. POTTER, *President*.

Since the enactment of the Payne Act, August 6, 1909, there has been imported into the United States up to June 30, 1912:

LINOLEUMS UNDER 9 FEET IN WIDTH.

	Square yards.	Foreign value.	Duty.
1910.....	2,328,427.79	\$605,716.50	\$227,131.71
1911.....	2,713,149.74	825,169.47	340,826.78
1912.....	2,463,368.32	889,855.00	330,547.71
Total.....	7,504,945.85	2,320,740.97	898,506.20

Equivalent ad valorem, 38.7 per cent.

LINOLEUMS OVER 9 FEET IN WIDTH.

1910.....	181,423.95	\$44,382.00	\$28,429.26
1911.....	326,772.87	82,894.00	51,646.81
1912.....	261,473.16	71,243.00	42,063.23
Total.....	769,669.98	198,519.00	122,139.30

Equivalent ad valorem, 61.5 per cent.

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

INLAID LINEOLUMS.

	Square yards.	Foreign value.	Duty.
1910.....	1,899,477.13	\$1,068,335.00	\$593,562.39
1911.....	1,916,963.33	1,094,378.50	602,428.03
1912.....	1,406,544.62	905,087.00	473,126.31
Total.....	5,222,985.08	3,067,800.50	1,669,116.73

Equivalent ad valorem, 54.4 per cent.

FLOOR OILCLOTH UNDER 9 FEET IN WIDTH.

1910.....	198,050.66	\$37,336.25	\$17,483.48
1911.....	358,525.00	66,861.38	31,540.71
1912.....	251,596.00	50,822.00	22,719.06
Total.....	814,171.66	155,019.63	71,743.25

Equivalent ad valorem, 46.3 per cent.

FLOOR OILCLOTH OVER 9 FEET IN WIDTH.

1910.....	399.00	\$259.00	\$78.75
1911.....	2,241.00	1,444.00	440.70
1912.....	2,096.00	1,424.00	423.20
Total.....	4,736.00	3,127.00	942.65

Equivalent ad valorem, 30.1 per cent.

Grand total for the Payne Act to June 30, 1912.

Lineoleums under 9 feet.....	7,504,945.85	\$2,320,740.97	\$898,506.20
Lineoleums over 9 feet.....	769,669.98	198,519.00	122,139.30
Inlaid lineoleum.....	5,222,985.08	3,067,800.50	1,669,116.73
Floor oilcloth under 9 feet.....	814,171.66	155,019.63	71,743.25
Floor oilcloth over 9 feet.....	4,736.00	3,127.00	942.65
Total.....	14,316,508.57	5,745,207.10	2,762,448.13

Equivalent ad valorem, 48 per cent.

Sundres.

	Duty.	Equi- valent ad valorem.		Duty.	Equi- valent ad valorem.
		<i>Per cent.</i>			<i>Per cent.</i>
Red lead.....	2½ cents per pound.....	64.55	American ocher.....	¾ cent per pound.....	46.85
Litharge.....	2½ cents per pound.....	53.32	China clay.....	\$2.50 per ton.....	36.97
Peruvian ocher.....	¾ cent per pound.....	46.85	Fish oil.....	8 cents per gallon.....	29.72
Wood flour.....	35 per cent ad valorem.....	35.00	Benzine.....	Free.....	.....
Whiting.....	¼ cent per pound.....	43.98	Linseed oil.....	15 cents per gallon.....	27.11
Pigments.....	25 per cent ad valorem.....	25.00	China wood oil.....	Free.....	.....
Varnish.....	do.....	25.00	Bone black.....	25 per cent ad valorem.....	25.00
Lithapone.....	1½ cents per pound.....	41.85	Lampblack.....	do.....	25.00
Driers.....	25 per cent ad valorem.....	25.00	Chinese blue.....	8 cents per pound.....	44.23
Gums.....	Free.....	.....	Prussian blue.....	do.....	44.23
Linseed oil.....	15 cents per gallon.....	27.11	Chrome yellow and green.....	4½ cents per pound.....	35.25
Burlap.....	2½ per cent ad valorem.....	28.00	Venetian red.....	30 per cent ad valorem.....	30.00
Cork.....	Free.....	.....	Barytes.....	\$5.25 per ton.....	21.58
Glue.....	25 per cent ad valorem.....	25.00	Umber.....	¾ cent per pound.....	25.84
British gum.....	1½ cents per pound.....	48.52			
French ocher.....	¾ cent per pound.....	46.85			

PARAGRAPH 347—OILCLOTH AND LINOLEUM

SUPPLEMENTAL BRIEF OF THOMAS POTTER SONS & Co. (INC.).

The importers of linoleums assert that the present duty will only permit the importation of high priced goods and tends to shut out all low priced goods.

We have been unable to obtain any figures from any of the treasury reports published to show what the various prices of the linoleums were entered in 1912 on the 2,463,368 square yards, but we know that in this quantity were included Battleship linoleum, Plain A linoleum and cheap printed linoleums.

If the importers were honest and invoiced these goods at the price in the home market on the day of shipment, which is required by our laws, Battleship linoleums should have been invoiced at 88.45 cents per square yard, Plain A linoleum at 43.35 cents per square yard and D and E printed linoleum at an average of 26.06 cents per square yard.

All linoleums over 9 feet in width are sold in Great Britain at 5 cents per square yard over the price of linoleums under 9 feet in width, but the treasury reports of 1912 show that linoleums under 9 feet in width had a foreign value of 36.1 cents per square yard, while over 9 feet in width the foreign value was 27.2 cents per square yard.

The figures and prices herein mentioned are taken from the foreign price list, copy of which is attached.

If you analyze the imports of 2,463,368 square yards of linoleum at various prices to arrive at the unit of foreign value per square yard for the year 1912, it would figure as follows: 2,463,368 square yards; valued at \$889,855; duty, \$330,546; foreign value, 36.1.

	Square yards.	Foreign price.	Value.	Per cent.
Battleship.....	369,625	88.45	326,933	15
Plain A.....	100,000	43.35	43,350	4
Printed linoleum.....	1,993,743	26.06	519,568	81
Total.....	2,463,368	36.1	889,851	100

This would show that 81 per cent of the linoleums imported are the cheap linoleum made in Great Britain.

According to this division, which we believe to be practically correct, the equivalent ad valorem would be on Battleship linoleum, 24 per cent; on Plain A linoleum, 35.7; D and E printed linoleum, 45.6. The equivalent ad valorem for 1912 for all linoleums over and under 9 feet in width was 38.7 per cent.

In regard to inlaid linoleums the manufacturers in the United States are not yet able to supply the demand for this class of goods, and any duty that is placed on this article will bring a good revenue to the Government. The equivalent ad valorem on this class of goods for 1912 was 52.2 per cent, and for the year the Government derived a revenue of \$473,126.31.

Floor oilcloths.—On account of climatic conditions the material made in Great Britain would not sell in this market at any price. The foreign oilcloths have a soft, leathery feel as against the hard, firm feel of the American product.

The imports on this class of goods are confined almost exclusively to a new product under the various names of Palruba, Parquette cloth, Woodgrain, etc. (Exhibit No. 1), which has come in extensively with the increased demand for carpet rugs. These goods sell at retail in the United States at about the same prices as cheap linoleums.

The foreign value of oilcloths imported for the year 1912 is 20 cents per square yard. The average price of floor oilcloth in the United States is below 20 cents per square yard.

We wish to correct the figures as given by the importers as to the American production as per census of 1909. Of the \$22,804,000, only \$14,904,000 is under paragraph 347. The balance, \$7,904,000, is under paragraph 321 in Schedule I. The exports of oilcloth are confined almost entirely to table and enameled oilcloths. We are unable to compete with Europe in the world's market on account of the low prices of the foreign manufacturers. The labor and expense on floor oilcloth is about 20 per cent; on linoleum about 30 per cent, and on inlaid linoleum about 40 per cent.

THOMAS POTTER SONS & Co. (INC.).
H. A. POTTER, *President.*

PARAGRAPH 347—OILCLOTH AND LINOLEUM.

[All under 9 feet in width.]

PLAIN LINOLEUM.

Gauge.	Weight (pounds 50 yards).	Nairn.			Barry.			Shepley.	
		Grade.	Walton.	Taylor.	Grade.	Walton.	Taylor.	Grade.	Taylor.
8 millimeters.....	800	XXX	5 2	5 0	XXX	5 6	5 0	XXX	5 0
6.70 millimeters.....	690	XX	4 4	4 2	XX	4 7	4 2	XX	4 2
6.35 millimeters.....	650	Med. X	4 1	3 11		4 1	3 11		3 11
6 millimeters.....	610	Med. X							
4.60 millimeters.....	480	X	2 11½	2 10	X	3 2	2 10	T	2 10
4 millimeters.....	430	AA	2 7½	2 6	AA	2 9	2 6	AA	2 6
3.60 millimeters.....	385	A	2 3	2 2	A	2 5	2 2	A	2 2
3 millimeters.....	320	B	2 0	1 11	B	2 0½	1 11	B	1 11
2.40 millimeters.....	250	C			C	1 6		C	1 5½
2.20 millimeters.....	225	E			E	1 4½		SC	1 3½
1.90 millimeters.....	185	X			X	1 2½		M	1 2½
1.70 millimeters.....	165	No.2				1 2½		SM	1 0½
1.20 millimeters.....									
		2 d. extra blue. 1 d. extra other colors.			2 d. extra blue,scarlet. 1 d. extra other colors.			2 d. extra blue. 1 d. extra other colors.	

Discount, 10 and 2½ per cent.

PRINTED LINOLEUM.

			<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>
3.60 millimeters.....		A	2	10		2	10		A	2 7
3 millimeters.....		B	2	4½		2	4½		B	2 3
2.40 millimeters.....		C	1	8		1	8		C	1 7½
2.20 millimeters.....		E	1	5½		1	5½		SC	1 4½
1.90 millimeters.....		X	1	2½		1	2½		M	1 2½
1.70 millimeters.....		No.2	1	1		1	1		SM	1 1
1.20 millimeters.....										

Discount, 10 and 2½ per cent.

CORK CARPET, PLAIN.

Gauge.	Weight (pounds 50 yards).	Nairn.			Barry.			Shepley.		
		Grade.	Brown.	Other colors.	Grade.	Brown.	Other colors.	Grade.	Brown.	Other colors.
8 millimeters....	500	SM'M	3 6		SM'M	3 6	3 8	SM'M	3 6	3 8
6.70 millimeters..	430	A	2 11	3 1	A	2 11	3 1	A	2 11	3 1
4.60 millimeters..	295	B	2 2	2 4	B	2 2	2 4	B	2 2	2 4
3.60 millimeters..	230	C	1 11	2 1	C	1 11	2 1	C	1 11	2 1
2.40 millimeters..	155	Art	1 5½	1 6½				Art	1 5½	1 6½

Discount, 10 and 2½ per cent.

INLAID.

Gauge.	Nairn.		Barry.		
	Grade.	Value.	Grade.	Value.	
		<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
	Super parquet A..	4	6	Super parquet, first.	4 6
	Super parquet B..	3	6	Super parquet, second.	3 6
3.30 millimeters.....	Super parquet A..	3	6	Super parquet, first.	3 6
2.40 millimeters.....	Super parquet B..	3	0	Super parquet, second.	3 0
2 millimeters.....	Super parquet C..	2	4	Super parquet C..	2 6
				Mottle C.....	2 4
				Plank.....	2 4
				Granite.....	2 2

Discount, 25 and 2½ per cent.

PARAGRAPH 348—COLLARS AND CUFFS.

PARAGRAPH 348.

Shirt collars and cuffs, composed of cotton, forty-five cents per dozen pieces and fifteen per centum ad valorem; composed in whole or in part of linen, forty cents per dozen pieces and twenty per centum ad valorem.

COLLARS AND CUFFS.

TESTIMONY OF E. H. BETTS, REPRESENTING THE COLLAR AND CUFF MANUFACTURING ASSOCIATION OF TROY, N. Y.

The witness was duly sworn by the chairman.

The CHAIRMAN. What paragraph do you desire to speak on?

Mr. BETTS. I wish to speak on paragraph 348 of Schedule J. Mr. Chairman, may I ask that copies of this brief [indicating] be put in the hands of each member of the committee?

The CHAIRMAN. Yes.

Mr. BETTS. Mr. Chairman, I come from Troy, and I suppose when I say that you will recognize that I want to talk about collars and cuffs. I want to talk principally about collars, and you may understand that when I say "collars" I mean collars and cuffs.

I have the good fortune to be the vice president of Earl & Wilson, a New York State corporation, which with its predecessors, a copartnership under the same name, has been in the business of manufacturing collars and cuffs for 45 or 50 years.

But I did not come here to represent my own company. The Collar Manufacturers of Troy, and when I say "Troy," I practically say the collar manufacturers of the United States, have appointed a tariff committee of five members, whose names you will see signed to the brief, and I am only the spokesman of that committee.

As is stated in our brief, in one of the earlier pages, in fact, I think, on the first page—our city, Troy and its outlying community, is dependent in a peculiar way on one industry, namely, the collar and shirt business. I do not wish to talk about shirts to-day, however, as they are not in this schedule. But in our factories they are so interwoven with each other that we are all of us in both the collar and shirt business. I wish, however, to devote my remarks to collars. I think it is fair to say that half the population of our community depends for its livelihood on the pay rolls of the shirt and collar factories, and that the city has no other very apparent means of support. We think our industry, therefore, is entitled to consideration because of its relation to the community as well as for its own sake.

I am afraid that there is a good deal of misunderstanding about collars. I think I can explain the facts very briefly. We may say that the collar business of the United States can be divided into two main groups. There are collars that retail for 25 cents each and more. Then there are collars which retail at two for 25 cents and less. Broadly speaking, the 25-cent collars are linen and the cheaper collars are cotton. When I say "a linen collar" I do not mean a collar that has every thread linen. In speaking of collars, a collar which has one ply of linen is known as a linen collar, and comes under the classification of linen in importations and in trade.

PARAGRAPH 348—COLLARS AND CUFFS.

I wish to talk briefly about the two-for-a-quarter collars, not the linen collars. I should like to say here, if I may, in explanation of the attitude which some of you gentlemen may be familiar with, of the representatives of our industry at previous tariff hearings, that we have always asked that the present high rate of duty be maintained. We come before you to-day and concede that a lower duty would not bring great disaster upon us, and therefore I wish to talk with you not as to whether there shall be a reduction in duty, but how much reduction in duty. We have prepared our brief with that in mind.

Mr. PALMER. You mean how little?

Mr. BETTS. It depends upon whose point of view it is. We prepared our brief, following the instructions of this committee, very carefully, and hope that we put it in a light to show you that we have tried to get your point of view, and we want to give you our point of view.

Our business has undergone a change in recent years, and, as I say, we are able to get along with less protection, if I may use that offensive word, Mr. Chairman, than what we formerly had. But I wish to make this point very plain, sir. I noticed that some of you gentlemen are looking at bulletins probably of importations, and if you will look, I think it is the second page of our brief, you will see that information is transcribed, you might say, in A B C language. You will notice that there are some importations of cotton collars, but that they do not amount to anything. I think it is something like 7,000 dozen a year. If you will look at the average value of those collars you will see that they come in at a value of a little less than 92 cents per dozen. Collars brought into this country at 92 cents a dozen and paying a rate of duty of 45 cents and 15 per cent, as they do, their price would be so raised that it would be impossible to sell them at a popular price. By that I mean two for a quarter. Therefore, those cotton collars must not be considered as the cotton collars that will come in under any competitive rate of duty, whether it is the one which you suggest or the one which I suggest, or something else. I want that to be very clear.

Mr. Chairman, it is a fact, and I will have samples—unfortunately they have been delayed in transit: they are on the water somewhere—which prove the statement I make that collars of a quality that will favorably compete with our two for a quarter collars can be manufactured and sold at a manufacturer's profit, and are to-day being manufactured and sold in Germany and other European countries not at 92 cents a dozen, the present average import price, but at prices ranging from 50 to 60 cents a dozen, a price at which we can not compete because of the great difference in the cost of production due to the difference in the rate of wages.

Mr. HARRISON. How do you account for the unit of value being, as you say, 92 cents a dozen. Is that because only some special kinds come in?

Mr. BETTS. I think it must be so, Mr. Harrison. Those collars are being sold not at a popular price, but at 25 cents apiece, and more, and they compete not with cotton collars, but with linen collars.

Mr. HARRISON. The popular price in Germany being about 45 or 50 cents a dozen?

PARAGRAPH 348—COLLARS AND CUFFS.

Mr. BETTS. The manufacturer's price, yes; at his factory door. I might say, by way of explanation, that you might notice that if you go into a store in Germany you pay practically as much for a collar as you do in America, and yet there is a difference of substantially 30 cents a dozen in the cost of production. But it is a fact that the German and English and other European methods of distribution eat up all that 30 cents which they save in production. That is a difference, which I will explain if you like, but I believe you will not care to hear it.

The CHAIRMAN. That is a rather remarkable condition. Most of the witnesses who come before us contend that even the cost of distribution is higher in this country than abroad.

Mr. BETTS. Their system of distribution is totally different. Twenty-five or 30 years ago in this country we made collars to order for every haberdasher. We carried a stock for all the customers on our books with their brand on them, and when they wanted collars they sent for them, and when they did not want them we kept them, sometimes two or three years, and when they went out of business we could not sell them to anyone else. That was an enormous drain on the cost of manufacture.

In America collars are sold by trade-mark. Aggressive business methods, advertising, have forced that condition on the retail dealer, and any one of you gentlemen has on, I dare say, a well-known trade-marked collar. That is where we make a big saving over the foreign method of distribution.

Mr. HARRISON. At what prices are the American collars sold by the manufacturer with which these German collars selling for from 40 to 50 cents a dozen would come in competition in our market?

Mr. BETTS. Sold by the manufacturer?

Mr. HARRISON. Yes.

Mr. BETTS. If, as some of us are, we are strictly manufacturers, and sell our collars to the jobber, the customary price of these collars is 85 cents a dozen. Most of us, however, act as our own jobbers, and then we sell our collars at \$1.10 a dozen, less 6 per cent. Of course it costs us money to sell them, and we are substantially not much better off than the man who sells to a jobber.

Mr. HAMMOND. Is that custom of distribution maintained in Germany now the custom of which you speak?

Mr. BETTS. Yes.

Mr. HAMMOND. Of manufacturing for individual dealers?

Mr. BETTS. Yes; in Germany and, so far as I know, in all European countries. So, I wish to make it very clear that when you come to sit down and make a rate of duty on collars, if you look at 92 cents a dozen, the present average import price, and you say, "Well, 25 per cent on that ought to be all right," you will be making a mistake. You want to remember—and I can prove to the committee, and I propose, if you will let me, to file samples—that the average price of importation is going to be about 55 cents. I hope that is perfectly clear. It is the most important thing I have to say to this committee, but I have some more to say.

The CHAIRMAN. Will you say it over again, Mr. Betts?

Mr. BETTS. When you proceed to put a rate of duty on cotton collars, and you look at 92 cents as the import price, and you say 25

PARAGRAPH 348—COLLARS AND CUFFS.

per cent is 23 cents per dozen and a fraction, that looks reasonable. But if you look at it with 50 or 55 or 60 cents as the import price, and then say 25 per cent, you are going to give us something between 13 and 14 cents a dozen protection.

Mr. PALMER. You mean under the reduced rate of duty on the cheaper collars that come in?

Mr. BETTS. No; any competitive rate of duty which will allow foreign collars to come in to be sold for popular prices. They are going to come in here at about 55 cents a dozen.

Mr. PALMER. According to the figures I have before me, the unit of imports is about \$1.37.

Mr. BETTS. That is on linen collars. I am not talking about linen collars.

Mr. PALMER. You are talking now about cotton collars?

Mr. BETTS. Yes, sir; about cotton collars, retailing two for a quarter.

Mr. HAMMOND. Where did you get your figure of 92 cents a dozen?

Mr. BETTS. That is the average value of the present importation. That is, the average value of the present importation is 91.7 cents per dozen. There are about 7,000 dozen a year being imported.

The CHAIRMAN. What do you say the cost price is to the manufacturer? Coming from Troy, I suppose most of it is being manufactured in your own city and the cost price ought to be pretty uniform?

Mr. BETTS. Yes.

The CHAIRMAN. What is the cost price for cotton collars in Troy?

Mr. BETTS. Seventy-nine cents is a fair average price.

The CHAIRMAN. Seventy-nine cents?

Mr. BETTS. Yes, sir; that is, without any manufacturer's profit.

The CHAIRMAN. You say on that same class of collars the manufacturer's price in Germany is how much?

Mr. BETTS. I think it is 50 cents, but I am prepared to say that it will run from 50 to 60, and that is the statement I wish to make—an average of 55 cents.

The CHAIRMAN. Then, according to that statement, if it was 60 cents, 20 cents a dozen on cotton collars would absolutely equalize your difference in cost, or, to be exact, if it was 60 cents, 19 cents would equalize the cost? If they cost 50 cents, 29 cents will equalize the difference in cost?

Mr. BETTS. Yes.

The CHAIRMAN. That would be less than 40 per cent ad valorem, would it not?

Mr. BETTS. If you do not mind, Mr. Chairman, I would like to proceed with this, because there are some other factors that make up this matter of competition, and I think I can answer questions as I proceed.

Mr. HAMMOND. I do not understand that 92 cents yet. How does it happen that the import price is 91 cents and a fraction if the collars are actually bought at 55 cents a dozen?

Mr. BETTS. I do not say they are the 55-cent quality; they are higher priced but are classified as cotton.

Mr. HAMMOND. I see. The cheaper goods do not come in now?

Mr. BETTS. No, sir; they are prohibited from coming in by the tariff.

PARAGRAPH 348—COLLARS AND CUFFS.

Mr. HAMMOND. I see.

Mr. JAMES. What would be the effect of the rates you advocate before the committee?

Mr. BETTS. I am coming to that. Can I answer that when I come to it, or shall I answer it now?

Mr. JAMES. You may answer it now, if you prefer.

Mr. BETTS. I would rather answer it a little later on. As we understand the purpose of your committee, it is to draw a bill with a competitive rate of duty, and the Underwood bill carries a rate of 25 per cent. Now, naturally, we tried to find in our own minds why you made it 25 per cent instead of something else, and we looked back over the history of tariff legislation on collars, and we saw that under the Wilson bill, 20 years ago, there was a rate of 40 per cent on cotton collars. Under the Wilson bill a good many collars came into this country, but no cotton collars, even at 40 per cent, and the reason of that is that there were no cotton collars; that is, no great quantity of cotton collars made either at home or abroad in those days. The collar business was a linen-collar business in those days. So that if the Wilson bill rate of 40 per cent were now in force we would see an abundance of cotton collars seeking our market.

Mr. HULL. Have you said what proportion of the cost of production is labor cost?

Mr. BETTS. I think we have stated in there the labor cost, in cents per dozen, and it would be easy to figure it in per cent of total cost—42 cents. The statement in our brief is that the cost of labor is—

Mr. FORDNEY. 42 cents out of a total cost of 79?

Mr. BETTS. Yes, sir. It is a simple matter of arithmetic to work it out. I believe that this rate proposed in the Underwood bill—25 per cent ad valorem or $13\frac{3}{4}$ cents per dozen, would bring a severe misfortune to our community. We could not sell collars of an equal quality in competition with the foreign collars that come in. The importer would have his pick of our market. He would not have it all, of course. He would have his pick and we could take what he did not want.

The CHAIRMAN. Let me ask you there right on this point. You gave 50 cents as the lowest rate, but you said you would guarantee they could be bought at 60 cents?

Mr. BETTS. No; I beg your pardon, Mr. Underwood. At an average of 55 cents I am prepared—

The CHAIRMAN. I am just figuring it at 60 cents. If you can make them at 79 cents a dozen and it cost 60 cents a dozen to make them over there, excluding any cost of transportation and insurance coming in here, 19 cents a dozen would equalize the difference in cost of production at home and abroad, and it is covered absolutely by a 24 per cent ad valorem tariff rate. A 24 per cent tariff rate would exactly cover that difference, would it not?

Mr. BETTS. As I figure it, 25 per cent on an average valuation of 55 cents a dozen would give us $13\frac{3}{4}$ cents a dozen protection.

Mr. PALMER. Let me put it in this way: If the 19 cents would cover the difference in cost of production, why do you ask for a rate which would be equivalent to 38 or 40 cents a dozen, just twice as much?

PARAGRAPH 348—COLLARS AND CUFFS.

Mr. BETTS. I have it here in my argument, but I will answer it now.

Mr. PALMER. It would add to the difference in the cost of production a reasonable profit to the American manufacturer?

Mr. BETTS. Seventy-nine cents includes no profit to the American manufacturer.

Mr. PALMER. But 19 cents covers the difference in cost of production, according to your statement?

Mr. BETTS. No; 24 cents—55 cents average value. I am prepared to see those collars come in at 50 cents. I am sure that they will come in at 55, but I expect them at 50.

Mr. PALMER. If they come in at 55—of course, that is the foreign cost, is it?

Mr. BETTS. The manufacturer's profit is in there.

Mr. PALMER. Can you not give us per dozen the difference in labor cost here and abroad?

Mr. BETTS. I have it in my brief, sir. It is 30 cents.

Mr. PALMER. Thirty cents a dozen?

Mr. BETTS. Yes.

Mr. PALMER. Then, if in fixing your rate at 30 cents a dozen and 15 per cent ad valorem you are equalizing the difference in cost of production with the 30 cents, why are you putting a 15 per cent ad valorem in? Is that to cover your cost?

Mr. BETTS. No, sir. The American public, in my opinion—and I feel sure I am right in saying that the American public—is less prejudiced against purchasing foreign articles than any purchasing public in the world, and a collar stamped "imported" has a call in many stores and by many consumers or wearers of collars.

Mr. PALMER. And that you do not want to come in?

Mr. BETTS. We are willing, sir, under the policy which we suppose is to be followed in framing this bill, to see a reasonable amount of collars come in.

Mr. PALMER. You have said that 30 cents a dozen will cover the difference in cost of production?

Mr. BETTS. Yes.

Mr. PALMER. But you have suggested a rate of 30 cents per dozen and 15 per cent ad valorem?

Mr. BETTS. Yes, sir.

Mr. PALMER. If the 30 cents per dozen covers the difference in cost of production, why do you ask for the 15 per cent—to keep the foreign article out? to make the rate prohibitive?

Mr. BETTS. It is the opinion of the committee which I represent, and we have given it careful thought, that at the rate we recommend there will be importations within a year or so of at least 300,000 dozen collars and that there will be a margin enough of profit in it for the foreign manufacturer and for the retailer to put them in his store alongside of our collars, and they will be sold at two for a quarter.

Mr. PALMER. Why do you not just fairly and frankly answer my question?

Mr. BETTS. I thought you wanted an explanation, sir.

Mr. PALMER. You say the difference in cost of production is 30 cents a dozen?

PARAGRAPH 348—COLLARS AND CUFFS.

Mr. BETTS. Yes.

Mr. PALMER. You have suggested a rate of 30 cents per dozen, plus 15 per cent ad valorem?

Mr. BETTS. Yes, sir.

Mr. PALMER. The 30 cents a dozen is evidently made to cover the difference in cost?

Mr. BETTS. Yes.

Mr. PALMER. What is the 15 per cent ad valorem intended to do?

Mr. BETTS. That is intended to offset somewhat the importer's advantage of us in merchandising his product in this country.

Mr. PALMER. In other words, it is intended to make the rate prohibitive?

Mr. BETTS. No, sir.

Mr. JAMES. I suppose you asked that 15 per cent, following the Bible saying, "Ask much that your joy may be full." Is that right?

Mr. FORDNEY. May I ask you, to see if I understand you right—you say that the import price, which is 55 cents, includes a profit to the foreign manufacturer?

Mr. BETTS. Yes.

Mr. FORDNEY. Your cost is 79 cents?

Mr. BETTS. Yes, sir.

Mr. FORDNEY. The difference in cost here and abroad is 30 cents. Did I get that right? Therefore, their foreign cost is 49 cents a dozen, and when they sell at 55, that gives them 6 cents per dozen for delivery and profit?

Mr. BETTS. That is the way I understand it.

Mr. FORDNEY. Forty per cent on their cost of production would come nowhere near offsetting the difference in cost here and abroad, would it?

Mr. BETTS. Of course, we would regard—

Mr. FORDNEY. That would be practically 20 cents.

Mr. BETTS. We would figure it on their invoice price.

Mr. FORDNEY. Forty per cent ad valorem, or 40 per cent of their cost. If you base it on their cost, 49 cents, or say, 50 cents, 40 per cent of that would be 20, and that would run it up to 70 cents. You are still 9 cents behind them, then?

Mr. BETTS. I am willing to concede that these collars will be invoiced at 55 cents, and to figure on the basis of 55 cents invoice price. Forty per cent on 55 cents—I am not much on mental arithmetic—would be—

Mr. PALMER. Twenty-two and one-half cents.

Mr. FORDNEY. Twenty-two and one-half cents. That would be 77. Then your actual cost being 79, you are still behind them, then, because this 55 cents includes their profit?

Mr. BETTS. Yes.

Mr. FORDNEY. But the 79 cents cost does not include your profit?

Mr. BETTS. That is right.

Mr. FORDNEY. Therefore you have got to have more than 50 per cent to offset the difference in cost and put you on a fair competitive basis with them in our market. Is not that right?

Mr. BETTS. That is why we have asked for the rates we have, to get on a fair competitive basis.

PARAGRAPH 348—COLLARS AND CUFFS.

Mr. HAMMOND. I can not see how you can make it possibly more than 45 per cent. If the goods cost 55 cents a dozen, that is, the invoice price, and you can make them for 80 cents a dozen, the difference is 25 cents.

Mr. BETTS. Yes.

Mr. HAMMOND. And 25 cents is 45 per cent of the 75 cents—the invoice price?

Mr. BETTS. But our German friend has had his profit out of the 55 cents, but we have had nothing out of the 79 cents.

Mr. FORDNEY. That was the point I was trying to make.

Mr. HAMMOND. You mean that the cost of production is below 55 cents?

Mr. BETTS. Yes; I say that is his selling price, not his cost price.

Mr. HAMMOND. And 80 cents is your selling price?

Mr. BETTS. No, 79 cents is our cost price, 85 cents is our selling price.

Mr. HAMMOND. Do you know what his cost price is?

Mr. BETTS. I can not swear to it, sir. I believe that it is about 50 cents.

Mr. PALMER. Mr. Fordney need not be unduly alarmed, because the rate that you suggest, 30 cents a dozen and 15 per cent ad valorem, is 69 per cent on the 55 cents.

Mr. BETTS. I have not figured it out yet.

Mr. FORDNEY. I did not know what rates he had suggested. I was not speaking on that.

Mr. PALMER. I thought you were fearing that the 40 per cent rate would not take care of him.

Mr. FORDNEY. I did not know what rate he had asked for.

Mr. BETTS. If you do not mind, I should rather talk in cents per dozen on account of this difference in the present import price and probable import price.

Mr. JAMES. You want just twice as much as the difference between the import price and the cost of producing the articles?

Mr. BETTS. I did not so figure it.

Mr. JAMES. Thirty-eight and one-fourth per cent. Our friend Fordney figures you out twice as much as you want.

Mr. FORDNEY. No; I have not figured out any more than I should like to see him have.

Mr. KITCHIN. Mr. Betts, to get at this industry, what it means and what it is, I wish to ask you some questions. How much is the annual American output of cotton collars and cuffs, in your best judgment?

Mr. BETTS. In my best judgment it is about \$12,000,000.

Mr. KITCHIN. \$12,000,000. That is just the amount made in Troy, is it not?

Mr. BETTS. Yes, sir; but that is practically all there is.

Mr. KITCHIN. They make about 95 per cent?

Mr. BETTS. They make about all of it.

Mr. KITCHIN. Are there any made in New York City?

Mr. BETTS. There are a few.

Mr. KITCHIN. There are some big establishments in New York City, are there not?

PARAGRAPH 348—COLLARS AND CUFFS.

Mr. BETTS. I do not think there are, making that class of collar, sir.

Mr. KITCHIN. I understood that the production was about \$15,000,000 annually of cotton collars and cuffs. You say it is about \$12,000,000?

Mr. BETTS. I think that is it.

Mr. KITCHIN. It has been running for the past 15 or 20 years between \$8,000,000 and \$12,000,000, has it not?

Mr. BETTS. I have not compiled any figures of the past history, but that sounds reasonable.

Mr. KITCHIN. There has not been at any time within the last 20 years as much as \$25,000 worth of collars and cuffs imported into this country in any one year, has there?

Mr. BETTS. Not cotton collars.

Mr. KITCHIN. I mean the articles we are talking about now. So, actually in the last 25 years the home manufacturer sold out of every \$500 worth about \$499.50, and the foreigner sold in the last 25 years less than 50 cents out of every \$500 worth. That is about right, is it not?

Mr. BETTS. It sounds reasonable. I have not figured it.

Mr. KITCHIN. And last year they imported a little less than \$7,000 worth and your industry made here \$12,000,000 worth?

Mr. BETTS. Yes, sir.

Mr. KITCHIN. So that out of every \$2,000 worth of collars sold to the American people the home manufacturers sold about \$1,999 and the importer sold about \$1? The Troy manufacturers sell to Canada, do they not?

Mr. BETTS. Somewhat.

Mr. KITCHIN. And England and France also compete with your collars, do they not?

Mr. BETTS. In Canada?

Mr. KITCHIN. Yes, sir.

Mr. BETTS. There are English collars in Canada. I do not know of any French collars.

Mr. KITCHIN. England makes collars?

Mr. BETTS. Yes.

Mr. KITCHIN. You sell a pretty good product in Canada, do you not? You sell a great many more in Canada than are imported into this country from all the world?

Mr. BETTS. Of cotton collars.

Mr. KITCHIN. That is what I am talking about. If it costs you so much more to make them here than it does anywhere else, say, in England, how can you compete with England and sell any collars to Canada when England has a 33½ per cent preferential duty in her favor against us?

Mr. FORDNEY. Does that preferential rate apply to collars and cuffs?

Mr. KITCHIN. Everything.

Mr. FORDNEY. No; it is not on everything.

Mr. KITCHIN. Yes; on collars and cuffs, too. We want to know the facts.

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Mr. FORDNEY. But pardon me, my dear friend, if the rate is 33½ per cent—

Mr. KITCHIN. This gentleman should know the facts. I am just asking these questions because he is willing to tell us. You do compete with England. Now then, if England is making cheaper goods than you say it is possible for you to make, how can you compete over in Canada when England has a preferential duty in her favor when you have to pay the whole tariff and she has to pay only two-thirds of it?

Mr. BETTS. I do not think it is fair to say that we compete with England. I do not think the amount of our business in Canada is sufficient to justify that statement.

Mr. KITCHIN. They have a pretty high tariff on goods going into Canada.

Mr. BETTS. Thirty-seven and one-half per cent.

Mr. KITCHIN. And yet you can sell your collars in Canada to the consumers there, you paying 37½ per cent tariff, in competition with all the world?

Mr. BETTS. They pay more for our two-for-a-quarter collars in Canada than they do in America.

Mr. KITCHIN. They pay more for your collars because they are superior to their collars?

Mr. BETTS. I would not say that.

Mr. KITCHIN. Do not our people here buy your collars in preference to the foreign collars because they are superior?

Mr. BETTS. I do not think our business going into Canada is sufficient to talk about. Let me explain. Perhaps this will throw a little light on it. There are many Americans, United States citizens, who move to Canada, and no doubt they take their preference for American goods with them.

Mr. KITCHIN. If they take their preference for American goods with them when they move to Canada, why would not the Americans who live here have a preference for American goods also over foreign goods?

Mr. BETTS. We hope that they will.

Mr. KITCHIN. It looks as though about nine hundred and ninety-nine and nine-tenths out of every one thousand of them have been having a preference for your collars under this tariff.

Now, there is another thing I wish to ask you about: What part of the American output of cotton collars and cuffs is exported?

Mr. BETTS. I do not know it in figures.

Mr. KITCHIN. We do export considerable, do we not?

Mr. BETTS. No considerable quantities.

Mr. KITCHIN. Has not the Troy Association of Collar and Cuff Manufacturers a house in London?

Mr. BETTS. No, sir.

Mr. KITCHIN. Have they not an agency in London?

Mr. BETTS. There is one Troy manufacturer who has an agency in London.

Mr. KITCHIN. But he sends collars to London, and they are distributed from there to the export trade of the world, wherever he can get sales, are they not, and he sells everywhere, does he not?

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Mr. BETTS. He sells everywhere he can.

Mr. KITCHIN. Everywhere he can?

Mr. BETTS. Yes.

Mr. KITCHIN. And so he sells them in London in a free-trade market in competition with German goods, French goods, and goods made in any other country, does he not?

Mr. BETTS. He sells very few.

Mr. KITCHIN. Oh, I know, but he would not have this agency over there if he did not make money out of it, and he would not make money out of it unless he was competing with other nations, would he?

Mr. BETTS. I believe he has figured a profit, but I know his business is very small.

Mr. KITCHIN. Is it not a fact that we export collars into Germany, into France, into England, and other countries every year, and they are sent right from Troy there?

Mr. BETTS. Not that I know of, into Germany or France.

Mr. KITCHIN. But they do in free-trade England, where Germany and France have the same terms of competition that we have. They all go there together and compete with each other. Now, then, if we can compete with them in France, send our collars across the water, pay the freight on them, have a commission house there, pay a commission, and sell there in competition with Germany, France, and other nations, why is it not possible that we can sell right here at our own doors to our own people, in competition with Germany, France, and England, when they have got to come over here and pay the freight across the water, establish their agencies, and pay their commissions? That is a proposition I have never been able to understand in regard to manufacturers. I know there is some reason for it, but how can they do it? If you can compete there and pay the freight, how can they come back here in our home market and compete with you? I understand we are not putting this on the free list, but I want to ask you how they can compete with you even if they were on the free list?

Mr. BETTS. The answer is that we really are not doing it. The amount of our business that we are doing that way amounts to nothing.

Mr. KITCHIN. It amounts to enough to keep an American agency over there, or an American house over there, from Troy. How long has it been established there?

Mr. BETTS. I do not know.

Mr. KITCHIN. For years and years, has it not?

Mr. BETTS. I think not over two years.

Mr. KITCHIN. So, then, our exports are so increasing in the last few years that we have established an agency there, and it is not an old thing?

Mr. BETTS. Not an old thing.

Mr. KITCHIN. So it looks like our powers of competition have been increasing of late.

Mr. BETTS. Mr. Kitchin, I am a manufacturer, and I could never figure out a profit in doing that.

Mr. KITCHIN. Then you all do it as a matter of philanthropy? You do not lose any money on it, do you?

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Mr. BETTS. It is not my establishment there.

Mr. KITCHIN. You do not mean that they lose money on it over there? What is your judgment? I know you do not run the establishment.

Mr. BETTS. I do not think they have made any money on it yet. I doubt if they will for a long time to come.

Mr. KITCHIN. If we keep this tariff up so prohibitive that nobody can have any competition with you here, you will make enough profit here at home after awhile to establish agencies all over the world and give foreigners in other countries cheaper collars and cuffs than to our own people, will you not?

Mr. BETTS. But do not forget that we have competition among ourselves.

Mr. KITCHIN. Suppose we were to reduce this 25 per cent, in your judgment how much would it increase importation?

Mr. BETTS. We have made an estimate in our brief that within one or two years there will be foreign importations of substantially 1,000,000 dozen, and that within a very few years after that it would increase rapidly. I do not know how far it would go.

Mr. KITCHIN. Is Germany your greatest competitor?

Mr. BETTS. I think Germany would be our greatest competitor.

Mr. KITCHIN. I know, but is it your greatest competitor, say, in England, or where you are exporting—to England or Canada?

Mr. BETTS. I am not very familiar with conditions in England, sir.

Mr. KITCHIN. Do you have any idea how many collars and cuffs Germany exports to England?

Mr. BETTS. No, sir.

Mr. KITCHIN. Do you have any idea how much she exports at all?

Mr. BETTS. No, sir.

Mr. KITCHIN. So you do not really know whether Germany is making collars cheaper than anybody else? You do not know whether she is competing with you in England? You do not know whether she is exporting a dollar's worth, do you?

Mr. BETTS. Yes, sir.

Mr. KITCHIN. You say you do not know what her total exports were to France or England?

Mr. BETTS. I do not know how much.

Mr. KITCHIN. Do you know whether she is exporting as much as \$100,000 to all countries of the world?

Mr. BETTS. I believe she is exporting a good deal.

Mr. KITCHIN. Do you believe that Germany is exporting half as much as America is in cotton collars and cuffs?

Mr. BETTS. I think they are exporting much more than America.

Mr. KITCHIN. Where do they go to?

Mr. BETTS. They go to England.

Mr. KITCHIN. They go to England, some of them, and that is where you meet their competition? And you export to other countries?

Mr. BETTS. Some of them go to South America.

Mr. KITCHIN. Does not your Troy factory send some to South America?

Mr. BETTS. Not to amount to anything.

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Mr. KITCHIN. But you do not know whether Germany sends any to amount to anything? Whatever you do send down there meets German competition in South America, does it not?

Mr. BETTS. I would not say so.

Mr. KITCHIN. You send some down there?

Mr. BETTS. Yes.

Mr. KITCHIN. South America does not give you any better terms to get into her country than it does Germany?

Mr. BETTS. I do not believe we sell to anyone but the American tourists there in South America.

Mr. KITCHIN. It looks like we are selling them in Canada in competition with Germany; we are selling them in England in competition with Germany; and we are selling them in South America in competition with Germany. Do you not think you could stand a little bit lower cut than you have suggested in your brief?

Mr. BETTS. It all depends on how much you want to take away from us. I do not come here with any scare story, that we are going to go into a decline, and will have to put up the shutters. But all the foreign collars that come in here are going to take them away from Troy. You have the making of the duty; I have not.

Mr. KITCHIN. Have you ever thought about this: You know you have not had any competition in 25 years—maybe you have not had any in 50 years, but I know that in 25 years you have not had. You have sold \$2,000 worth here to the foreigners \$1. Have you ever thought about this, that if you had a little more competition at home you gentlemen would not have to be looking to gentlemen like my friend Brother Fordney, Brother Payne, and Brother Hill to fix a law to guarantee your profits and keep your profits up, but would have to look to your own industry and your own resources—and competition would make you do that—the prices would fall a little and then more people would buy collars, and your volume of business would be greater because of the competition that would be forced upon you? Although you would be making less per dozen you would make more on the volume of your business, because the cheaper price would make people buy more, and consume more? Have you ever thought about that?

Mr. BETTS. We have competition among ourselves which furnishes all that stimulation.

Mr. KITCHIN. I know; but when you have a tariff law that absolutely prohibits foreign competition and where all the production is by about 30 factories in one town, like Troy—I do not say that you have done it, but you can do it—with the telephonic communication so accessible, if you wanted to take advantage of any tariff rate you could in 24 hours phone to every one of them and have the prices fixed, and thereby hold up the American consumer to the world's market price, plus the tariff. This would be so easy.

Mr. BETTS. In my time, and that is about 15 years, there has been no attempt—

Mr. KITCHIN. I do not say there has.

Mr. BETTS. There has been no attempt of any kind in the collar business to do that, and it has always been regarded unfavorably.

Mr. KITCHIN. But it would be mighty tempting, would it not? It is mighty tempting when you have not any foreign competition, and

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you are all so close together you could do it; and sometimes it has tempted you people to do it, has it not?

Mr. BETTS. Not in my time.

Mr. KITCHIN. I am glad you have not. I believe you have competition there and have given us a cheap collar, and I think you can make your collars so cheap that you need not fear destruction of your industry under the Underwood tariff of 25 per cent ad valorem, but that you will have a little more competition.

Mr. BETTS. That is where you are mistaken. That rate is too low. That does not give us a chance.

Mr. KITCHIN. I am afraid you are unduly alarmed. You have had the markets here for 25 years absolutely, as a monopoly. It does not look to me like you people should worry. You might let \$1 out of every \$200 go to the foreigner. That is all that would probably be done, I think, under this 25 per cent duty; but it will prevent you people from getting together sometimes and piking up the price to the public.

Mr. PAYNE. Mr. Chairman, who is the witness here? The gentleman from North Carolina is talking a great deal, it seems to me.

Mr. KITCHIN. Troy is in your State, is it not? I was just trying to find out about an industry in your State.

Mr. FORDNEY. Since Mr. Kitchin has finished, you and I can get in a word edgewise.

Mr. KITCHIN. I have learned a good deal about the industry. I did not know anything.

Mr. FORDNEY. You have told him a great deal about the industry. He started out to tell you that the differential in the tariff on English goods going into Canada was $33\frac{1}{2}$ per cent lower than yours. It is $12\frac{1}{2}$ per cent. I tried to tell Mr. Kitchin that at that time. I have the English tariff law here, and that is it.

Mr. KITCHIN. How much is it, brother Fordney?

Mr. FORDNEY. Twelve and one-half per cent difference. Twenty-five per cent is their rate, and ours is thirty-seven and one-half per cent.

Mr. KITCHIN. Is not that $33\frac{1}{2}$ per cent difference? Is not that just what I said?

Mr. FORDNEY. That is not what you are talking about.

Mr. KITCHIN. It is. England pays 25 and we pay $37\frac{1}{2}$. That is all.

Mr. FORDNEY. I did not understand. Thirty-three and one-half per cent—

Mr. KITCHIN. Difference.

Mr. FORDNEY (continuing). Of the value of the goods.

Mr. KITCHIN. No; a $33\frac{1}{2}$ per cent differential in her favor. That is, we pay the whole tariff and England pays two-thirds.

Mr. FORDNEY. If that is your contention that is right. But when he speaks about your association I will say there was a gentleman here a little while ago from the South who makes oil cakes.

Mr. KITCHIN. Are you an expert on oil cakes?

The CHAIRMAN. I will ask the gentlemen to confine themselves to the subject matter, the question before us.

Mr. KITCHIN. I wish to see whether it is pertinent or not.

Mr. FORDNEY. The gentleman said nothing to a Southern man who was asking for free trade material going into bags for bagging oil

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eakes or corn meal. He said nothing about that, although that gentleman represented an association. But every time a man comes on the witness stand that belongs to an association that has an annual or semiannual dinner it is said he is having those dinners for the purpose of conspiring to put up prices, when he is asking for protection. He has referred to Mr. Payne and myself as keeping your pockets lined with the silver and the gold and the greenback. I would say to you, and I would say to Mr. Kitchin this: At all times, if it were in my power, I would give adequate protection not only to my industry but to Mr. Kitchin's industry if it were in any business—except in politics. I would give adequate protection to your industry to offset the difference in your cost here and the cost abroad. I would not by my vote turn over to foreign importations the American markets and destroy American industry and rob American labor of its right to work, etc. Is it true, or is it not true, that under existing law the consumers of this country are getting collars cheaper than they ever got them before?

Mr. BETTS. That is an absolute fact, sir.

Mr. FORDNEY. Then, therefore, this robber tariff which Mr. Payne and I advocate, which Mr. Kitchin refers to as having been given to you to keep your pockets lined with gold, etc., has lowered the cost of your product to the consumers of this country?

Mr. BETTS. Yes; and improved it in quality and raised the rate of wages to our employees.

Mr. FORDNEY. And if the old maxim and the old facts and the old precedents were brought here, and if your industry is destroyed, and we are wholly dependent upon foreign production, the chances are that the price would go up to the American consumers?

Mr. BETTS. Certainly.

Mr. KITCHIN. Let us see if this tariff has done that or not. You say that collars are cheaper in this country than they have ever been before? Are they not cheaper in free-trade England than they have ever been before, and are you not shipping there? If the tariff has made them cheap here, free trade must have made them cheap in England. What have you got to say about that?

Mr. BETTS. The tariff is not the only thing that is making them cheaper.

Mr. KITCHIN. That is right; that is not the only thing. That is what we are trying to convince you of.

Mr. BETTS. May I have just a word?

The CHAIRMAN. I will say to the witness that it is not necessary to get yourself mixed up in this discussion. That is hardly fair to you. But I wished to say before you left the stand—you have been on the stand some time and you have been discussing cotton collars. I should like you to go into the linen side of the industry.

Mr. BETTS. I would like one word more on this matter we have been discussing and I want it in the record. That is, that the foreign business, the export business of American collar manufacturers, is what we might call a sentimentality. A haberdasher in free-trade England wants something different, just the same as a haberdasher in Washington, and that is one inducement, and a strong one, whereby we are able to sell our collars in what Mr. Kitchin calls competition with the world.

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The CHAIRMAN. In other words, your trade-mark is a protection in itself, to a certain extent, no matter where you are?

Mr. BETTS. That is not what I said, sir.

The CHAIRMAN. But that is the substance of it?

Mr. BETTS. That was not the thought I meant to convey.

The CHAIRMAN. There is a certain protection that grows out of the trade-mark?

Mr. BETTS. Yes, sir.

Mr. PALMER. What is your price on cotton collars of the same kind that you fear will be imported at 55 cents?

Mr. BETTS. Eighty-five cents a dozen. That is the selling price to the jobber.

Mr. PALMER. That is the manufacturers selling price?

Mr. BETTS. Yes, sir.

Mr. PALMER. That includes, of course, the manufacturer's profit?

Mr. BETTS. Yes, sir.

Mr. PALMER. The cost of production and profits?

Mr. BETTS. Yes, sir.

Mr. PALMER. Now, on that collar you are asking us to write a duty of 30 cents a dozen and 15 per cent ad valorem?

Mr. BETTS. Yes, sir.

Mr. PALMER. That is equivalent to a duty of 38.35 cents?

Mr. BETTS. Yes, sir.

Mr. PALMER. So that with the duty paid the foreign collar would be laid down in New York, say, without considering freight, at 93.25 cents?

Mr. BETTS. Yes, sir.

Mr. PALMER. A collar which you sell for 85 cents?

Mr. BETTS. Yes, sir.

Mr. PALMER. Therefore, you are asking us to write a rate which will cover not alone the difference in cost of production at home and abroad, but your profit?

Mr. BETTS. No, sir.

Mr. PALMER. And 8.25 cents besides?

Mr. BETTS. No, sir.

Mr. PALMER. Well, why are you not? I thought you told me you were?

Mr. BETTS. No; I think you have misunderstood me.

Mr. PALMER. Well, you said you sell the collar for 85 cents?

Mr. BETTS. Yes, sir.

Mr. PALMER. And certainly what you sell it for includes your profit?

Mr. BETTS. Yes, sir.

Mr. PALMER. The import price of the collar is 55 cents?

Mr. BETTS. Yes, sir.

Mr. PALMER. And a duty of 38.25 cents a dozen would make that cost the American purchaser 93.25 cents a dozen, would it not?

Mr. BETTS. Yes, sir.

Mr. PALMER. Which would be a protection of 8.25 cents, plus your selling price?

Mr. BETTS. Let me tell you how it would work out. Every retailer pays \$1.10 a dozen for his collars. The difference between 85 cents and \$1.10 is the wholesaler's cost of doing business and his profit.

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Now, I maintain that the German collars can pay a rate of 38.25 cents per dozen and be sold in this country at two for a quarter, and will be sold in pretty fair quantities.

Mr. PALMER. Well, if the import price is 55 cents, they can not sell them to the American jobber for less than 93.25 cents?

Mr. BETTS. They will not have to sell to the American jobber?

Mr. PALMER. Well, they can not sell to anybody in America for less than 55 cents, plus the duty, can they?

Mr. BETTS. They can get \$1.10 for these collars.

Mr. PALMER. Then you need not have anything to fear, if they get \$1.10, and you are selling them for 85 cents.

Mr. BETTS. We get \$1.10 when we act as our own distributor, less 6 per cent.

Mr. PALMER. For that 85-cent collar, do you get \$1.10?

Mr. BETTS. That is the same collar; yes, sir.

Mr. PALMER. You mean at retail, when you sell it to the retail merchant direct?

Mr. BETTS. Yes.

Mr. PALMER. But your selling price from your factory, what you must get as a manufacturer to get back your cost of production and your profit is 85 cents?

Mr. BETTS. Yes, sir.

Mr. PALMER. And you are asking us to write a rate which will make the foreign product cost $8\frac{1}{4}$ cents more than your selling price?

Mr. BETTS. Yes.

Mr. PALMER. Yes.

Mr. BETTS. Yes.

Mr. PALMER. In other words, you want us to protect not only the difference in the cost of production but your profits, and something more besides?

Mr. BETTS. No, sir; I will not state it that way.

Mr. PALMER. You are certainly asking us to do exactly that thing.

Mr. BETTS. I do not so understand it.

Mr. Chairman, may I give you the rest of my facts?

The CHAIRMAN. Yes.

Mr. BETTS. I want to say a word about linen collars. It is a fact that over 10 per cent of the 25 cent and more expensive collars now being sold in this country are imported. A lowering of that rate of duty would not increase the sale of the 25-cent collars. It would take away some revenue. Collars would in all probability not be retailed at any less. Therefore, we have made no recommendation for a reduction in the tariff on linen collars; but if it is thought best by your committee to name a rate substantially equal to the rate that we have asked for on cotton collars from the point of view of our industry, we will make no protest.

Now, finally, Mr. Chairman, our city depends upon this business. There is bound to be a reasonable doubt in your minds as to what a fair rate of duty is, and I appeal to you not only in behalf of the American collar manufacturers, but in behalf of that city which depends for its livelihood on one industry, to give us the benefit of the doubt.

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If there are any more facts that you want we will be delighted to furnish them.

Mr. PALMER. What does it cost you to produce linen 25-cent collars per dozen?

Mr. BETTS. \$1.25.

Mr. PALMER. \$1.25?

Mr. BETTS. Yes, sir.

Mr. PALMER. What do you sell them for to the jobber?

Mr. BETTS. We do not sell them to the jobber.

Mr. PALMER. That is your selling price?

Mr. BETTS. No; that is our cost price.

Mr. PALMER. Your cost?

Mr. BETTS. Our cost price.

Mr. PALMER. What do you sell them at?

Mr. BETTS. My company is the only company selling 25-cent collars in any quantity.

Mr. PALMER. I know; you refer to the E. & W. Co.

Mr. BETTS. Yes. I did not come to talk about my company. We sell them direct to the retailers and get \$1.88 a dozen.

Mr. PALMER. What is the cost to the foreigner of those collars?

Mr. BETTS. I do not know.

Mr. PALMER. Where do they make these 25-cent collars abroad?

Mr. BETTS. Germany and England.

Mr. PALMER. And do you know how much it costs them to make them?

Mr. BETTS. I have not any figures; no, sir.

Mr. PALMER. What do they sell them for?

Mr. BETTS. \$2 to \$2.25 a dozen in this country. I do not know what they sell them for in the old country.

Mr. PALMER. You do not know?

Mr. BETTS. No, sir.

Mr. PALMER. Then how do you know you need a duty of 40 cents a dozen and 40 per cent if you do not know that?

Mr. BETTS. I just stated that that was more duty than we really needed, but we do not recommend a reduction because we do not see where it is going to do anybody any good.

Mr. PALMER. What do they lay the collars down in New York for?

Mr. BETTS. The average import value is \$1.37.

Mr. PALMER. That is without the duty?

Mr. BETTS. Yes, sir.

Mr. PALMER. Forty cents a dozen added and 40 per cent.

Mr. BETTS. Forty cents and 20 per cent.

Mr. PALMER. Yes; 20 per cent. That is \$2.04 at the present rate, to protect you against a collar that costs you \$1.25 to produce?

Mr. BETTS. Well, there are many of them being sold and advertised for \$2 a dozen.

Mr. PALMER. \$2 a dozen, is it?

Mr. BETTS. Yes; that is our price, \$2 less 6 per cent.

Mr. PALMER. Is the regular price of an imported collar \$1.37?

Mr. BETTS. That is the average of importation in recent years. I think a good many of those collars are sold—I know there are—for more than 25 cents. They are sold for 40 cents. There are lots of 40-cent collars, and there are quite a few of them sold.

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Mr. PALMER. And the average price of imported collars per dozen is \$1.37?

Mr. BETTS. Yes, sir.

Mr. PALMER. That is the same collar that you are putting through your factory, after paying your cost of production and profit to the manufacturing concern, for \$1.25?

Mr. BETTS. No; I do not think so.

Mr. PALMER. Or 12 cents less than the average?

Mr. BETTS. That is not the same collar, because, as I say, many of these collars are gotten up to retail for 40 and 50 cents, and I do not think \$1.37 is the average price of collars that compete with our 25-cent collar.

Mr. PALMER. You just told me that it was the average.

Mr. BETTS. That is the average import value now; yes, sir; but the average selling price is not 25 cents retail.

The CHAIRMAN. Mr. Betts, I want to ask you one other question. Is a collar like the E. & W. collar all linen, both inside and outside?

Mr. BETTS. No, sir.

The CHAIRMAN. It is not all linen?

Mr. BETTS. It is not all linen.

The CHAIRMAN. When you refer to a collar as an all-linen collar, do you mean an all-linen collar?

Mr. BETTS. I do not think I said "all linen," sir, did I? If I did, I did not mean to.

The CHAIRMAN. I understood you that way, but you may not have used those words. Do you make an all-linen collar?

Mr. BETTS. No, sir.

The CHAIRMAN. Does anybody make an all-linen collar?

Mr. BETTS. Not in America.

The CHAIRMAN. Then, when you refer to a linen collar, what do you mean?

Mr. BETTS. I mean a collar that is part linen.

The CHAIRMAN. The outside part is linen?

Mr. BETTS. The outside part is linen, and, in some cases, the inside part, but never the linings.

The CHAIRMAN. Never the linings?

Mr. BETTS. No, sir.

The CHAIRMAN. What kind of a collar were you referring to when you put your cost price at \$1.25? Was that the E. & W. collar?

Mr. BETTS. Such a collar as you and I have on, sir.

The CHAIRMAN. Now, there are other grades of linen collars—collars that are sold as linen collars. Do those have more cotton in them than you put into the E. & W. collar? Is there more cotton cloth put into some linen collars than the amount you put into the E. & W. collar?

Mr. BETTS. No, sir; I would not think so—about the same.

The CHAIRMAN. Now, if we should have to divide this schedule, to follow the usual language of the tariff, and say "Collars of which cotton is the component material, or chief part," that would cover all cotton collars?

Mr. BETTS. Yes.

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The CHAIRMAN. And if we did attempt to differentiate as to linen collars and say, "Linen collars, of which linen is the component material or chief part," will that cover the linen collar?

Mr. BETTS. Not always. You would miss some of them, because in a collar of this shape [indicating] the relative value of the cotton and linen cloth is practically equal, and in some shapes it will be more value of linen, and in some more value of cotton.

The CHAIRMAN. Have you any suggestions to make?

Mr. BETTS. We have suggestions in our brief, and ask that you specify a rate for "collars entirely of cotton," and that you specify another rate for "collars partly or entirely of linen."

May we file a copy of this argument with our brief?

Mr. PAYNE. I want to ask you a question, Mr. Betts. In your brief do you show that the price of collars and cuffs to the consumer has been cut in the last 20 years nearly 30 per cent?

Mr. BETTS. Yes, sir.

Mr. PAYNE. From 14½ down to 11½?

Mr. BETTS. Yes, sir.

Mr. PAYNE. Is there any other necessity of life that you know of in this country that has been cut so much in the price to the consumer?

Mr. BETTS. I think it is quite unusual.

Mr. PAYNE. On the contrary, they have increased in price?

Mr. BETTS. Many things; yes, sir.

Mr. PAYNE. Take your raw material. Has the price of that increased in the last 20 years?

Mr. BETTS. Yes.

Mr. PAYNE. From 30 to 50 per cent?

Mr. BETTS. I could not give you the figures.

Mr. PAYNE. Have the products of cotton seed increased in market price in the last 20 years?

Mr. BETTS. I think they have; but I have no personal knowledge of it.

Mr. PAYNE. Now, has the decrease in the cost of collars and cuffs to the consumer grown mainly out of competition in this country along those lines, or largely out of it?

Mr. BETTS. That is a large factor in it; yes, sir.

Mr. PAYNE. Those large factories have been running full?

Mr. BETTS. Yes, sir.

Mr. PAYNE. And the percentage of overhead charge has been less?

Mr. BETTS. Yes, sir.

Mr. PAYNE. To the unit of production?

Mr. BETTS. Yes, sir.

Mr. PAYNE. Suppose these gentlemen should cut the tariff so as to get what they call competition here from abroad, which seems to be the importation of an equal amount to this market for domestic consumption, get them in here at half—

The CHAIRMAN. One minute.

Mr. PAYNE. Import half of the—

The CHAIRMAN. I will ask the gentleman from New York, for whom I have great respect, please not to put that statement again

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in the mouths of the members of the committee on this side of the table. We have never made it, and I, of course, understand—

Mr. PAYNE. I got that from the gentleman's statement in regard to pottery, where it was proved that over half of it was imported, and the gentleman said it was competitive. If I am wrong about that I will withdraw it.

The CHAIRMAN. I will give the gentleman a chance to withdraw it. Of course, when one-half of the pottery was imported, I said it was competitive.

Mr. PAYNE. I am not going to have any dispute about it, and I will withdraw the question entirely.

The CHAIRMAN. Just a minute. I see in some of the Republican newspapers, especially in this town, that, as coming from that end of the committee, they are trying to give out to the witnesses here the impression that we, in establishing a competitive rate, are disposed to establish a rate that would be ruinous to the business interests of this country. I want to deny that. We have not said at what point we would fix a competitive rate, because it may be a competitive rate on one article at one rate, and on another article at another rate; but the members of this committee have never indicated that they thought one-third was reasonably competitive or that a half was reasonably competitive. As a matter of fact, we know it would be so competitive at that price that it would be ruinous, and I hope the gentlemen will not again allow the country at large to suppose that we are attempting to make a rate that would ruin the business interests of the country. [Applause.]

Mr. PAYNE. In view of the statement of the chairman of the committee, I will let my question stand upon the record in comparison with what was said upon the pottery schedule and some other schedules, and with reference to the gentleman, I will ask this question, whether or not, if they should so reduce the rate as to allow the bringing in of one-half or one-third of the collars and cuffs consumed in this country, that would produce ruinous competition with those large factories by reducing their output one-third or one-half?

Mr. BETTS. It would be a very severe misfortune.

Mr. PAYNE. What is that?

Mr. BETTS. It would be a very severe misfortune.

Mr. PAYNE. That is all.

Mr. BETTS. Am I excused?

Mr. FORDNEY. I notice that the applause came from men who have appeared here as importers asking for a lowering of the duty.

The gentleman from Pennsylvania a little while ago compared the amount of protection that you are asking for as 91 cents as against your selling price of 85 cents, and so on. It is true that if you are asking for a duty that would be 91 cents, with the duty added on account of the import cost, it would be above the difference in cost of production of your article and the article that is imported, but the price that you give, 85 cents, against 55 cents, includes your profit as well as the profit on the imported article, and you gave the difference as being 30 cents a dozen?

Mr. BETTS. Yes, sir.

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Mr. **FORDNEY**. Eighty-five cents would be exactly the difference in cost, but you are consistent with the platform dictated or written by Theodore Roosevelt in 1904, for whom so many people voted for President last fall, wherein he stated that the Republican Party believed in a tariff sufficiently high to offset the difference in cost in this country and abroad, and in addition there should be a reasonable profit. I think that is the most plausible and wisest platform ever written by the Republican Party, and one that I would like to see put into effect and kept in effect.

Mr. **HARRISON**. From that it might be implied that the gentleman from Michigan has voted for Mr. Roosevelt in times past?

Mr. **FORDNEY**. I did not say I was a Roosevelt man. I did not vote for him last fall, and I would not vote for him again, because he does not belong to my party. When he belonged to my party and was the candidate of that party, I voted for him.

All that you are asking for is a competitive rate, and a rate that would permit the foreigner to compete in our markets at the same cost price as your cost price has no protection in it at all. A party that believes in a rate that would make it competitive does not belong to the party of protection. That is all I have to say about that.

Mr. **BETTS**. Am I excused?

The **CHAIRMAN**. That is all.

Mr. **RAINEY**. Mr. Betts, I do not think you gave us the amount of production of collars and cuffs composed in whole or in part of linen, did you?

Mr. **BETTS**. No, sir; I did not.

Mr. **RAINEY**. Is that larger than the production of cotton collars and cuffs?

Mr. **BETTS**. No, sir; it is much smaller.

Mr. **RAINEY**. Do you know how much it is?

Mr. **BETTS**. I can find out and let you know, sir. Would you care to receive that information for file?

Mr. **RAINEY**. If you are going to file a brief, you might include that.

Mr. **BETTS**. I have already filed a brief, but I can write a letter as a supplemental brief, if you wish.

Mr. **RAINEY**. Very well. Thank you.

The brief and argument filed by Mr. Betts are as follows:

To the honorable members of the Committee on Ways and Means of the House of Representatives, Sixty-second Congress.

GENTLEMEN: The undersigned, representing the collar, cuff, and shirt manufacturers of Troy, N. Y., and vicinity, respectfully present the following brief in regard to the tariff rates specified in paragraph 348 of Schedule J of the Payne-Aldrich tariff law.

Linen collars and cuffs, 40 cents per dozen and 20 per cent ad valorem.

Cotton collars and cuffs, 45 cents per dozen and 15 per cent ad valorem.

Cotton collars: Expected import valuation, 55 cents per dozen. Present tariff, 45 cents per dozen and 15 per cent ad valorem equals 53½ cents per dozen. Tariff proposed in Underwood bill, 25 per cent ad valorem equals 13½ cents per dozen. Tariff proposed in our brief, 30 cents per dozen and 15 per cent ad valorem, equals 38½ cents per dozen.

We recommend that no radical changes be made in the above-named rates of duty.

The collar and cuff industry of the United States is centralized in Troy, N. Y., and vicinity. The returns of the last census show that Troy and vicinity produce more than 90 per cent of the total output of collars and cuffs and 15 per cent of the total output of shirts in the United States.

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Collar, cuff, and shirt manufacturing is by far the leading industry of our community. The city of Troy, unlike other municipalities, has no great diversification of industries. More than one-half of its population depends for its livelihood on the pay rolls of the collar and shirt factories.

The extent of this industry in what is known substantially as greater Troy is as follows:

Number of establishments.....	35
Capital invested.....	\$18, 526, 006. 09
Value of annual product.....	\$28, 049, 493. 43
Value of cotton cloth used annually.....	\$8, 361, 368. 55
Average number of wage earners.....	31, 155
Average wage per week.....	\$9. 62
Population of Troy, N. Y.....	76, 813

(The foregoing figures were compiled from reports received from the respective establishments for the year 1912.)

We call the attention of the committee to the fact that allied to the collar and shirt industry in Troy, N. Y., is the industry of manufacturing paper boxes and auxiliary laundries, which give employment to hundreds of hands, but which are dependent entirely on the operation of the collar and shirt factories.

That importations of collars and cuffs would greatly increase under a reduction in duty is shown by a consideration of the importations under the various tariff laws.

(A schedule of the annual importations of linen and cotton collars under the McKinley, Wilson, Dingley, and Payne tariffs is annexed to this brief.)

The fact that the present rate of duty is not prohibitive is conclusively shown by the importation into the United States of linen and cotton collars during the year 1912 of over 50,000 dozen.

Under the proposed reduction of tariff rates to 25 per cent ad valorem, foreign competition would rapidly increase, as shown by the importations under the Wilson tariff of 30 cents per dozen and 30 per cent ad valorem on linen collars and 40 per cent ad valorem on cotton collars.

Consular reports on file in the Department of Commerce and Labor show that collars from Europe and Japan are exported to different countries at prices as low as 43 cents per dozen. That is especially true of importations from Austria to Cuba, Brazil, and other South American markets.

We hope no action will be taken by your honorable committee which would hand over a portion of the home market to the exploitation of the foreigner and deprive our wage earners of employment.

The American manufacturer is unable to compete on equal terms with European and Asiatic manufacturers.

The rate of wages paid in this industry in the United States is the highest in the world. The principal competitors of American collar manufacturers are those of Germany, Austria, England, Italy, and Japan.

The following comparison of rates of wages and cost of manufacture is pertinent:

	Troy.	Germany (Saxony and Wurtem- burg).	England.	Japan.
Weekly rate of wages for this industry.....	\$9. 62	\$2. 14—\$2. 42	\$3. 75—\$4. 00	\$1. 02—\$2. 04
Weekly hours of labor.....	54	Longer.	Longer.	Longer.
Cost of material ¹.....	.....	.....	.....	.....
Average rate of interest ².....	.....	.....	.....	.....
Rentals of buildings.....per cent..	100	65	65	Much less.

¹ Less abroad than in United States.

² About 20 per cent less abroad than in United States.

The committee's attention is also called to the following relative disadvantages of the American manufacturer:

First. The age limit in the Troy factories is fixed by law to persons over 16 years. The limit abroad is 14 years or less.

Second. In foreign countries the apprentice system prevails; in some instances two years' service being given gratuitously, while in Troy factories apprentices receive from \$4 to \$12 per week.

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Third. The Troy manufacturer has also to comply with various laws designed to promote the health, welfare, and safety of the wage earners; laws which are becoming more stringent every year. These requirements, desirable as they are, nevertheless add materially to the cost of our product.

Fourth. The expense of selling his product has been greatly increased to the American producer during recent years, owing to the very keen competition prevailing. The importer is able to sell his product in this country at a less expense than the American producer, because not only the ultimate consumer but many retail dealers prefer to handle an "imported collar," thinking it conveys the idea of exclusiveness.

The "greater efficiency" of American labor can not be urged as an offset to these inequalities, because the same machinery is used abroad as at home in this industry, the laborers in Germany and Japan being especially noted for their skill in this work.

That both the consumer and wage earner have been benefited by the development of the collar business is shown by the following figures:

	1893	1907	1912
Average retail price of collars in United States.....	\$0. 15½	\$0. 11½	\$0. 11½
Average weekly rate of wages in Troy, N. Y.....	7. 50	8. 47	9. 62

We also call to your attention that in spite of the continual fluctuations and gradual increase in the cost of our raw materials and the steady increase in the cost of labor and all other expenses, the average wholesale as well as the average retail price of collars has not advanced, but has shown a gradual decrease from year to year. In this connection it should be remembered that never were collars of so high a grade made as at the present time, and that the collar that is bought to-day at the average retail price of 11½ cents is superior in quality and contains more material than the 15½-cent product of 1893. While the average retail price of collars to-day is 11½ cents, yet hundreds of thousands of dozens of collars are on the market retailing at the rate of three for 25 cents.

We respectfully submit that a reduction of the rate of duty and an increase of importations will not only injure this industry but will not benefit the consumer.

During the life of the Wilson tariff there was no reduction in the retail price of collars to the ultimate consumer.

We also wish to call to your attention the fact that the rates of the present tariff, which we request be changed as moderately as possible, are no greater than those of other countries of the world (except England), which are maintained against the United States; when the difference in the rate of wages is considered.

Present rates of duty: United States, linen collars, 40 cents per dozen and 20 per cent ad valorem; cotton collars, 45 cents per dozen and 15 per cent ad valorem; Germany, 37½ per cent; France, 42 cents per dozen; Canada, 37½ per cent; Japan, 50 cents per dozen; Austria-Hungary, 60 cents per dozen.

In the Payne tariff the average rate of duty for the entire cotton schedule was 47.5 per cent. In the bill passed by the Sixty-second Congress this average was reduced to 27.6 per cent, making a difference of substantially 20 points or an average reduction of 42 per cent in the rate of duty. This general rate of reduction did not, however, hold true in regard to cotton collars which were cut to an ad valorem duty of 25 per cent, which was a reduction of substantially 39 points, amounting to approximately 61 per cent. This is the most radical cut in tariff rates on collars and cuffs which has ever been made by any Congress.

We protest against the imposition of a purely ad valorem duty, as experience has shown that the foreigner invoices his goods for export at a less price than at home. The usual method is to open a branch house or employ an agent in this country and sell his goods directly from the factory to the American trade, invoicing them at cost rather than at foreign wholesale price.

We urge the committee to follow the lines laid down in the Canadian tariff act which requires every importer among other things, "to certify that the invoice contains a true and full statement, showing the price actually paid or to be paid for the goods, the actual quantity thereof, and all charges thereon. That the said invoice also exhibits the fair market value of said goods at the time and place of their direct exportation to Canada, and as when sold at the same time and place in like quantity and condition for home consumption, in the principal markets of the country whence exported directly to Canada without any discount or deduction for cash or on account of any drawback or bounty, or on account of any royalty actually payable thereon or

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payable thereon when sold for home consumption but not payable when exported, or on account of the exportation thereof or for any special consideration whatever."

The profits on medium grades of collars, which constitute the bulk of the business, are not large to the manufacturer, wholesaler, or retailer. Carefully prepared figures show the average cost of a dozen collars of this grade to be 79 cents. The wholesaler pays 85 cents per dozen, less 3 per cent for cash, sells them for \$1.10, less 6 per cent for cash, the retailer sells the same for \$1.50 per dozen. The respective profits on the selling price are—

	Per cent.
Manufacturer, net.....	4
Wholesaler or jobber, gross.....	19 $\frac{1}{10}$
Wholesaler or jobber, net (estimated).....	5 $\frac{1}{2}$
Retailer, gross.....	31 $\frac{1}{2}$
Retailer, net (estimated).....	9

The manufacturer who is also a wholesaler makes about 3 cents per dozen net in addition to the usual maker's profit. The selling expenses of the exclusive collar and shirt jobber are much greater than the general jobber of men's furnishing goods.

On the cheaper grades of collars the profits are less than the above figures. The profit on the finer lines is better than it is on the cheaper lines, but the volume is much smaller. The bulk of the business is on the so-called "2 for 25 cents" collars.

We are convinced that any reduction in the duty on collars and cuffs will at once result in increased importations with a resultant injury to our industry. Nevertheless we recognize the sentiment now prevailing in favor of a general reduction in tariff rates. We believe that the following considerations should be taken into account in fixing the duty in the new tariff law.

The labor cost of an average dozen of American collars is 42 cents. The same amount of labor in foreign competing countries costs 12 cents. This difference of 30 cents should be offset by a specific duty of 30 cents per dozen. In addition thereto the difference in all other expenses of American manufacturers in comparison with foreign competitors is such that an ad valorem duty of 15 per cent should be added to the specific duty above mentioned. Japanese and other foreign collars of a quality that will compete with American 2 for 25 cents collars can be landed in this country for 50 cents per dozen or less.

A tariff of 30 cents per dozen and 15 per cent ad valorem will raise their valuation to 87 $\frac{1}{2}$ cents per dozen. The usual wholesale price of American 2 for 25 cents collars is \$1.10 per dozen.

As to linen collars, we would say that approximately 10 per cent of all the linen collars sold in the United States at present are imported and that the percentage is steadily increasing. Therefore, we urge that no change in the present duty on linen collars be made.

The importations of collars for the year ending June 30, 1912, were as follows: Cotton, 7,585 dozen, producing \$4,445.81 revenue; linen, 45,823 dozen, producing \$30,827.14 revenue; total, 53,408 dozen, producing \$35,272.95 revenue.

Should the duty be fixed as proposed by us the amount of revenue realized would probably be as follows:

Cotton, duty 30 cents and 15 per cent, 300,000 dozen, at 50 cents, producing a revenue of.....	\$112, 500
Linen, duty 40 cents and 20 per cent, 45,823 dozen, at \$1.37, producing a revenue of.....	30, 827

Total revenue..... 143, 327

Should the flat rate of 25 per cent ad valorem be fixed for both cotton and linen collars, the amount of revenue derived from the importation of 1,000,000 dozen, at 50 cents, would be 125, 000

To sum up, we maintain: Any radical reduction in tariff on collars and cuffs will greatly injure an important community with no compensating advantage to the ultimate consumer.

The collar and cuff industry is on a strictly competitive basis, giving the best service both to its wage earners and to the public at large.

The present tariff is not greater than the other countries of the world maintain against us when the difference in the rate of wages is considered.

There is no trust nor combination nor agreement in restraint of trade in this industry. The keenest competition prevails.

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We therefore ask that the duty on cotton collars and cuffs be fixed at 30 cents per dozen and 15 per cent ad valorem, and on linen collars and cuffs be fixed at 40 cents per dozen and 20 per cent ad valorem.

Respectfully submitted.

J. K. P. PINE,
ALBA M. IDE,
F. F. PEABODY,
E. H. BETTS,
JOSEPH MCKAY,
Committee.

Importations.

COTTON COLLARS.

	Dozen.	Value.	Duty.
McKinley tariff bill, Oct. 1, 1890, cotton collars and cuffs, 15 cents per dozen specific duty, 35 per cent ad valorem duty:			
Year ending—			
June 30, 1892.....	1,484.50	\$621.00	\$444.03
June 30, 1893.....	929.00	419.00	286.00
June 30, 1894.....	2,526.06	9,862.28	3,829.86
July 1, 1894 to Aug. 27, 1894.....	360.75	3,188.00	1,169.91
Wilson tariff bill, collars and cuffs, Aug. 27, 1894, 40 per cent ad valorem duty:			
Year ending—			
Aug. 28, 1894, to June 30, 1895.....	23,056.00	75,061.00	30,024.40
June 30, 1896.....	15,889.92	23,888.00	9,555.20
June 30, 1897.....	4,164.33	4,950.00	1,950.00
July 1, 1897 to July 24, 1897.....	92.00	110.00	44.00
Dingley tariff bill, July 24, 1897, cotton collars, and cuffs, 45 cents per dozen specific duty, 15 per cent ad valorem duty:			
Year ending—			
July 25, 1897, to June 30, 1898.....	20,537.00	15,031.00	11,496.30
June 30, 1899.....	15,036.33	11,159.00	8,440.19
June 30, 1900.....	1,382.00	1,166.00	871.80
June 30, 1901.....	329.83	258.00	187.12
June 30, 1902.....	948.83	976.40	573.43
June 30, 1903.....	1,493.50	1,797.00	941.63
June 30, 1904.....	377.33	359.50	223.72
June 30, 1905.....	622.17	769.00	395.33
June 30, 1906.....	696.50	425.00	377.18
June 30, 1907.....	1,074.92	1,107.50	649.85
June 30, 1908.....	1,420.00	1,365.00	843.75
June 30, 1909.....	6,136.67	5,404.75	3,572.23
Payne tariff bill, act of Aug. 5, 1909, cotton collars and cuffs; 45 cents per dozen specific duty, 15 per cent ad valorem:			
Year ending—			
June 30, 1910.....	12,508.25	2,430.50	1,493.29
June 30, 1911.....	7,014.58	6,454.50	4,124.78
June 30, 1912.....	7,564.83	6,943.68	4,445.81

¹ Including importations July 1 to Aug. 5, 1909, under act of July 24, 1897.

PARAGRAPH 348—COLLARS AND CUFFS.

Importation—Continued.

LINEN COLLARS.

	Dozen.	Value.	Duty.
McKinley tariff bill, Oct. 1, 1890, linen collars and cuffs, 30 cents per dozen specific duty and 40 per cent ad valorem:			
Year ending—			
June 30, 1892.....	78,327.83	\$87,284.50	\$58,412.15
June 30, 1893.....	89,137.92	93,705.09	64,223.43
June 30, 1894.....	83,678.83	87,583.60	60,245.09
July 1, 1894, to Aug. 27, 1894.....	10,802.92	14,556.00	9,063.27
Wilson tariff bill, collars and cuffs, Aug. 27, 1894, 30 cents per dozen specific duty, 30 per cent ad valorem duty:			
Year ending—			
Aug. 28, 1894, to June 30, 1895.....	100,332.58	118,901.22	65,770.16
June 30, 1896.....	107,849.25	120,016.96	68,359.88
June 30, 1897.....	97,575.17	103,603.50	60,353.61
July 1, 1897, to July 24, 1897.....	3,719.00	3,838.00	2,267.07
Dingley tariff bill, July 24, 1897, linen collars and cuffs, 40 cents per dozen specific duty, 20 per cent ad valorem duty:			
Year ending—			
July 25, 1897, to June 30, 1898.....	66,839.00	70,002.90	40,736.59
June 30, 1899.....	55,447.83	60,479.10	34,275.02
June 30, 1900.....	48,279.92	56,388.15	30,589.60
June 30, 1901.....	44,230.92	52,901.75	28,272.72
June 30, 1902.....	42,003.08	55,893.80	27,979.98
June 30, 1903.....	43,967.17	54,584.15	28,503.71
June 30, 1904.....	34,075.08	43,243.00	22,278.63
June 30, 1905.....	35,444.08	45,867.95	23,353.02
June 30, 1906.....	35,947.75	50,197.75	24,412.63
June 30, 1907.....	38,470.75	51,992.92	25,786.88
June 30, 1908.....	38,444.67	53,403.50	26,058.57
June 30, 1909.....	33,763.83	46,721.25	22,849.76
Payne tariff bill, act of Aug. 5, 1909, linen collars and cuffs, 40 cents per dozen specific duty, 20 per cent ad valorem duty:			
Year ending—			
June 30, 1910.....	37,969.67	52,719.75	25,731.82
June 30, 1911.....	39,034.33	52,738.25	26,161.35
June 30, 1912.....	45,823.42	62,988.82	30,827.14

¹ Including importations July 1 to Aug. 5, 1909, under act of July 24, 1897.

ARGUMENT OF EDGAR H. BETTS, REPRESENTING THE COLLAR AND SHIRT MANUFACTURERS OF TROY, N. Y.

[To be filed with the Ways and Means Committee as supplementary to the printed brief.]

Let me state in opening that I am the vice president of Earl & Wilson, a New York corporation, which, with its predecessor, the copartnership of Earl & Wilson, has been engaged in manufacturing collars, cuffs, and shirts for 45 years. I am here, however, not to represent my own company, but as spokesman for a committee of five manufacturers, representing the entire collar, cuff, and shirt industry of Troy, N. Y., and vicinity.

As stated in our brief, our city and its vicinity is dependent in a peculiar and vital way for its livelihood on this industry. Over half of its population is directly dependent upon the pay rolls of the collar and shirt factories. I therefore feel, in making this appeal to you on behalf of the industry, that I am also speaking on behalf of the community.

The collar business of the United States may be divided into two well-defined groups, namely, collars made partly of linen and partly of cotton, known as linen collars. The other group is collars made entirely of cotton. Collars retailing at 25 cents each and over are almost invariably of linen; those retailing at two for 25 cents and less are generally of cotton. The great bulk of the collar business of the United States is done on two for 25 cents cotton collars, and that is the part of the industry I wish to emphasize.

In explanation of the fact that at previous hearings on tariff bills our representatives have urged that no reduction be made, whereas now we suggest a moderate reduction. Let me say that the collar manufacturing business has undergone many changes in recent years, due to increased use of machinery, etc. And is now at not so great a disadvantage compared with foreign manufacturers as previously.

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The imposition of any competitive rate of duty on popular-priced collars will open an entirely new condition from anything we have ever seen in this country in this industry. We can not be guided in fixing a tariff by any figures of present imports of collars, for there are no imports of popular-priced collars. I therefore urge you to consider this matter in the light of the facts as I state them, not as you would see them from a study of import figures of quantities and values, which would indicate that the average price of a dozen collars as imported into this country is 92 cents. Whereas it is a fact that collars of a quality that will compete with our 2 for 25 cents collars can be produced and sold with a manufacturer's profit and are being sold to-day in Germany and other countries for from 50 to 60 cents per dozen, at which price they will be imported into this country under any competitive tariff. The collars now being imported at 92 cents per dozen are retailed, not at 2 for 25 cents, but at 25 cents each or more.

As we understand it, it is the purpose of this committee to draw a bill with competitive rates of duty that will admit a reasonable amount of importation and produce a revenue, but which will not unduly injure home industry. When we ask, "What is a just competitive duty on cotton collars and cuffs," we find room for a difference of opinion, depending on how much importation is desired. We notice the Underwood bill names a rate of 25 per cent ad valorem, which is equivalent at the expected import price of 55 cents per dozen to 13½ cents per dozen. When we look back at the history of tariff rates for this commodity, we notice a rate of 40 cents in the Wilson bill. Imports of collars increased rapidly under that law, but the quantity of cotton collars imported was not great and no considerable revenue was produced. This calls for an explanation. At that time cotton collars were not generally made either at home or abroad. There were no cotton collars to seek our market.

Conditions are decidedly different now. Cotton collars are increasing in popularity both in Europe and in America. There is no doubt that if the 40 per cent rate of the Wilson law were now in force German and other foreign collars would be imported in very large quantities.

We believe the rate proposed in the Underwood bill (25 per cent ad valorem, or 13½ cents per dozen) would bring about a severe misfortune to our community. We could not sell collars of an equal quality in competition with the foreign collars that would come in. The importer would have his pick of our market. We could have what he did not want.

Moreover, it is our firm belief that no reduction of the retail price of collars would result, and for these reasons:

First. Haberdashers in America are having their expenses increased every year, consequently they are looking for larger profits where they can get them without loss of volume of business. Generally speaking, then, they would not voluntarily reduce their margin of profit by selling these goods at a retail price less than two for 25 cents, but would increase their profit by selling them at the present popular price of two for 25 cents, even though they had paid less for them than for American-made goods.

Second. There is no strong popular demand for collars any cheaper than two for 25 cents. That is the great popular price fixed by custom. There are many 10-cent, or three for 25 cents, collars sold in this country of a fairly good quality but their popularity is not increasing. Therefore, we argue that the haberdasher would not be compelled to sell these collars any cheaper by popular demand.

We have now shown that a 25 per cent (or 13½ cents per dozen) rate of duty is too low to afford the American manufacturer a fair opportunity and that the ultimate consumer would not benefit by it. We estimate, however, that within a year or two a revenue amounting to about \$125,000 per annum would be derived from import taxation at this rate of duty, based on expected importations of about 1,000,000 dozen per annum within a year or two.

We suggest in our brief a rate which is the equivalent of 38½ cents per dozen. This rate is based on the difference in the cost of production at home and abroad. It happens to be almost exactly halfway between the present rate in the Payne law and the proposed rate in the Underwood bill. We justify this rate as follows:

Suppose collars are imported at 55 cents per dozen; add 38½ cents duty, 5 cents expenses, making a total cost of 98½ cents per dozen. It is our opinion that imported collars under these conditions could be sold in considerable quantities at a wholesale price that would enable the haberdasher to retail them at 2 for 25 cents, and that this rate would allow reasonable competition.

We estimate that there will be 300,000 dozen per annum importations of collars under this rate within a year or two, bringing in substantially the same revenue as the greater quantity estimated to be imported under the 25 per cent (13½ cents per

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dozen) rate of the Underwood bill. This would give the public a chance to choose between American and imported collars at the same retail price and give our industry and community a chance to live.

Let me now tell you what the development of this business has done.

First, for the public. The average retail price of collars in the United States 20 years ago was 15½ cents each; to-day it is practically 11 cents each, a reduction of nearly one-third. Moreover, the collar sold at that reduced price to-day is a better collar and contains more material than the higher priced collar of 20 years ago.

Second, for the wage earners. As shown in our brief, the average rate of wages in our industry has increased nearly one-third, namely, from \$7.50 to \$9.62 per week during the same period.

Considering now for a moment the higher priced or linen collar, it is a fact that more than 10 per cent of all collars retailed at 25 cents each or more in the United States at the present time are imported. We think that that is competition enough. A lower duty would reduce the revenue and would be of absolutely no value to the ultimate consumer. We therefore suggest that no change in the present rate of duty on linen collars be made, but if the rate we recommend for cotton collars is also applied to linen collars, we enter no protest from the point of view of our industry.

We make in our brief a recommendation as to the administrative features of the new tariff law, namely, a clause to prevent undervaluation and the dumping of foreign goods into our market at a less price than they bring in their home market.

We suggest also that the wording of this bill follow the wording of the Payne and other previous tariff bills in this paragraph describing collars as "made entirely or in part of linen," and "collars made entirely of cotton," for under the wording of the Underwood bill which refers to collars "made of cotton or of which cotton is the component material of chief value," a so-called linen collar could sometimes be shown to have linen as its component material of chief value and sometimes to have cotton as its component material of chief value.

Finally, let me say that in view of the fact that there have been no importations of popular priced collars in the past and that therefore the records of importations and values are misleading, and we have no sure method of determining what the average value of imported collars will be, other than the proof which I submit, we urge upon you to give the American manufacturer and the city of Troy and its vicinity which, as has been said, is peculiarly dependent on this industry, the benefit of any doubt that may be in your minds in determining what rate of duty will bring reasonable competition.

SUPPLEMENTAL BRIEF IN REFERENCE TO THE TARIFF ON COLLARS AND CUFFS SPECIFIED IN PARAGRAPH NO. 348 OF SCHEDULE J OF THE PAYNE-ALDRICH TARIFF LAW.

At the hearing in reference to the collar and cuff schedule which was held before the Ways and Means Committee on January 24, 1913, some questions were asked by Mr. Kitchin in reference to the exportation of collars, which seemed to indicate that there was an impression in his mind, if not in the minds of the members of the committee generally, that the exportation of collars was large, and that the collars made in Troy found a ready market in Canada and in England, and fearing that this impression, which is a false one, might tend to prejudice the interests of the collar and cuff manufacturers, the committee of the collar, cuff, and shirt manufacturers of Troy, N. Y., have deemed it advisable to supplement the testimony of Mr. E. H. Betts, which was given before the committee on January 24, 1913, by an affidavit made by F. F. Peabody, verified February 13, 1913, and hereto annexed and marked "Schedule A." Mr. Peabody is the President of Cluett, Peabody & Co., of Troy, N. Y., a corporation which owns and operates a factory in Canada and maintains a distributing office in London, England. Cluett, Peabody & Co. do most of the export business in this industry and theirs is the only concern maintaining a factory or distributing office abroad.

LINEN COLLARS AND CUFFS.

We wish to supplement and clarify the testimony given at the hearing on January 24, 1913, in regard to linen collars and cuffs. So much time was taken in answering questions and in explaining the tariff rate on cotton collars that the duty on linen collars and cuffs was almost entirely ignored. There might have been an impression in the minds of some of your committee that because \$1.25 was stated to be the aver-

PARAGRAPH 348—COLLARS AND CUFFS.

age cost of a dozen 25-cent linen collars in America and \$1.37 was given as the average value of a dozen linen collars as now being imported, that these two prices referred to collars of the same quality and retailing at the same price. Such is not the case. In the first place, \$1.25 is the American cost price, whereas \$1.37 is the foreigners' selling price and includes his profit. In addition to that, it should also be said that the greater part of the collars now being imported are sold, not at 25 cents each, but at 35 cents, 40 cents, and 50 cents each; that the majority of them are not of the same quality nor do they compete with the American 25-cent collars.

Collars of a quality to compete with American 25-cent collars can be made in Germany and other foreign countries for 85 cents per dozen or less, whereas the cost here is \$1.25 per dozen. The difference in the cost of labor alone is 30 cents per dozen and the difference in the cost of linen, due to the American tariff on linen, is 10 cents per dozen additional.

We have recommended that no change in the present rate of duty on linen collars and cuffs be made for these reasons:

1. Approximately 10 per cent of the linen-collar business of the United States is now being done on imported collars, and that percentage is steadily increasing.

2. In addition to the 25 cent each and more expensive linen collars, there are also, both in Europe and America, many popular-priced linen collars made and sold in competition with cotton collars. Placing the duty on linen collars at a lower rate than that for cotton collars would invite the importation of foreign-made cheap linen collars in severe competition with American 2-for-25-cent collars, bringing about the same result as too low a rate of duty on cotton collars.

3. There would be danger of foreign-made cotton collars being invoiced as linen to obtain a lower rate of duty, a form of fraud very difficult to detect.

We respectfully ask that this supplemental brief and affidavit may be considered in connection with the testimony and brief which we have already filed.

J. K. P. PINE,
ALBA M. IDE,
F. F. PEABODY,
E. H. BETTS,
JOS. MCKAY,

Committee.

STATE OF NEW YORK,

Rensselaer County, City of Troy, ss:

F. F. Peabody, being duly sworn, deposes and says that he is the president of Cluett, Peabody & Co., a corporation organized and existing under the laws of the State of New York and having its principal office in Troy, N. Y.

That said Cluett, Peabody & Co. are engaged in the manufacture and sale of collars, cuffs, and shirts; that said company, in the opinion of deponent, does more export business than any other collar, cuff, and shirt manufacturing concern in Troy, N. Y.

That deponent knows the export business and knows the conditions under which American manufacturers have to distribute their products abroad.

That Cluett, Peabody & Co. have until recently exported collars to Canada, but that their exportation of collars to Canada is not large.

Canadian merchants are located so near the United States that they are affected by the advertising done by the Troy manufacturers and that on that account some of the Troy products are sold in Canada. They are not, however, sold at the same prices as the Canadian collars of the same qualities which retail at two for 25 cents, but at three for 50 cents, affording, as can be readily seen, a small profit to the Canadian retailer.

In spite of the fact that our company had been doing export business to Canada for a long period of time, we could not establish a business of large proportions, and we consequently decided to establish a factory in Canada. Our factory opened in October, 1911, but did not get fairly under way until the spring of 1912. The decreased exportation to Canada, due to the opening of this factory, will not be apparent until the records of 1912 are published; then it will be seen that there has been a marked falling off in the exportation to Canada. Cluett, Peabody & Co. opened that factory in Canada because they could not compete with the Canadian manufacturers and pay the Canadian import duty.

Cluett, Peabody & Co. also maintain a distributing point in London, England, and do some business in England, and by means of the shipping facilities from London, which are the best in the world, we are enabled to sell their goods to some extent in Africa, Australia, New Zealand, and the east coast of South America. This business

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is not large in any one place, but in the aggregate it is large enough to enable us to keep this distributing office, but in the opinion of deponent this business never can be large and never can be put upon a competitive basis with the English manufacturers, because of the difference in the labor costs as far as England is concerned, and the high tariff duty imposed by other nations against American made goods.

Our goods in the opinion of deponent are sold in England, not because they compete with the English made goods, but because the materials and the construction of the collars are different. They are sold only to merchants who want something different from the English made article, and the business is therefore small in volume and spreads over a very large territory.

F. F. PEABODY.

Sworn to before me this 13th day of February, 1913.

[SEAL.]

EVERETT M. SNYDER.

Notary Public, Rensselaer County, N. Y.

PROTESTS AGAINST REDUCTION OF TARIFF ON COLLARS AND CUFFS.

THE REECE BUTTON HOLE MACHINE CO.,
Boston, Mass., February 5, 1913.

Hon. JAMES M. CURLEY, M. C.,
House of Representatives, Washington, D. C.

DEAR SIR: We wish to protest against the proposed change in duty on collars and cuffs, and we herewith inclose a list of wages which we have obtained from foreign countries showing the wages of buttonhole makers in these countries. In our country the same operators would make from \$12 to \$15 per week. Now, if the tariff on collars and cuffs is reduced the wages of the operators in Troy, N. Y., will have to be reduced in order to compete with foreign trade. We make the machines for the Troy manufacturers, and therefore our industry would also be affected by any reduction in the tariff on their goods. Also, there are large laundry machinery concerns in your district who would also be affected in like manner.

This also applies to our folding company, as they manufacture folding machines for the Troy manufacturers.

Yours, very truly,

THE REECE BUTTON HOLE MACHINE CO.,
By FRANCIS A. SHEA, *President*.

[Inclosure.]

Average weekly wages paid buttonhole operators in foreign countries: England, \$5; France, \$6.60; Germany, \$3.

CORLISS, COON & Co.,
Baltimore, January 15, 1913.

Hon. J. CHARLES LINTHICUM,
217-219 St. Paul Street, Baltimore, Md.

HONORABLE SIR: I am a resident of your district, residing at Charles and Thirty-first Streets, and being the Baltimore manager of the above firm I am vitally interested in the proposed revision of the tariff on collars and cuffs.

The stability of this business is now seriously threatened by the proposal to materially reduce the tariff on collars and cuffs, thereby placing American and foreign manufacturers upon a basis of competition which must necessarily spell disaster for the domestic manufacturers. The cost of labor abroad is infinitely less than in the United States, and in the face of a materially reduced tariff the domestic manufacturers would be almost helpless. For, as a matter of fact, the foreign manufacturers pay less for materials, supplies, rent, interest, insurance, and furthermore their selling expenses are much less than ours.

There is no hope that this industry can be maintained and prospered unless the tariff is continued at very nearly the present rates. Foreign competition, even under our present schedule, has not been shut out. The imports for several past years are as follows:

PARAGRAPH 348—COLLARS AND CUFFS.

Cotton collars and cuffs:	Dozen.
June 30, 1910.....	2,508
June 30, 1911.....	7,400
June 30, 1912.....	7,564
Linen collars and cuffs:	
June 30, 1910.....	37,969
June 30, 1911.....	39,034
June 30, 1912.....	45,823

Under the Wilson bill of June 30, 1896, the importations were: Cotton collars, 15,889 dozen; linen collars, 107,849 dozen.

I understand that it is now proposed to reduce the tariff on these goods to 25 per cent ad valorem. If this is done, our industries will rapidly decline, because the weekly wage in collar and shirt manufacturing in foreign countries is about one-third of what it is here.

If this threatened reduction in the tariff as regards collars, cuffs, and shirts becomes a fact, the demand for the imported collar will largely increase, and necessarily the domestic output will be very much curtailed. We will meet with greater competition than ever, will undoubtedly use less goods, and will therefore not have employment for as many salesmen and clerks in the selling departments as heretofore.

The tariff on collars and cuffs under the Payne-Aldrich bill has been: Linen collars and cuffs, 40 cents per dozen and 20 per cent ad valorem; cotton collars and cuffs, 45 cents per dozen and 15 per cent ad valorem.

I personally believe that it is necessary that the specific rates should be retained. I am going to ask you to use your influence and cooperation against a serious reduction in the tariff rates on collars, cuffs, and shirts.

Thanking you in anticipation of this favor, I beg to remain,

Your obedient servant,

H. J. CAMPBELL.

(A communication identical with the above, dated St. Louis, Mo., January 16, 1913, and signed by Clarence L. Fidler as salesman for Corliss, Coon & Co., was filed.)

MERCHANTS AND MANUFACTURERS ASSOCIATION,

Baltimore, January 16, 1913.

Hon. DAVID J. LEWIS,

House of Representatives, Washington, D. C.

DEAR SIR: Several of our members have brought to our attention the matter of there being a likelihood of a reduction in the tariff as regards collars, cuffs, and shirts. They state that if this reduction becomes effective the demand for the imported collar, cuff, and shirt will largely increase and, therefore, necessarily, the domestic output will be very much curtailed.

In regard to shirts, the industry might be able to stand a moderate reduction, say not over 10 per cent, but on collars and cuffs it is absolutely necessary, they say, that the specific rates be retained.

Under the Dingley and Payne-Aldrich bills, the outputs of the collar, cuff, and shirt manufacturers have increased. The industry has prospered and the public has been supplied with collars, cuffs, and shirts at as low prices for like qualities in most countries. It is needless to add that the foreign manufacturer pays less for material, supplies, rent, insurance, and his selling expenses are much less than those of our manufacturers.

We would thank you to give this matter your very best consideration.

Yours, very truly,

ROBERT J. BEACHAM, *Secretary.*

Mr. UNDERWOOD,

Chairman House Ways and Means Committee.

DEAR SIR: I understand the collar and shirt manufacturers committee are soon to appear before your committee to try and keep the duty on their goods; and while there may be some justice in their demands, I would like to give you some facts as to how they run things in their shops.

It may be of some use to you or it may not.

PARAGRAPH 348—COLLARS AND CUFFS.

First. Do you know that all the girls who operate sewing and buttonhole machines have to buy their own machines, costing from \$100 to \$200 each. Some machines they can't buy (such as special patented ones), but they have to rent them. They also have to buy all broken parts, and on high-speed machines, such as they use, it amounts to a great deal. They also have to buy their thread and in some shops pay the machinist for repairing any breakdowns, and they have a lot of them when a machine is speeded up to 3,000 revolutions a minute. A new machine won't last long without parts wearing out or breaking, and sometimes there is a new machine got out that has some improvement and the girl has to give up the old one and buy the new one.

I don't believe there is any other industry in the United States of America that the help supply the machinery to such an extent. For instance in one of the largest shops here there must be over 500 machines, which at the lowest price, \$100 each, would be \$50,000, that the company don't have to put up. Don't you think they ought to pay the help a dividend on it?

In the knitting mills here they use about the same machines but the help don't have to put up a cent for them or buy thread.

Another thing, if a girl spoils a collar they charge her 10 cents for it. That is more than they sell it for, and the collar is not finished sometimes.

One large firm had a branch shop on Broadway making nothing but goods for Canada, but last year they started a branch factory in St. Johns, Canada, and there is not much doing in their branch on Broadway now.

How is it they could sell goods to Canada (when the buyer there had to pay 33½ per cent duty) and compete with the cheap help of Europe?

It is safe to say that the help in Canada don't have to buy their machines in the branch factory in St. Johns.

I believe the reason the help has to furnish the machines is years ago (20 or 25) they made good pay, \$18 per week or so piecework, and they could get them to do it, as that was big pay then, but they don't make it now, but the buying the machine has become a part of the business.

I believe they are paying less per dozen now than they did then, but most other trades are paying more now than ever before; \$18 now is not as good as \$9.30 years ago.

They kept cutting the prices and the girls would work a little harder to try and make up and they would get another cut until now they have got them about as low as they can.

They may show where some girls make good pay, but they are few, and they won't show how much the girl has to pay out for repairs and thread, not counting the first cost of the machine.

If you are interested in this you can easily find out if what I am writing is correct by asking a few leading questions, as they can not deny it.

I may not be right about the number of machines in the largest shop, but I think there must be more than I stated. The place is a block long (Cluett, Peabody & Co.). They also started the branch in St. Johns. A high-speed stitching machine costs \$125, I think, and a buttonhole machine about \$200. They also have other ones, but an average of \$100 is low.

Yours, truly,

GEORGE SMITH.

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PARAGRAPH 349.

Laces, lace window curtains, and all other lace articles; handkerchiefs, napkins, wearing apparel, and all other articles made wholly or in part of lace or laces, or in imitation of lace; nets, nettings, veils, veilings, neck ruffings, ruchings, tuckings, flutings, quillings, embroideries, trimmings, braids, featherstitch braids, edgings, insertings, flouncings, galloons, gorings, bands, bandings, belts, beltings, bindings, cords, ornaments, ribbons, tapes, webs, and webbings; wearing apparel, handkerchiefs, and other articles or fabrics embroidered in any manner by hand or machinery, whether with a plain or fancy letter, initial, or monogram, or otherwise, or tamboured, appliquéd, or scalloped, by hand or machinery, for any purpose, or from which threads have been drawn, cut, or punched to produce openwork, ornamented or embroidered in any manner herein described, in any part thereof, however small; hemstitched or tucked flouncings or skirtings; all of the foregoing, composed wholly or in chief value of cotton, flax, or other vegetable fiber, or of cotton, flax, or other vegetable fiber and india rubber, or of cotton, flax, or other vegetable fiber, india rubber, and metal, and not elsewhere specially provided for in this section, sixty per centum ad valorem: Provided, That no article composed wholly or in chief value of one or more of the materials or goods specified in this paragraph, shall pay a less rate of duty than the highest rate imposed by this section upon any of the materials or goods of which the same is composed: And provided further, That no article or fabric of any description, composed of flax or other vegetable fiber, or of which these materials or any of them is the component material of chief value, when embroidered by hand or machinery, or having hand or machinery embroidery thereon, shall pay a less rate of duty than that imposed in this section upon any embroideries of the materials of which such embroidery is composed.

LACES, EMBROIDERIES, ETC.

TESTIMONY OF PETER GOULED, REPRESENTING THE EMBROIDERY AND LACE MANUFACTURERS' ASSOCIATION, UNION HILL, N. J.

Mr. GOULED. I represent the Embroidery and Lace Manufacturers' Association of New Jersey. We have about 100 members, and I myself am interested in the manufacture of embroideries in this country. I have a plant and employ about 200 hands. The total looms we have in this country, taking them on a 10-yard loom unit, is about 1,210, and the production of domestic embroideries made on shuttle looms amounts to about \$14,000,000. The importation of the same class of embroideries from the other side, according to the figures we have, amounts to \$18,000,000, and adding a 60 per cent duty it is \$29,000,000, or the total consumption is \$43,000,000. Out of this \$43,000,000 we actually produce here only one-third.

That goes to show that we can only compete to a certain point, and that when we reach that point we stop; we can not go any further because 66 per cent of the consumption comes in from the other side—between 60 and 66 per cent. The reason for it, of course, is plain. The wages here are three times as high as they are abroad, and any reduction in the duty would detrimentally affect our production and would retard the growth of our industry, reducing our output to insignificance compared to the total consumption, and would spell failure in many instances.

It would to a certain extent affect our production. We would lose about \$2,000,000 worth of goods, that amount in foreign value to about one and one quarter million, which we would not be able to make. We are actually selling \$12,000,000 worth of goods, regardless

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

of the 60 per cent duty, because the amount of labor contained therein is very small as compared with the cost of materials or on account of our quick delivery of risky fashionable materials. If there should be a reduction in the tariff from 60 to 50 per cent, it would only work out to the benefit of the European manufacturer, because our loss would have been about \$2,000,000 in the production. This would result in a decrease of revenue of about \$1,175,000 in loss between now and future importations.

We have here about 400 manufacturers employed in the manufacture of embroideries on shuttle looms. As I said before, the total number of machines on the 10-yard unit basis is about 1,210, and, taking it on the \$14,000,000 worth which we produce, the average would be about \$40,000 a year for individual concerns. If we were to assume that a 10 per cent profit were obtainable, the average manufacturer would earn about \$2,000 a year, as there are mostly two partners to a concern, which would be less than the average income of a progressive farmer.

We, of course, advocate a change in the duty from the present rate of 60 per cent to 70 per cent, but we realize that even in that case we are not going to gain so much, because we approximately figure that if there should be an increase in duty to 70 per cent on domestic embroideries the utmost we could make would be about \$2,000,000 more of embroideries.

The actual boom, as I would say in our industry, would only be if we had an increase much higher, and if we could get a specific duty. The only trouble is that the specific duty implies so many complications. It would be mighty hard and there would be constant conflict. It would be far better because the main item in the value of our goods lies in the labor. The more labor there is in a certain article of course the harder it is for us to compete with the other side. When it comes down to the very cheap articles, where more of it is raw materials than labor we can compete, but when there is more labor than raw material in it we are not in it.

The CHAIRMAN. Your time has expired.

Mr. GOULED. May I just add this? There was a remark made about the automatic machines. The patents on this machine are owned by a concern that has the largest plant in the world. Regardless of the fact that there are 2,000 of those machines in Europe we can not manage to get any of them. There is one concern that tried to get a machine. They established a plant in Europe and bought machines there and erected them, and then took them down and tried to import them to the United States, and they now have a lawsuit about it.

Mr. HILL. Do you know how long the patent has to run?

Mr. GOULED. It has to run still a number of years.

Mr. HILL. Five years.

Mr. GOULED. We can not get them. In 1905 I was over in Saxony to try to buy a machine and I was talking with the inventor, and he told me that he came over here and that after he got back they gave him an awful roast in the press and said he was trying to kill their industry by giving away their tools to the people over here.

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Mr. FORDNEY. What proportion of your production cost is your labor cost?

Mr. GOULED. When it comes down to where there is more material used, the cost of labor is smaller, and when there is less material used the cost of labor is enormous.

Mr. FORDNEY. In the higher grades?

Mr. GOULED. There are some kinds of laces that we could never touch because the prices are so high. Last summer I had some stitchers in my plant. That is skilled labor, and I had to pay them \$42 a week.

Mr. FORDNEY. What does that same class of labor get abroad?

Mr. GOULED. Forty-five francs.

Mr. FORDNEY. What is that in American money?

Mr. GOULED. About \$9.

Mr. FORDNEY. As against \$42?

Mr. GOULED. I am taking the extreme case; on an average I would say it was from \$25 to \$30. That was only the summer when I was exceptionally busy.

BRIEF OF THE EMBROIDERY AND LACE MANUFACTURERS' ASSOCIATION OF NEW JERSEY—PARAGRAPH 349, SCHEDULE J, CUSTOM TARIFF LAW 1909.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

Mr. CHAIRMAN AND GENTLEMEN: We consider the present duty of 60 per cent ad valorem on embroideries made on power and hand looms, classified under paragraph 349, Schedule J, custom tariff law 1909, inadequate and disadvantageous to the growth of our domestic industry, and we respectfully recommend an increase in duty to at least 70 per cent ad valorem, which will result in the following advantages to this country: It will increase the manufacture of embroidered specialties approximately \$1,000,000, and the manufacture of domestic staples \$1,000,000, or a total of \$2,000,000, and will result in the increase of the revenue to \$925,000.

The method we rely upon in making those estimates is as follows:

The present importation of embroideries amounts to \$18,000,000, and the duty of 60 per cent amounts to \$10,800,000. An increase to 70 per cent duty will enable our industry to produce \$2,000,000 more of goods, which would equal in foreign value (not including duty) \$1,250,000. The importation would be reduced to \$16,750,000, which would yield the revenue \$11,725,000, being an increase in revenue of about \$925,000.

Incidentally an increase in duty to 70 per cent ad valorem would necessitate the importation of about 200 more machines, on which the duty would amount to about \$150,000.

We manufacture in this country approximately \$14,000,000 worth of shuttle machine made embroideries and we estimate that about the amount of \$8,000,000 represents the output of popular-priced embroideries for the masses, the remaining \$6,000,000 worth of goods represents the value of so-called novelties, or specialties which are subject to fashion and which we are able to produce and sell in this country only because of our quicker deliveries during the season.

A fashion is, however, not always a dependable factor in the existence of an industry of our kind and the manufacturer of specialties can only enlarge his business with safety, when he feels that if there should be, at any time, no demand for fashionable embroidered specialties, he could then keep his machines employed making staple articles. Under the present condition, however, the foreign manufacturer is able to compete with us to such an extent that a reduction of duty, for instance to 50 per cent, would immediately affect the production of domestic embroideries, which fact, we think, would result in the following changes:

Our output of embroideries would shrink about \$2,000,000 a year, and the loss of revenue to this country would amount to about \$1,175,000.

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The method we have applied in obtaining those figures is as follows:

Our present duty of 60 per cent on importations of \$18,000,000 amounts to a revenue of \$10,800,000, 50 per cent duty on increase of importation to \$19,250,000.

\$18,000,000 plus
\$1,250,000 foreign value of
our loss of
\$2,000,000

would amount to \$9,625,000, or, as stated above, it would result in a loss in revenue of \$1,175,000.

Our contention is that no matter how high the duty would be the American consumer would in no case have to pay to the domestic manufacturer any exorbitant prices, for the very reason that our industry is scattered in this country, the machines being owned by men with little capital, who are anxious to progress and thus stimulate keen competition. Our industry is not controlled by a trust which can profit by a higher duty in fixing prices for the American consumer, thereby pocketing enormous profits without giving full value in return. Our machines are owned by 352 individual firms. This gives an average of about \$40,000 production for each individual concern; based on an average of about 10 per cent profit this would mean a yearly income of about \$4,000 for each individual embroidery concern in this country. Considering that most embroidery firms are composed of two partners the average income per member is less than the income of a progressive farmer.

The fact that the embroidery machines in the United States are distributed among 352 small holders, all machines being scattered in different localities in eight States, is in itself a safeguard to the American consumer and a guaranty that the domestic manufacturer can not take unfair advantage of any duty, as existing competition will compel him to sell his merchandise at a figure very slightly above the actual cost of production.

When we urgently recommend an increase in duty to 70 per cent, we do not expect that such an increase would result in a "boom" in our industry. At the present stage of our development a radical and rapid change for the better can only come in the event of the enactment of an 80 per cent duty, ad valorem. We estimate that in such event the production of domestic embroideries would increase about \$6,000,000, or foreign value (not including duty), \$3,750,000.

By following the same method which we applied before the increase in revenue would be—

80 per cent on \$14,250,000.....		\$11,400,000
Present imports.....	\$18,000,000	
Anticipated reduction of imports.....	3,750,000	
	<hr/>	
	14,250,000	
60 per cent on present imports of \$18,000,000.....		<hr/> 10,800,000
Or a total increase of revenue.....		<hr/> 600,000

A duty of 80 per cent would result in about the same gain of revenue as a duty of 70 per cent. The burden of that increased revenue would have to be carried by the richer class who can afford to pay for high-priced luxuries, amounting to about \$14,250,000 (of foreign value), which we estimate we could not produce in this country even under the increased duty of 80 per cent.

We believe that a higher duty is absolutely essential for the proper development of our industry in this country to enable us to compete with the foreign manufacturer, and to raise the standard of our workmanship. The increase in duty to either 70 per cent or 80 per cent, will in both cases result in an increase in revenue of over half a million dollars a year, and the burden of that revenue will fall on the class which buys high-priced luxuries, while at the same time it will enable the domestic manufacturer to increase the output from \$2,000,000 to \$6,000,000 a year, giving employment to hundreds or thousands of families in this country.

The safeguard to the public lays in the fact that the higher the duty the keener the competition in this country. The wages of our skilled labor being about three times as high as those of the same class in Europe, our operators are in a position to save enough money in a year or two to buy machines for themselves and thus increase the number of competitors. We employ mostly skilled operators and designers, who,

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because of the prevailing high wages, find it possible to establish themselves in business.

Thanking you for your kind consideration, we are, Mr. Chairman and gentlemen,
Most respectfully, yours,

THE EMBROIDERY & LACE MANUFACTURERS' ASSOCIATION
OF NEW JERSEY,

PETER GOULED, *Secretary.*

JANUARY 25, 1913.

Recapitulation.

Effects of changes in tariff.	Loss in production to American manufacturers (domestic value).	Increase in importation from Europe (foreign value).	Gain in production to American manufacturers (domestic value).	Decrease in importation from Europe (foreign value).	Loss to United States of America in revenue on increased importation.	Gain to United States of America in revenue on decreased importation.
Reduction in duty from 60 to 50 per cent.....	\$2,000,000	\$1,250,000	.....	.....	\$1,175,000	.....
Increase in duty from 60 to 70 per cent.....	.....	.....	\$2,000,000	\$1,250,000	.....	\$925,000
Increase in duty from 60 to 80 per cent.....	.....	.....	6,000,000	3,750,000	.....	600,000

Town of Union, N. J., January 25, 1913.

THE EMBROIDERY & LACE MANUFACTURERS'
ASSOCIATION OF NEW JERSEY,
PETER GOULED, *Secretary.*

UNION HILL, N. J., *February 1, 1913.*

SUPPLEMENTARY BRIEF OF THE EMBROIDERY AND LACE MANUFACTURERS ASSOCIATION OF NEW JERSEY.

Paragraph 349, Schedule J, Custom Tariff Law 1909.

The HONORABLE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

MR. CHAIRMAN AND GENTLEMEN: The statement of Mr. Weingart, representing an importers' association, was that he did not engage in manufacturing in this country under a 60 per cent duty while maintaining it to be a profitable business under a 45 per cent or less rate, because when he would obtain automats the machines that he would erect now would become obsolete.

It seems hardly possible that Mr. Weingart was ignorant of the fact that in his own factories in Switzerland and Germany there are more ordinary machines than automats. Was he ignorant of the fact that automats may be attached to any machine, thus bringing them up to date?

Does he not know that Loeb & Schoenfeld Co., who have owned the patent rights in this country for over five years, have less than one-fifth of their plant here and more than four-fifths in Europe, the product of which practically all is imported to this country?

Does he not know that Loeb & Schoenfeld Co., which can erect automatic embroidering machines at least 33½ per cent cheaper than Mr. Weingart's firm, has not increased its domestic plant more than one-fifth under a 60 per cent duty?

Is it not beyond possibility that Mr. Weingart, paying 33½ per cent more for his machines, would put in many automats under the 45 per cent duty, while the Loeb & Schoenfeld Co., owners of the device, have erected but few under a 60 per cent rate?

Respectfully submitted by

THE EMBROIDERY AND LACE MANUFACTURERS ASSOCIATION,
PETER GOULED, *Secretary.*

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

TESTIMONY OF JAMES A. MARR.

Mr. Marr was duly sworn by the chairman.

Mr. MARR. Mr. Chairman and gentlemen, I represent A. & E. Henkels, of Bridgeport, Conn. I think we come under paragraph 349.

This company has a factory in Langerfeld, Germany, and also has one in Bridgeport, Conn. They use in the Bridgeport factory what is known as a circular lace machine. They were not fortunate enough to know about this Lever-Gothrough bill passed in 1909, although they were just planning to come in at that time. They did not hear about it until it was too late. This circular machine is known as the single-thread lace, which comes nearest to making handmade lace. I do not know just what the importations were last year. They are not classified, but I presume there were several millions imported into the United States.

We have been operating in Bridgeport since 1910. We first started with a few machines, and they have been increasing. Now, we find from running these two factories, one in Germany and one here, that the present duty of 60 per cent is such that there is a very slight advantage so far on the side of the German factory. We have produced here, in the brief, facts to show that.

We have taken the item of factory cost, the cost of the machinery and equipment, and raw materials, and labor, and those are the elements.

The factory construction is exactly the same in the other country as it is in this. Both factories are constructed on the same plan, and are as nearly the same as they can be, which you would naturally expect. The floor space in Germany, I presume, although I do not know, on account of the difference in labor and making bricks, etc., shows a factory cost per square foot in the Langerfeld of \$1.38, and the cost of the factory in Bridgeport is \$2.22 per square foot, or 60 per cent difference. That is our investment.

Now, in regard to the second item, machinery, we make our own machinery in Germany. They do not make any of it in the United States. The circular lace machines have not been made in the United States as yet, and I do not know that anybody contemplates making them. I would say that we are the first or pioneer industry in the circular lace-machine business in the United States. There is nobody else in the United States except us in this business, although there is one firm, which was represented here, which imported a few machines, and we have heard it said that so far they have been used largely for experimental purposes.

On the machinery the rate is 45 per cent duty, and it costs about 5 per cent more for crating and packing and hauling and unloading, so that our machinery here, even making it ourselves, costs us 50 per cent more in the local factory than in the foreign factory.

The CHAIRMAN. Are you in favor of a reduction in the tariff on the machinery?

Mr. MARR. Not if it is going to injure any American industry, because we believe we employ ourselves a part of this consuming public, and if we injure some other part of the consuming public it may ultimately come back on our own heads. The better market we can keep here the better off we will be.

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The CHAIRMAN. That is not the question I asked you. Of course, no one is in favor of reducing the tariff if it is going to injure any American industry; but I asked you if you were in favor of reducing the duty on machinery. In other words, do you think that duty can be reduced without injuring an American industry?

Mr. MARR. As I have stated, Mr. Chairman, there are no American industries, and no sign of any, and if a reduction is made, I do not know of any manufacturer that can be injured.

The CHAIRMAN. Then, you favor a reduction of the duty on this machinery?

Mr. MARR. Well, I have not thought of that, except as I have heard the question asked here. That had not occurred to us. If it had occurred to me, as one of the gentlemen speaking here said, we have paid the Government now over \$70,000 on the machines we brought in, and if the rate on machinery is reduced, and some one else brings in a plant, that will cut the value of our plant in two at once.

The CHAIRMAN. That is the whole proposition I am asking about. We find that a great many of these men come here and argue to this committee that we ought to have a high tariff because they paid a high tariff on the machinery, and when we suggest that it ought to be reduced, and ask that they stand for a reduction, they all hesitate and say they do not want any reduction. That is what I am asking you. Of course, you can not consider this entirely from a selfish standpoint, but is it to the best interest of your industry that we reduce the tariff on these machines?

Mr. MARR. We would not object if the committee thinks it is going to benefit the industry. In that event, we would not object to it.

Now, as to our raw materials, we find that it costs us 10 per cent more for our yarn here than it does abroad. We have to have our yarn spun up at Housatonic, Mass. The southern yarns are not well enough spun for our purposes, so that in our lace we have to use special processes all the way through, and we find that the more labor that is used in anything, the more we have to pay, and that adds to the difference between here and abroad.

In regard to the labor, the last item, the average wages in the Bridgeport factory, of all employees, is \$11.20, and that of the factory employees at Langerfeld, Germany, is \$5.45.

You understand, gentlemen, that this circular single-thread machine is small as compared with these large machines which you have heard described.

The employees are mostly girls and women. There is 106 per cent of difference in the labor in the factory employees here and abroad.

The average wages to the officers, including all clerical help, in the Langerfeld factory is \$13.96, and in the Bridgeport factory, \$26.52, or 90 per cent in excess.

The next thing that I want you to understand is that this company has paid no dividends. It is a firm and is not a corporation, and the owners have never drawn a cent out of it. It is making profits, and they have been importing machines from time to time. We think the business is going to succeed, and we have submitted here a table which will show you that the present rate of duty of 60 per cent is barely sufficient to protect us against our own factory in Germany.

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Mr. DIXON. Did you build your German factory at about the same time you constructed the one here?

Mr. MARR. No; the German factory was built a number of years ago.

Mr. DIXON. Did you own that one before you constructed the one here?

Mr. MARR. It is a well-established industry in Langerfeld, Germany.

Mr. DIXON. How are your profits there as compared with your profits here?

Mr. MARR. Well, from reading this table, you will see. I will not take time to read that; but taking the cost of \$1 worth of goods, the cost of production, and selling it in Langerfeld, taking \$1 as the basis, our operations up to date here show that it costs \$1.62 $\frac{1}{4}$. Our selling price, selling to the same customer from both factories, necessarily must be the same. There is a little difference in the cost of the freight. New York is our best market, of course, and there is a little difference in the cost of the freight, but it does not make up for that difference. So you may figure out the difference in profits yourself, from that paper. With a 60 per cent duty we are at a slight disadvantage now, but not very much when you take into consideration the difference of freight.

So we say to you gentlemen that here is a new industry, and if we succeed there will probably be others going into it. It is a very valuable industry, and during all of this time, mind you, that we have been operating in the United States, during the last three years our Langerfeld importations have increased 39 per cent, so that we are in competition with our own factory, and I presume that what is true of our German plant is true of the other German manufacturers, that is, that their importations have been increasing, notwithstanding that we have been here.

There is the situation, and we ask you not to reduce that 60 per cent, because if you do reduce it we will be in the same position as we were once before, when we tried to operate a plant in the United States at Schenectady, and lost our entire investment. We are now trying it again, and have done so with the idea that the duty on that was fixed, and we ask you gentlemen not to reduce it, because if you do, we will simply lose our present investment. This investment is larger than the investment we made before, and we ask you to leave the duty where it is on single-thread laces made on these circular lace machines.

Mr. FORDNEY. Let me ask you one question, please. What proportion of your total cost of manufacture is in the labor cost?

Mr. MARR. I think those two items are on the table. I think they figure up something nearly 35 per cent.

Mr. FORDNEY. Thirty-five per cent higher than—

Mr. MARR. No.

Mr. FORDNEY. Thirty-five per cent of the total cost?

Mr. MARR. Thirty-five per cent of the cost is labor.

Mr. FORDNEY. Both here and abroad?

Mr. MARR. Yes.

Mr. FORDNEY. Here and in Germany?

Mr. MARR. Yes.

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Mr. FORDNEY. So that your labor cost, being more than 100 per cent higher than it is over there, the protection that you are asking for is sufficient to offset the difference in your cost here and there, practically?

Mr. MARR. Very nearly.

Mr. FORDNEY. Have you no other items showing the difference in cost? Is labor cost the principal item?

Mr. MARR. That is the principal item. We have to buy our materials and pay the manufacturers of those materials higher prices than we pay for the same materials abroad.

Mr. FORDNEY. If I got your figures correctly, in Germany your labor receives \$5.45 and here it receives \$11.20.

Mr. MARR. Those are the average wages of factory employees.

Mr. FORDNEY. Yes; that is the average wage. Therefore one is 48.6 as against 51.4, so that your labor cost is more than 100 per cent higher than it is in Germany?

Mr. MARR. One hundred and six per cent and 90 per cent.

You will notice, gentlemen, that there are no high salaries for officers in there. We have no officers drawing large salaries.

A. & E. HENKELS, OF BRIDGEPORT, CONN., SUBMIT INFORMATION RELATIVE TO THE LACE INDUSTRY IN RESPECT TO CLUNY AND TORCHON LACES, AS MADE BY THE SINGLE-THREAD LACE MACHINE.

Hon. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, House of Representatives.

DEAR SIR: The firm of A. & E. Henkels has a factory in Bridgeport, Conn., and also in Langerfeld, Germany, for the manufacture of cluny and torchon laces. The Bridgeport factory began operating in 1910 and has been operating ever since that time. This Bridgeport factory was established under the long-existing tariff of 60 per cent ad valorem on these laces and under the firm belief that this duty was to remain.

All laces made in the Bridgeport factory are of cotton. No linen laces can be made there on account of the import duty on linen yarns.

In regard to the cost of production in Germany as compared with Bridgeport we submit the following facts:

Into the cost of these goods there enters the cost of factory, machinery and equipment, raw materials, and labor.

In regard to the first item of factory cost: The cost per square foot of factory buildings in Langerfeld is \$1.38; in Bridgeport, \$2.22, or 60 per cent in excess. Both factories are constructed on exactly the same plans and they are identical in every respect.

In regard to the item of machinery and equipment: The machinery of the local factory for manufacturing these laces is all imported from Germany, none being made in the United States; and the present duty thereon is 45 per cent. To this must be added 5 per cent for freight, packing, insurance, etc., making the machinery in Bridgeport cost 50 per cent more than the machinery in Langerfeld.

In regard to the item of raw materials: As before stated, cotton yarn is the only material used in the Bridgeport factory and costs 10 per cent more than the same quality of cotton yarn in Langerfeld.

This difference in cost arises from the fact that the raw cotton can be purchased in the southern States by the German spinner as cheaply as by the New England spinner, and the difference of the freight is insignificant. The cost of spinning the yarn is higher in the United States than in Germany, we suppose on account of higher wages paid to labor.

We pay for finishing the yarn after it is spun 100 per cent more in the United States than in Germany. This includes bleaching, sizing, dyeing, mercerizing, etc., in accordance with the special processes to which our yarns are subjected.

In addition to the foregoing yarns, auxiliary yarns have to be used which are of higher quality than those used in the laces, and are 10 per cent higher here than in Langerfeld. The dressing and finishing of auxiliary yarns costs 100 per cent more here than in Germany.

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In regard to the item of labor, the average wages of all factory employees per week in Langerfeld is \$5.45. The average wages of all factory employees in Bridgeport per week is \$11.20, or 106 per cent in excess.

The average wages to officers, including all clerical help, in Langerfeld is \$13.96 per week and in Bridgeport \$26.52 per week, or 90 per cent in excess.

Making a more detailed summary of the comparative cost of production and for the sake of clearness, setting forth the comparative cost of goods costing \$1 to manufacture and sell in the Langerfeld factory, as compared with the identical goods made and sold in the Bridgeport factory, we have the following result:

	Langerfeld.	Bridgeport.	Per cent in excess.
Cost of material.....	\$0.28	\$0.36	28½
Wages.....	.25½	.52½	106
Power.....	.02	.04	100
Depreciation and interest on buildings.....	.65	.08	60
Depreciation on machinery.....	.17	.25½	50
Putting up and packing material for market.....	.11	.15½	40
Selling and office expenses.....	.09	.17	90
Sample expenses.....	.02½	.03½	50
	1.60	1.62½	.....

This tabulation makes the exact situation at once apparent, and the actual figures show that it costs 62½ per cent more to produce the same goods in Bridgeport than it does in Langerfeld, and the present duty of 60 per cent is barely sufficient to protect the American manufacturer of these laces as against his European competitor.

In regard to the item of power, not heretofore explained, this difference arises as follows: Nearly all factories in Langerfeld, including our own factory there, purchase their power from electric power companies, and our Langerfeld factory pays for its power three-fourths of a cent per horsepower hour, whereas the Bridgeport factory, which also purchases its power from an electric power company, pays therefor 1½ cents per horsepower hour.

As to the item of depreciation on machinery, this arises from the fact that the machinery costs 50 per cent more, on account of the duty, freight, etc., as previously explained. And this machinery is not made in the United States and must be imported.

In regard to the item of putting up and packing goods ready for market, this difference arises from the additional cost of materials and labor for boxes, crates, printed labels, wrapping paper, and ribbons.

In regard to the item of selling and office expenses, this arises from the difference in salaries, as hereinbefore shown.

In regard to the item of sample expenses, this arises from the fact that sample books have to be furnished by the company to each purchaser, so that goods may be shown from the samples therein contained, without handling and soiling the articles to be sold.

Quite a large investment has been made in the Bridgeport factory upon the faith and belief that if we made this investment there we would continue to receive the same protection as has existed for a long number of years; and the fact that no other firm has established a factory in the United States to the present time, using single-thread lace machines, would seem the best kind of proof that the present rate of duty is hardly sufficient for the protection of this industry. In the next place, since our factory has been established in Bridgeport the sales from our Langerfeld factory to the United States have gone on increasing each year and the imports of our Langerfeld factory to the United States, from 1910 to the present time, have increased about 39 per cent.

This lace industry is at a serious disadvantage as compared with its European competitors, from the fact that these latter manufacturers can make linen laces as well as cotton laces, whereas in the United States it is impossible to manufacture linen laces of this character under existing duties on linen yarns.

Under the present duty it appears that the European single-thread lace manufacturers have a slight advantage partly compensated by the difference of shipping rates to New York, and any reduction from the present 60 per cent duty will, we believe, be fatal to this industry remaining in the United States, as well as render worthless the large investment already made.

A. & F. HENKELS,
By JAMES A. MARR.

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TESTIMONY OF GEORGE J. MARTIN, ON BEHALF OF THE
MARTIN MANUFACTURING CO., NEWTON, MASS.

Mr. Martin was duly sworn by the chairman.

Mr. MARTIN. Gentlemen, I speak in relation to paragraph 349, Schedule J.

I am representing the novelty curtain manufacturers, our goods being partly or almost entirely handmade, as opposed to the machine-made curtains, known as Nottingham lace curtains.

Our industry was started about the year 1900. It is an entirely new field in the American manufacture, these goods previous to that time being made entirely in Europe. There are to-day in this country probably between 60 and 70 manufacturers distributed through Massachusetts, New York, Pennsylvania, New Jersey, Illinois, Ohio, and gradually spreading, so that we hear of new concerns starting up from time to time as far west as San Francisco.

There are more than 3,000 people employed in our industry, and the total business to-day will reach from \$5,000,000 to \$6,000,000.

The factory with which the writer is connected is run on piecework basis. We figure our operators on the class of work in which we are particularly interested, at 20 cents an hour. In establishing this price, we take an operator of average speed only, but one who does good work, and base our piecework price on her results, as we have found from long experience that this is an equitable way for all concerned. If an operator makes the average weekly wage on which she is based, namely, 20 cents an hour, we give her a bonus of 10 per cent; this at times brings up the full wages for the week of rapid operators to from \$17 to \$18. Our State law is for 54 hours per week, and at 20 cents per hour an operator of even average speed would make about \$10.80. Working under the conditions, however, that our operators do work, it would appear that the average wage paid for labor on our hand-made curtains in the factory would be about 27 or 28 cents per hour.

In order to compete with the peasant labor of France and Switzerland we were obliged to partly follow their system. In other words, we are obliged to do a large portion of the handwork in the homes of the people living in our vicinity. These people we base on a wage scale of 11 cents an hour, and we employ at times as many as 350. I might mention that in the factory we employ from 175 to 200, which includes men and women and some young girls just out of school.

In order to get the exact figures that the Swiss manufacturers paid for their labor two years ago, we sent one of our designers, a Swiss by birth, to Europe to investigate conditions for us, and he advised us on his return that the labor there at that time was figured from 4 to 6 cents an hour. Allowing a duty of 60 per cent on this labor of 6 cents an hour would bring it up to 9.6 cents per hour. Against this we pay 11 cents in the homes and an average of 27 or 28 cents in the factory for this class of work.

You can see from these figures that we could not afford to have the duty reduced without materially affecting our business. About three or four years ago we started in the manufacture of what is

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termed "Marie Antoinette" curtains. We spent several thousand dollars to learn how to do this and perfect an organization, and it does take the most perfect organization to accomplish these results against Europe, where the work has been done for generations. We have succeeded, however, and under the present tariff we can make what the writer feels is a fair margin of profit. The competition at times is very keen, but on the general average we would not complain. We are satisfied that if the duty were reduced very much we could not make the class of goods mentioned except at a loss.

The writer would call your attention to the fact that we have tried to make Irish point curtains successfully in competition with Europe, and although we have spent thousands of dollars we find so far that we are completely unable to compete, except on very low-priced numbers into which material enters largely and labor very little. We are, however, going to take up this class of work in the near future once more, if the duty is not disturbed, and send a man to Europe to see if we can learn something to enable us to compete successfully.

There is no necessity of my calling your attention to the large imports of our class of goods and the numberless importers successfully and profitably engaged in it. Furthermore, I would add, competition among the American manufacturers is frightfully keen. Lowering the duty would not make American goods cheaper, as we now price them based on cost, and totally eliminate in consideration the price of the foreign article.

Another thing the writer would call the attention of the committee to and that is the almost insane idea that some people have that a foreign article is better than a domestic one. This is not so in our case, for the foreigners often copy our method of manufacture, although a few years ago we were copying theirs. Furthermore, let me add that operators who earn 27 or 28 cents an hour on an average, use special attachments we devise that do better work by machine than the foreigners do by hand. It is only through methods of this type that we are able to compete, and the business that we have been learning and building up, for the past few years particularly, would be practically wiped out with any marked reduction in the tariff.

We earnestly ask you to leave it where it is, namely, at 60 per cent duty.

I might add that we are large importers of laces and nets, on which we pay a duty of 60 per cent. I also desire to call the attention of the committee to the fact that we are successfully making what are termed "drawn-work" curtains. These are curtains that are made of cotton and have the threads drawn by hand, after the style of what is called Mexican drawn work. They often contain no laces whatsoever. At present these curtains come in under a duty of 60 per cent. I would like to have these curtains carry the same rate of duty as those previously mentioned in my brief.

For the benefit of the committee, I give below a summary of the cost of production, referred to in the making of these better hand-made curtains and on which we come in close competition with

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foreign makers: Labor, 40 per cent; material, 49.3 per cent; overhead expense, 10.7 per cent.

The CHAIRMAN. If there are no questions, that is all, Mr. Martin.

TESTIMONY OF W. N. PARKES, REPRESENTING THE PARKES MACHINE CO., BROOKLYN, N. Y.

The CHAIRMAN. Mr. Parkes, we are trying to hold the witnesses down to 10 minutes. I want to give them all a chance to be heard. It is Saturday afternoon and we are all anxious to get away. I will ask you to please come to the subject matter of your statement as quickly as possible.

Mr. PARKES. I will make it as brief as possible. I represent the Parkes Machine Co., of Brooklyn, N. Y. We are interested in paragraph 349, Schedule J. The duty on the special line of embroidery we manufacture, which line I will presently explain, is 60 per cent ad valorem. For reasons which I will bring out further on, we are asking you at least not to lower this rate of duty. For reasons which I will give, we are also suggesting that certain changes be made in the phraseology of the paragraph mentioned. We are endeavoring to establish two new industries, namely, the manufacturing of special automatic embroidery machines, and the placing of these machines on the market, and the manufacturing with these machines of a line of embroidered articles and the placing of such articles on the market.

Embroidery or ornamental needlework is used on two classes of articles, first, on fabrics or articles for personal use, such as wearing apparel, and trimming for wearing apparel, handkerchiefs, etc., and second, fabrics or articles for housekeeping use, such as doilies, bureau scarfs, table linens, bed linens, etc.

At the time the Dingley law passed, in 1897, the first class of articles mentioned, namely, those for personal use, were embroidered on the multiple-needle machines, such as the Swiss or Schifflé. In these machines there are a large number of needles, disposed in a row, or in parallel rows, and these needles are all operated simultaneously. The second class of articles, namely, those for housekeeping use, were at the time the Dingley law passed, embroidered by hand. The multiple-needle machines are not adapted to embroider this class of work and they are not adapted to embroider certain parts of articles and certain articles for personal use.

We are making special machines to embroider a large part of this class of work, and our competitors, abroad, are also making special machines for doing this class of work. We have been working 15 years on these special machines, and have invested over \$230,000 in cash, \$200,000 of which we have had invested for 10 years, and as yet we have not earned any dividends, and those who invested the capital have not received any returns in any form.

We have, however, reached a point in the development of our business where we feel that if we are given suitable protection, we will not only succeed in establishing the business of manufacturing these embroidered housekeeping articles and placing them on the market, but we will succeed in establishing the business of manufacturing the

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special machines and placing them on the market, and I might say it is probable that we may, after we are established in connection with the special machines, take up the business of manufacturing the regular embroidery machines.

It would be of great value to the embroidery industry here, if these machines were made here, and if the duty is high enough to cause the embroidery business to be established here on a large scale, and the duty on embroidery machines is high and it be understood that it will be permanent at least to the extent of the difference in cost to build the machines plus a fair profit on the capital needed, the building of such machines will undoubtedly be established.

I want to say in connection with these special machines that it is practically the only thing left in this line for a new industry. The regular machines, such as the Singer makes, and a large number of other companies, are made abroad and made here; but these special machines—that is, the field for these special machines is still open to American ingenuity and industry, and it should be established. It will be a large business if it is established here.

Now, as to the phraseology of the law. I have cited, in a brief filed with you, two protest cases—the J. R. Simon & Co. and Charles R. Waentig cases—of record, in which the importers defeated the Government, and I believe about a million dollars had to be refunded, and in that brief I have told you that another protest case is pending relative to a type of the embroidered or ornamented needlework goods we are manufacturing or intend to manufacture.

It may be said I have overstated the amount of refund in these cases, which, by the way, went to the importers and lawyers, and not to the consumers. The protest cases had not been finally determined at the time the present tariff law passed.

I was interested in this matter at the time the present law was being made, and at that time I asked the Treasury Department here in Washington how much was involved in these cases, and was informed that in the J. R. Simon & Co. case \$754,000 was involved. The Treasury Department could not give me the figures in the Charles R. Waentig case.

However, some one of the custom officials at New York informed me that it was thought that it would amount to nearly a million dollars. I was informed that in the Waentig case 1,300 protests were involved, and in the Simon case 5,450 protests were involved. The Government lost both of these cases, as I have stated, and consequently the amount involved had to be refunded, and I think that an investigation will show that my statement that a million dollars had to be refunded is not too high.

These gentlemen who are so very solicitous about the dear consumer got the benefit of this refund. The consumers did not get it. These protest cases were carried on over a number of years. I believe one of them started in 1901 and the other one started in 1905, and they ended in 1909. During that period the consumer was charged regular prices for the goods, plus the tariff, plus a profit, undoubtedly; so that when this million dollars or more was refunded it went to the lawyers who make a business of taking up these protests on commission, I am informed, and to the importers who are trying to get the duty on our special line of goods reduced.

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I have recently tried to get the information from the customs officials at New York as to how much was refunded in these two cases, but was informed that they did not have it tabulated and could not give it to me. I wrote the Treasury Department here in Washington for the information and received a reply which included the following:

In reply I have to state, confirming the department's telegram of this date, that the department does not have the information at hand and it is therefore unable to advise you in the matter at present. I will state also that it is contrary to the regulations of the department to furnish information relative to importations to others than those directly interested, and unless you are counsel for the importers and secure their consent that that data be provided, information in the matter can not be furnished you.

That is to say, the Government did not want to give me the information unless I got permission from the importers. Certainly I did not represent the importers, and if I did not represent the importers they did not want to give me this special information.

I mention the foregoing to the end that it may be understood that I have made an effort to furnish definitely the amount of the refund in the two protest cases noted; and I have mentioned these two cases to bring out the importance of the phraseology in the proposed law relative to these embroidered articles.

We are competing with the very cheapest kind of labor abroad. I have not succeeded in getting figures in connection with the wages paid the workers on the special or on the regular embroidery machines, but have secured some figures (from the publication of the Government Daily Consular and Trade Reports) in connection with the wages paid or earned by the handworkers on the special class of work we are doing. Belgium Consul H. Albert Donelson reports hours of the workers from 6.30 to noon, and 1 to 7 o'clock in summer, and in winter 8 a. m. to 10 p. m. They earn from 8 to 10 cents a day, the more expert 14 cents. Bohemia Consul Lorie reports that the wages on this class of work is from 20 to 30 cents per day. Italy, Palermo District, consul reports wages paid for 8 to 9 hours' work, 25 cents, and 30 to 60 cents for the more skilled workers. Consul in Spain reports wages from 30 to 40 cents a day, and from France the report is from \$28 to \$46 per year. In various other countries I am informed that the workers on this class of work get or earn from 6 to 30 cents per day.

Heretofore practically all of the class of work I am talking about which is a very large class, was done by hand, because the regular embroidery machines could not do it good enough, and could not do it at a low enough figure to compete with the handwork. Special embroidery machines, however, have been and are being made abroad which does some of it, and we are making special embroidery machines, as I have stated, which does some of it in competition with the handwork and in competition with the work of the foreign-made machines.

We have been doing work for some time on a lot of 50 of these machines and placing the product on the market, and we have also placed some of the machines in other factories, and work is being done on them and placed on the market. At the present time we are building an additional lot of 100 of these machines, and we are also at the present time negotiating for needed additional capital. I say this to show the basis of my statement, that we are engaged in

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the business of establishing two new industries here, namely, the manufacturing of special embroidery and ornamental needle work machies, and the placing of the product of such machines on the market.

For the foregoing and other reasons, we ask that the duty on embroidery and ornamental needle work or lace work be not lowered, and we also ask that the duty on special machines for doing this class of work be not lowered. And we note, in conclusion, that as the embroidery and lace making industry is established here, the conditions for establishing the business of manufacturing machines for such work is improved, and primarily we are interested in establishing the business of manufacturing such machines here. And it is further noted in conclusion that certain lacework can be done on our machies, and that conditions being favorable we will undoubtedly adapt them to do such work.

BRIEF OF THE PARKES MACHINE CO.

BROOKLYN, N. Y., *January 21, 1913.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: I represent the Parkes Machine Co., of Brooklyn, N. Y. We are engaged in the manufacture of special machine embroidery or ornamental needlework such as is imported under Schedule J, paragraph 349. As to my qualifications in connection with such work, would say I have had over 27 years' experience with stitching machines and over 15 years with machines for doing special embroidery or ornamental stitching and over 8 years in placing the product of such machines on the market. We do not think the duty should be lowered on the merchandise that is imported under the paragraph mentioned, but it is not our object to take up this question in detail. We are asking for such changes in the law as may be necessary to make it cover all such work. The Dingley and the present law were intended, and do, if rightly interpreted, cover all such work.

But a number of importers succeeded in nullifying the Dingley law in connection with some of this class of work, and these same gentlemen, or at least some of them, are now engaged in an attempt to nullify the present law in connection with some of this class of work. And the collector of the port of New York has nullified the present law in connection with some of this class of work by a ruling he made. It is one of my objects to set forth herein enough facts to bring this nullifying process out so it will be understood and to suggest matter for the proposed new law which it is thought will prevent such nullification in the future.

To show that the question I am raising is of importance from a revenue point of view alone, two of the controversies the Government has had with the importers will be briefly noted. The embroidery or ornamental needlework which the paragraph in question covers is used for two purposes: First, for ornamenting or embellishing material or articles for personal use, such as wearing apparel, handkerchiefs, etc.; and, second, for ornamenting or embellishing material or articles for housekeeping use, such as doilies, centerpieces, table linens, bureau scarfs, upholstery, bed linens, etc. The controversies that are noted have been in connection with this latter type of merchandise.

At the time the Dingley law passed the embroidery or ornamental needlework on these housekeeping articles was done abroad by hand, and the articles thus embellished were imported. And whether or not the work was all located at the edge of the article they were classed under paragraph 339 of the law as embroidered articles, and the work came in without protest. The embroidery was done by hand on this class of work because, for reasons which in the interest of brevity will be omitted here, it could not be done in competition with handwork on the machines which did the embroidery for personal use. And these machines of to-day are not suitable for doing the embroidery on housekeeping articles.

Some time after the Dingley law was passed the embroidering of this kind of merchandise by a machine made for the purpose was begun abroad, and its importation commenced. This embroidery was not as good as handwork, and this made it look a little different. The importers took this difference in appearance as an excuse for

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a claim that the work is not embroidery, and the Charles R. Waentig protest No. 4146 was commenced. I have been informed that this was in 1901, and that the controversy comprised 1,300 protests.

Notwithstanding the claim of the importers to the contrary, the work was obviously embroidery. It was done on the same kind of articles that were being embroidered by hand and imported as embroidered articles without protest, namely, doilies, centerpieces, towels, etc.; it was located in the same place on these articles as those embroidered by hand, namely, along the edge or border; it was put there for the identical purpose, namely, embellishment; and it was made in exactly the same design, namely, scalloped.

The other case referred to is the J. R. Simons & Co. protest commenced March 17, 1904, decision rendered against the Government; United States Circuit Court of Appeals, second circuit, April 13, 1909, opinion No. 189. In this case I have been informed that there were 5,450 protests. Here the same class of merchandise was involved. It consisted of table covers, bureau covers, doilies, and similar articles used for housekeeping purposes. The work on these articles comprises embroidery or ornamental needlework of a different type from that which is on the articles in the Waentig case. It is known commercially as drawn or open work. In these two cases alone, I was informed when they were pending, about \$1,000,000 was involved, so I presume about this amount has been refunded.

How the importers beat the Government in these two cases, in the face of the facts I have noted, I can not take the time to answer here. It is interesting to note that the merchandise on which the duty was refunded undoubtedly reached the consumers at a price which included the cost of the merchandise plus the duty and the regular profits made on such merchandise. And the refunded cash, amounting to about \$1,000,000, no doubt passed into the pockets of the importers, and the lawyers, whom I have been informed make a business of bringing these protests on a commission basis.

In paragraph 349 of the present law will be found the following:

"Articles or fabric * * * from which threads have been drawn, cut, or punched to produce openwork, ornamented or embroidered in any manner herein described in any part thereof, however small." This matter was inserted to cover all drawn work and properly interpreted it does cover it, and even the plainest kind, which is hemstitched drawn work.

But the collector of the port of New York has ruled otherwise, and consequently no duty is collected on hemstitched drawn work or any drawn work except such as has certain specified kinds of work or figures in it, and this work is not assessed under the above-quoted words but is assessed as articles in "imitation of lace." And even the duty on the specified kind of drawn work which is assessed as "imitation of lace" is now under protest before the Board of Appraisers. And I have been informed that the same importers, or at least practically the same, which were so successful in connection with the two protest cases previously mentioned, are back of the pending protest.

Referring again to the collector's ruling in connection with the words quoted above, I note that he in substance takes the obvious erroneous position that the needlework used along the thread-drawn path in this work is not for ornamental purposes, when as a plain matter of fact this is practically its entire function. It is true that the needlework has the added function of binding the folded part of the material and thereby hemming it, but this does not make it any the less ornamental needlework. All embroidery along the edge or border of material or articles has the added function of binding the edge or border, but this does not make it any the less embroidery. Drawing the threads from fabric or punching holes in it does not ornament the fabric; it is by means of the needlework in connection with the drawn or punched work that the fabric or article is ornamented.

The following is a part of paragraph 349 of the present law with the changes in it we suggest. We recommend that the words in italics be incorporated, and the words in brackets be canceled. These changes we believe will prevent the nullifying of the law in the future in connection with this work, which forms a part of articles which are luxuries.

"349. Laces, lace window curtains, and all other lace articles; handkerchiefs, napkins, wearing apparel, and all other articles made wholly or in part of lace or laces, or in imitation of lace; nets, nettings, veils, veilings, neck ruffings, ruchings, tuckings, flutings, quiltings, embroideries, trimmings, braids, featherstitch braids, edgings, insertings, flouncings, galloons, gorings, bands, handings, belts, beltings, bindings, cords ornaments, ribbons, tapes, webs, and webbings; wearing apparel, handkerchiefs, and *all* other articles or fabrics embroidered in any manner by hand or

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machinery, whether with a plain or fancy letter, initial, or monogram, or otherwise, or tamboured, appliquéd, or scalloped, by hand or machinery, for any purpose, or from which threads have been drawn, cut, or punched to produce openwork, ornamented or embroidered, or *hemstitched* or *stitched* in any manner [herein described], in any part thereof, however small; hemstitched or tucked flouncings or skirtings * * *.”

In connection with the duty on these housekeeping articles, it is noted that linen is our principal raw material; it must be imported, and it pays a duty of from 35 to 50 per cent. From this it appears that the establishing of the business of manufacturing these articles in the United States, which we are trying to do, will increase the revenue even though it should diminish the importation of the finished articles, for the establishing of this business here will largely increase the use of such articles, and thereby increase the importation of linen.

Our business is essentially different from the general embroidery business. In the general embroidery business the work is manufactured principally on the Schifflé and the Swiss embroidery machines, which machines are not adapted to do the embroidery on the housekeeping articles we manufacture. The embroidery we do is manufactured on special embroidery machines which we make ourselves, and the manufacture of which we are trying to establish here, as well as the business of placing the product of the machines on the market.

In conclusion we respectfully urge that the changes we have suggested be incorporated in paragraph 349 of the present law, that the line of embroidered articles we manufacture be accorded as high a rate of duty as any other kind of embroidered articles, and that if any changes are made in the law care be taken not to limit the rate of duty to work done on any particular type of machine.

Respectfully submitted.

W. N. PARKES,
President of the Parkes Machine Co.

SUPPLEMENTAL BRIEF OF PARKES MACHINE CO.

BROOKLYN, N. Y., February 3, 1913.

To the honorable members of the Committee on Ways and Means,

House of Representatives, Washington, D. C.

GENTLEMEN: In accordance with the request of the writer when he testified before you on the 25th of last month, the following supplemental brief is offered for your consideration. We suggest that the following additional amendment be made in the present tariff law:

Schedule J, paragraph 349, insert after the word “embroidered,” ending at the beginning of line 9, “or scalloped.”

Our reason for suggesting this is the fact that the custom officials omit the word scalloped in connection with handkerchiefs. For example, on page 52 of the record imported merchandise entered for consumption in the United States for the fiscal year ending June 30, 1912, the following will be found:

“Handkerchiefs * * * embroidered in any manner, whether with initial letter, monogram, or otherwise, by hand or machinery, or tamboured, appliquéd, or trimmed wholly or in part with lace tuckings or insertions, 60 per cent.”

A scalloped handkerchief is an embroidered handkerchief. Scallop is the name of the design. However, it was on this point that the importers beat the Government in the contest case, *United States v. Wentig*, which I have previously set forth in my testimony given before your honorable committee. In order to prevent the annulling of the law in connection with this kind of embroidered articles, the words “or scalloped” were entered after the word appliquéd in the present law, paragraph 349, as you will notice. But for some reason these words “or scalloped” are not thought to be applicable in connection with handkerchiefs. It is submitted that, in all fairness, handkerchiefs or any other article or fabric finished with embroidery (which in the opinion of the writer has been called scalloped to evade the law) of any kind should pay the 60 per cent duty.

I suggest further that in paragraph 402, line 4, after the words “embroideries and articles embroidered,” the words “or scalloped” be inserted.

It is submitted that articles or fabrics of any kind that can be stitched, finished with the particular kind of embroidered design called “scalloped,” should be assessed at the same rate as any other kind of embroidery. According to some importers, this work when done on the Parkes special embroidery machine is only scalloped,

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but when done on the Swiss or Schiffile embroidery machine or by hand it is embroidery, notwithstanding the fact that it is far superior and more ornamental when done on the Parkes machine.

Respectfully submitted.

W. N. PARKES,
President Parkes Machine Co.

TESTIMONY OF CHARLES SHONINGER, OF NEW YORK CITY.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Shoninger.

Mr. SHONINGER. Mr. Chairman and members of the Ways and Means Committee, I represent a group of importers who handle laces and embroideries and kindred articles. These firms have been in business for periods ranging from 28 to 55 years. They have had vast experience in handling the goods about which I wish to speak. I desire to take up the paragraphs covering laces.

Under Schedule J, the paragraphs that would come under consideration would be Nos. 349 and 350, but my remarks touching upon these paragraphs will apply with equal force to paragraphs 402 and 405, embraced in the silk schedule, also paragraph No. 179, embraced in the metal schedule.

Candor compels us to say that there is no monopoly in the lace or embroidery industry and that the domestic manufacturer is therefore entitled to fair consideration, because he is engaged in a relatively new industry.

We also concede that laces and embroideries are luxuries and that the greater part of the laces now consumed are of foreign make. Happily, the conditions now existing are competitive and we desire, as importers, to have that condition continue, with, however, certain changes which we would like to have made in the present tariff act as applied to our merchandise.

The paramount change sought for by us is the unification of the duty upon laces and embroideries and kindred articles, so that a uniform and unvarying ad valorem rate shall be imposed upon every kind and description of the same, irrespective of the material or materials of which they are composed or the manner or method in which they are made or manufactured.

The reverse is now the case in respect to these goods.

In paragraph 349 there is a uniform rate of 60 per cent on practically all laces, with the exception of those provided for under paragraph 350, and those that are covered in paragraphs 405 and 179, where certain discriminatory rates were imposed upon various kinds of laces which took those laces out of the paragraphs under which they were formerly assessed.

Mr. HAMMOND. Is it your suggestion that all laces now covered by silk, jute, cotton, and metal schedules should be consolidated under one classification and given one rate?

Mr. SHONINGER. Yes, sir; that is the statement I wish to make.

Under paragraph 350, which calls for a rate of 70 per cent, all goods made on Lever and Gothrough machines, I wish to say that that is unfair discrimination. Goods that are produced on those machines are of the cheapest kind, while the better class of laces,

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those that are made by hand or made on other machines, are taxed at 60 per cent.

The goods that are produced on the Lever or Gothrough machines are very largely consumed by the masses, who are taxed at a higher rate for the articles that they use than consumers pay on the higher and better grades of goods made by hand or on other machines.

If there was ever any justification for the introduction of that particular paragraph 350, it no longer exists. The domestic industry which this paragraph possibly intended to foster and develop has grown by leaps and bounds, so that a fair competition now exists between the products of the American manufacturer and the foreign manufacturer.

The amount of importations as shown by the Government figures of 1912 would indicate that there were about \$8,000,000, approximately, of these goods imported, and by the admissions made here at this session by gentlemen representing the domestic manufacturers, it would appear that the amount of business done ranges, according to their statements, from \$3,000,000 to \$10,000,000. It is fair to assume that an average figure between these two may be the correct one. If that is the case, it is self-evident that the amount of business done now on the products of the Lever and Gothrough machines in this country is about equal to, if it does not surpass, the amount of goods imported.

It is fair to assume that the protection that the domestic manufacturers have had under the 70 per cent rate has given them ample opportunity to develop their business and has given them satisfactory protection, for the reason that the business has developed and grown and more machines are constantly being imported and set up here.

The unfair feature of taxing that particular class of merchandise higher than any other is not alone confined to the product itself, but it has its bearing on other articles made in which this article or anything made on a Lever machine is employed in the smallest degree. For example:

In the matter of waists and dresses or underwear or any article in which any part of the product of the Lever machine is at all employed such articles are affected. The rate of duty imposed upon these various articles is no longer the rate that is called for under the various paragraphs where they were formerly assessed, but they are now assessed at the rate of 70 per cent.

In the case of the Government against Stein a decision was handed down by the Commerce Court to the effect that any article in which the smallest part of a Lever machine product was employed such articles shall pay 70 per cent. Since then the Treasury Department has issued orders to levy and assess that rate upon all goods in which any Lever machine products are in any way employed.

The unfairness of this provision is fairly illustrated right here: If a gown worth in a foreign market from 500 to 1,000 francs—that is to say, from \$100 to \$200—were to be imported, and this gown had but a small part of lace, either in the neck or sleeves, and the entire value of that lace did not amount to 10 or 15 francs, which would be the equivalent of \$2 or \$3 in United States money, as com-

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pared to the total value of 500 or 1,000 francs, instead of the gown paying a rate of duty of 60 per cent under the paragraph covering wearing apparel it is now assessed at 70 per cent. On a \$100 gown the advance of 10 per cent means \$10, while the entire value of the lace would be but \$2 or \$3. In the case of a gown worth 1,000 francs or \$200 the amount of total tax would be \$140 instead of \$120; that is to say, \$20 additional because it is embellished by a small piece of lace which had no material bearing upon the final cost of the finished product.

The CHAIRMAN. Mr. Shoninger, your time has expired.

Mr. SHONINGER. I have hardly begun, Mr. Chairman.

The CHAIRMAN. I appreciate the fact that the time is rather short, but we have a large number of witnesses to-day, so we will have to hasten along as rapidly as we can.

Mr. SHONINGER. May I have just one moment more, Mr. Chairman?

The CHAIRMAN. Certainly.

Mr. SHONINGER. The vital point in connection with laces to be considered by the committee, is that the materials of which they are composed are but as small part of the total cost. The more important features, made up by labor, designing, finishing, bleaching, etc., make up the chief items of the finished cost.

It is therefore a perfectly fair proposition that the rate assessed upon the article be upon an ad valorem basis and not upon the value of any of the materials composing any one of the component parts. If this were done, it would simplify the entire schedule, and would make it exceedingly easy in respect to the administrative features.

I would also call your attention to laces and embroideries as a class. Many of these are made on the same machines and should be considered together under one heading. It is difficult to separate them. The machines which produce embroideries also produce laces, and in many cases combinations of laces and embroideries are made on the same machines. Both are adapted to the same uses and purposes. It is impossible at times to distinguish the point at which a certain fabric ceases to be one and becomes the other.

The thing we desire is to have a uniform rate. We feel that a rate of 60 per cent, as fixed under the McKinley Act, would be an absolutely fair one. It would be fair to the importers, fair to the consumers, fair to the domestic manufacturers, and fair to the Government. It would not reduce the revenue materially and the entire loss to the Government, if the rate were made uniform at 60 per cent, based upon the importations of laces and embroideries last year, would be less than \$1,000,000 out of a total revenue collected on these articles of upward of \$27,000,000.

The CHAIRMAN. What you want is a 60 per cent rate. You do not care anything about the classification outside of that, do you?

Mr. SHONINGER. We want to have them so classified that there can be no mistake as to what class they belong to, and a 60 per cent rate is perfectly acceptable to us.

The CHAIRMAN. There is some advantage in keeping this particular classification, because we can in the future watch it more carefully and see what it is doing.

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Mr. SHONINGER. It is perfectly agreeable if the paragraphs were retained, and I therefore would suggest that paragraph 350 be stricken out altogether.

That paragraph 349 be kept in its entirety.

That paragraph 405 be amended so as to strike out the part which imposes 45 cents per pound upon all artificial silk, and

That paragraph 179 be amended striking out the specific rate of 15 cents per pound.

That would eliminate all the discriminatory additional taxes on the entire range of laces and embroideries.

I believe it would be most advantageous to have separate paragraphs and it would be better for the purpose of the Government to know what amounts are collected under these various paragraphs, and how the business may be rising or falling with reference to the various classes of goods.

We do not suggest that the silk paragraph nor the metal paragraph or other paragraphs be eliminated, but that they be retained and made uniform in regard to the rate to be assessed. If the paragraphs covering these goods were allowed to remain they would show whether the consumption in the articles was increasing or decreasing proportionately with the American business. It would be a fair test as to whether or not ample protection is given to the domestic manufacturer, or whether he is overprotected.

The CHAIRMAN. We will give careful consideration to your brief, Mr. Shoninger.

Mr. SHONINGER. I have prepared a brief, Mr. Chairman, which I desire to hand in, and I will be glad to have it put in the record.

The CHAIRMAN. The stenographer will see that it is printed in the record, Mr. Shoninger.

The brief above mentioned follows:

The COMMITTEE ON WAYS AND MEANS:

The undersigned firms submit the following considerations for re-forming the present tariff act covering laces, embroideries, and kindred articles, as affected by paragraphs 179, 349, 350, 402, 405, and 421.

The houses joining in these recommendations have been engaged in the importation of laces, embroideries, and allied fabrics for periods ranging from 30 to 55 years. We were pioneers in the business and for many years have occupied positions of the highest importance and prominence in the industry. Our long experience under and careful study of the various tariffs which have affected us enable us to speak with authority and knowledge of what is most beneficial to all the interests concerned in re-forming the tariff upon our merchandise at the present time.

Although importers, in order to be candid with the committee, we wish at the outset to make the following statements:

That there is no monopoly or trust in laces or embroideries and that the domestic manufacturer is entitled to some consideration as being engaged in a relatively new industry.

That laces and embroideries are luxuries, for the most part, which must expect to bear in consequence a fair share of the burden of taxation.

That the greater part of the laces and embroideries consumed in this country are of foreign manufacture and that in most particulars the present tariff permits of competitive conditions between the products of domestic and foreign manufacture.

Giving these admissions their full weight, and conceding that a strong case will no doubt be made out by the domestic manufacturer for the protection of his product, still it is submitted that justice demands that certain changes be made in the present tariff act as applied to our merchandise.

The paramount change sought is the unification of the duty upon laces, embroideries, and kindred articles, so that a uniform and unvarying ad valorem rate shall be imposed upon every kind and description of the same, irrespective of the material or

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materials of which they are composed or the manner or method in which they are made or manufactured.

At present the reverse is the case, and the result is a law which is inconsistent, illogical, and confusing.

Paragraph 349, covering the importation of laces and embroideries composed chiefly or wholly of cotton, flax, or other vegetable fiber, and paragraph 402, covering the importation of the same fabrics of which silk is a component part, are the principal ones under which laces and embroideries are imported. These paragraphs fix the rate at 60 per cent ad valorem. Paragraph 421 relates to laces, embroideries, etc., made chiefly of beads or spangles, and likewise fixes the rate at 60 per cent ad valorem.

Paragraph 350 provides that laces and embroideries made on the Lever or Gothrough machine shall pay a rate of 70 per cent ad valorem. This rate applies to any article having any fractional part thereof made on the machine in question, even though the part made on this machine is only a trifling proportion to the whole.

Paragraph 405 provides that laces, embroideries, etc., made wholly or in chief value of artificial or imitation silk shall pay 45 cents per pound, and in addition thereto 60 per cent ad valorem.

Paragraph 179 provides that laces, embroideries, etc., made wholly or in chief value of tinsel wire or metal threads, shall pay 15 cents per pound and 60 per cent ad valorem.

What we earnestly seek as the first and fundamental step in any tariff reform and what the welfare of all parties concerned in this industry demands is the elimination of the different rates imposed under paragraphs 350, 405, and 179, and the establishment of a uniform rate for all laces, embroideries, and kindred articles.

The discrimination under paragraph 350 in favor of the product of the Lever or Gothrough machine is indefensible. This machine-made product is the poorer grade of lace, and yet it is taxed more heavily than the most expensive hand-made laces. The increase of the duty on this product in the present act to 70 per cent is the highest rate ever imposed upon laces in the history of our tariff legislation, and if it ever had any justification this is now absolutely gone. Laces made on the circular machine may not be distinguishable from those made on the Lever or Gothrough machine, but these two absolutely similar products are obliged to pay in one case 60 per cent duty and in the other case 70 per cent duty.

The imposition of a different and higher rate on laces, embroideries, kindred articles, and fabrics composed wholly or in chief value of artificial or imitation silk, as provided in paragraph 405, is as illogical and unjust as the discrimination made in favor of the product of the Lever or Gothrough machine. The same applies to the discrimination made under paragraph 179 in favor of lace and embroidered fabrics made wholly or in chief value of tinsel wire or metal threads.

The lace or embroidery made of real silk is, if there be any difference, more costly than that made of artificial silk, and still the cheaper quality pays the higher duty.

As importers of many years, we can conceive of no reason why such discrimination should be made.

This is equally applicable to the discrimination in favor of metal goods under paragraph 179.

The strong desire of the importer is that the discriminations found in paragraphs 350, 405, and 179 should be eliminated, and that all laces and embroideries should be placed upon the same basis for the purposes of taxation.

A vitally important fact to be pointed out in this connection is that the value of laces and embroideries is derived only in a small measure from the materials of which they are composed. The difference in value between the silk, cotton, artificial silk, or other material making a piece of lace or embroidery is relatively small as compared with the difference in value between the other elements which constitute the total value of the finished product, as designing, drafting, labor, finishing, clipping, bleaching, etc. Accordingly, if a uniform assessment is made upon the basis of the total value of the product and in disregard of the material composing it, the Government in each case will be levying a tax wholly in proportion to value, and consequently in proportion to the ability of the consumer to pay. This is fair to the Government, fair to the importer, and fair to the consumer.

There will be the further great advantage of simplicity and certainty in the application of the administrative features which are conspicuously lacking from the complicated and mixed provisions of the present law.

We pass now to a consideration of the amount at which this uniform ad valorem rate should be fixed.

It should be stated preliminarily that laces and embroideries should be classified together and taxed at the same rate. The same material, labor, and mode of manufacture are used in both. The machine which produces embroideries also produces

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laces, and in many cases combinations of laces and embroideries are made on the same machine. Both are luxuries adapted to the same uses and purposes, and it is impossible in practice at times to distinguish the point at which a certain fabric ceases to be one and become the other. Therefore, whatever is said in this brief applies equally to laces and embroideries, as well as the other articles enumerated in paragraphs 349 and 402.

It is our judgment that this uniform rate should be established at 60 per cent ad valorem.

If a uniform rate of 60 per cent ad valorem is fixed absolutely upon laces and embroideries of every kind and description instead of the present rate, which ranges up to 70 per cent, the interests of the Government, the importer, the domestic manufacturer, and the consumer will be best conserved.

The following tables show the value of goods imported under each of the paragraphs under consideration for the years ending June 30, 1910, 1911, and 1912, the duty collected, and the excess of this duty over the proposed uniform rate of 60 per cent. Importations for 1909 are also included:

	Value.	60 per cent duties.
1909.		
Cotton.....	\$36,366,624.96	\$21,819,974.89
Silk.....	5,604,149.23	3,362,489.53
Metal.....	351,119.50	210,671.70
	42,321,893.69	25,393,136.12

	Value.	Duties.	Excess over 60 per cent.	
1910.				
Cotton.....	\$34,006,148.02	60 per cent. \$20,403,688.81		Par. 349.
Silk, natural.....	3,757,077.71	2,254,246.64		Par. 402.
	37,763,225.73	22,657,935.45		
70 per cent.				
Cotton.....	7,019,283.70	4,913,498.60	\$701,928.37	Par. 350.
Silk, natural.....	988,123.00	691,686.10	98,812.30	Par. 350.
	8,007,406.70	5,605,184.70		
60 per cent and 45 cents (67.43 p. ct.).				
Silk, artificial.....	762,457.50	514,152.38	56,650.69	Par. 405.
60 per cent and 15 cents (64.15 p. ct.).				
Metal.....	791,390.49	507,743.99	32,921.84	Par. 179.
			890,313.20	
1911.				
Cotton.....	29,151,122.76	60 per cent. 17,490,673.67		Par. 349.
Silk, natural.....	6,379,947.33	3,827,968.41		Par. 402.
	35,531,070.09	21,318,642.08		
70 per cent.				
Cotton.....	6,666,693.97	4,666,685.77	666,669.39	Par. 350.
Silk, natural.....	1,161,762.00	813,227.40	116,176.20	Par. 350.
	7,828,455.97	5,479,913.17		
60 per cent and 45 cents (68.04 p. ct.).				
Silk, artificial.....	1,123,432.85	764,434.38	90,323.77	Par. 405.
60 per cent and 15 cents (64 p. ct.).				
Metal (estimated).....	800,000.00	512,000.00	32,000.00	Par. 179.
			905,169.36	

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	Value.	Duties.	Excess over 60 per cent.	
1912.				
Cotton.....	\$30,949,843.11	60 per cent. \$18,570,006.06		Par. 349.
Silk, natural.....	2,548,374.47	1,529,024.67		Par. 402.
	33,498,217.58	20,099,030.73		
Cotton.....	7,665,254.18	70 per cent. 5,365,677.93	\$766,525.42	Par. 350.
Silk, natural.....	640,992.83	448,694.98	64,099.28	Par. 350.
	8,306,247.01	5,814,372.91	830,624.70	
Silk, artificial.....	972,066.33	60 per cent and 45 cents (68.48 per cent). 665,699.18	82,431.20	Par. 405
Metal.....	848,514.47	60 per cent and 15 cents (64.09 per cent). 543,848.35	34,704.22	Par. 179
			947,760.12	

VALUE SUMMARY.

	1909	1910	1911	1912
Cotton.....	\$36,366,624.96	\$41,025,431.72	\$35,817,816.73	\$38,615,097.29
Silk, natural.....	5,604,149.23	4,745,200.71	7,541,709.33	3,189,367.30
Silk, artificial.....		762,457.50	1,123,432.85	972,066.33
Metal.....	351,119.50	791,390.49	800,000.00	848,514.47
Total.....	42,321,893.69	47,324,480.42	45,282,958.91	43,625,045.39

DUTY SUMMARY.

	1909	1910	1911	1912
Cotton.....	\$21,819,974.89	\$25,317,187.41	\$22,157,359.44	\$23,935,683.99
Silk, natural.....	3,362,489.53	2,945,932.74	4,641,195.81	1,977,719.65
Silk, artificial.....		514,152.38	764,434.38	665,699.18
Metal.....	210,671.70	507,743.99	512,000.00	543,848.35
Total.....	25,393,136.12	29,285,016.52	28,074,989.63	27,122,951.17

Under the proposed reform the revenues of the Government will be disturbed only in a slight measure. Had the law as proposed been in operation the past three years the difference in duty collected would have been \$890,313.20 for 1910, \$905,169.36 for 1911, and \$947,760.12 for 1912.

With this reasonable change the importers will not suffer heavy losses on their stocks and a speedier readjustment of business conditions will follow, while the stagnation in business and destruction of property that would follow a radical change will be largely avoided. This should appeal to practically every importer of this merchandise, except that special class who carry no stock but import their goods only after they have received orders for the same. It must be remembered, however, that this class of merchant takes no business risks and operates without the safeguards, obligations, or conservatism which mark the merchant who imports and maintains a large stock with the attendant risks and expenses.

The domestic manufacturer will find it easier to adapt himself to a moderate change which will at the same time give him all the necessary protection.

The consumer will enjoy the advantages that flow from the competitive conditions which the proposed reform will amply permit.

We represent the class of importing merchants who desire to see a reform in the tariff, but at the same time believe that it should be made with prudence and wisdom,

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as promised by the leaders of the new administration, in order that all interests may be safeguarded.

This can best be done in the manner outlined in this brief.

CONCLUSION.

Paragraph 179 should be amended by striking from the last two lines the words "15c. per pound and," and should retain the present rate of 60 per cent ad valorem.

Paragraph 350 should be completely stricken from the act.

Paragraph 405 should be amended by striking from next to last line thereof the words "45c. per pound and in addition thereto," and should retain the present rate of 60 per cent ad valorem.

Paragraphs 349, 402, and 421 should retain the present rate of 60 per cent ad valorem.

Dated January 23, 1913.

Respectfully submitted.

VOSS & STERN.
GOLDENBERG BROS. & Co.
EINSTEIN WOLFF Co.
G. SIELENBERG & Co.
J. K. STIEFEL & Co.
SHONINGER BROS.

MEMORANDUM OF IMPORTERS WHO ADVOCATE A UNIFORM AD VALOREM RATE OF 60 PER CENT ON ALL LACES, EMBROIDERIES, AND SIMILAR ARTICLES.

THE ADVOCATES OF A UNIFORM 60 PER CENT RATE.

The merchants who ask for a uniform rate of duty of 60 per cent upon all laces, embroideries, and similar articles are American importers whose interest lies in obtaining foreign-made merchandise upon the best terms. They seek to establish the rate of duty at a level which will enable them to conduct their business upon the basis of the greatest advantage to themselves. This coincides with the greatest advantage to the consumer and to the Government. They are the old established houses who have been engaged in the importing business from 30 to 50 years, and who, at the hearing before the Committee on Ways and Means on January 25, 1913, were represented by Mr. Charles Shoninger as spokesman, and submitted a brief signed by such representative firms as Voss & Stern, Goldenberg Bros. & Co., Einstein, Wolff & Co., G. Sidenberg & Co., J. K. Stiefel & Co., and Shoninger Bros.

These importers do not advocate a 60 per cent rate because of any desire, primarily, to protect capital invested in American manufacture. They are not concerned with the loss that may be suffered by the American industry as such, by a reduction in the duty, but only as it affects them as importers. They seek to encourage the American industry in order to create a check and curb to the foreigner who would otherwise be left in exclusive possession of the domestic market. This is a point worthy of the greatest emphasis. Whatever is said in this memorandum in behalf of the American manufacturer is not for his sake or benefit fundamentally, but in the interest of merchants who are importers.

The fact that the leading importers ask for a 60 per cent rate shows their sincerity and fair-mindedness, and their claim should carry the weight and influence which such an attitude deserves.

THE ADVOCATES OF A 45 PER CENT RATE.

A group of men calling themselves the association of importers of laces, embroideries, veilings, nettings, and kindred articles, of New York, represented by Mr. Isaac Weingart as spokesman at the hearing before the committee on January 25, 1913, requested a reduction of the rate to 45 per cent.

This is a mushroom organization created within the past few weeks for the special purpose of influencing tariff legislation. This association represents largely the interests of foreign manufacturers, some of whom carry stocks of merchandise here, and in addition dealers calling themselves importers, who in fact carry no stocks of merchandise. Among their number are Swiss corporations and a large percentage of foreign citizens. For instance, Mr. Leumann and Mr. Boesch, the two partners of Mr. Weingart, are Swiss citizens permanently residing abroad, where the firm operates

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a large factory. The interests of this group are entirely different from those of the American importers who ask for a uniform 60 per cent rate. The foreign manufacturers in this group own and operate probably twice as many machines in Europe as exist in the entire United States.

The real object on the part of this group of manufacturers and their associates in asking a radical reduction in the rate is to benefit foreign factories and plants. As pointed out in their brief, they are willing to suffer a loss of \$2,500,000 on their stocks of merchandise here to accomplish this.

They are playing for high stakes—the destruction of the American manufacturer as a competitor, and then a monopoly of the market.

The issue is between a group of foreign manufacturers who seek domination here and American importers and citizens paying municipal, State, and Federal taxes who have sufficient foresight and wisdom to desire to create conditions which will be of permanent and general benefit.

THE CONDITIONS SOUGHT TO BE ATTAINED.

The importers asking a 60 per cent rate desire to maintain the highest possible competitive conditions between the foreign and domestic manufacturers in order that neither class may have control of the market. If the duty on laces and embroideries is lower than 60 per cent the domestic manufacturer will lose his place as an important factor; the foreigners will be left in control of the market and will be free to dictate prices. There will be no domestic competition with which they will have to cope, and the consumer will have to pay the penalty because he will have no opportunity to buy his goods at prices which are determined by competitive conditions.

On the other hand, these importers ask that certain inequalities and discriminatory provisions of the present act be eliminated and that a uniform ad valorem rate of 60 per cent be fixed. This results in a considerable reduction of the rate at certain points, but the whole effect of such a course will be fair to the manufacturers both at home and abroad and will give a law which is simple to administer—a condition sadly lacking at the present time. This can be accomplished by eliminating the specific rates of 15 cents per pound in paragraph 179, of 50 cents per pound in paragraph 383, of 45 cents per pound in paragraph 405 as affecting laces, embroideries, and allied articles, and by striking out completely paragraph 350, which gives a 70 per cent rate to the products of the Lever or Gothrough machines.

The interests of the importers asking for a uniform 60 per cent rate are identical with those of the consumer and the Government. By maintaining competitive conditions at the maximum point, the consumer will obtain the best prices which the industry on both sides of the Atlantic will permit, while the Government will in the long run have the most profitable results in revenue in consequence of the same conditions.

As importers, their interests, like those of the Government and consumer, lie in having the domestic and foreign producers in a state most nearly approaching equality in order to obtain the best competitive results.

Experience and knowledge of conditions convince these importers that a 60 per cent rate is most likely to accomplish this.

LOSS OF VALUE IN STOCKS OF MERCHANDISE.

The foreign manufacturers and their associates admit in their brief that they will have a loss of \$2,500,000 in the value of their stocks of merchandise if the rate is reduced to 45 per cent, as requested by them. It is clear that they are willing to take this large loss because they are to receive their compensation in some other form, and that it will be offset by the increased profit they hope to make from their foreign factories under the reduced rate. This is the secret and the reason for their willingness to undergo such a great loss and sacrifice.

The real American importers who carry huge stocks of merchandise will suffer a loss probably twice as large in the diminution of the value of their stocks, and they will receive no compensating advantages for it. The tremendous loss in stocks falling upon the American importers will be a blow to the importing business in this country whose effects will be far reaching and disastrous. The accumulated profits of years will be swept away.

These 45 per cent advocates really seek at one stroke to destroy the American importers and the American manufacturers, and then to have a clear and uncontested market to themselves.

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EFFECTS ON REVENUE.

The precise results of any reduction in duty upon the revenue can not be predicted. It is certain, however, that a 45 per cent rate will result in a great falling off of the revenue received from laces and embroideries, since it will require the importation of many millions more of this merchandise than has ever yet been imported into the country to equal the present return from this source.

If, as claimed in the brief of the 45 per cent advocates, this reduction in the rate does not diminish the domestic output, then of course the large revenues obtained from this line of importations will be vastly cut down.

The truth is that with the growth of American production during the past few years in the output of the Lever machine, and in spite of the increase of the rate to 70 per cent, there has been no falling off in the revenue from this source. The revenue under paragraph 350 was larger in 1912 than in either of the two preceding years during which the records were kept.

The imports of all laces and embroideries in 1912 were larger than in 1909, when there was little domestic competition, but not so large as in 1910 and 1911, when the American competition had become effective. These results emphasize the fact that the use of laces and embroideries is controlled in a very appreciable measure by fashion, and that as luxuries they are not subject to the rules governing the consumption of articles of other classes. The falling off in the importation of embroidered handkerchiefs from St. Gaul pointed out in the brief of the 45 per cent advocates is due to the fact that handkerchiefs of that type (those made on frames) passed out of style. The foreigner with his conceded superiority as a designer and creator of fashion and style in laces and embroideries has an advantage which the American can not overcome, and which will tend to offset and equalize the effect of the rate of duty proposed.

Comparing the years 1911 and 1912, the total reduction in importations shows a difference of less than 4 per cent, which proves that the domestic industry has not seriously interfered with importations, or that the rate of duty has affected the amount of the same. This difference can be accounted for by the fact that there was a reduced consumption, particularly in embroideries, because styles were opposed to their use, and by the reduction in the general consumption of laces and embroideries because of business conditions and the need of economy in the use of luxuries arising from the increased cost of necessities.

With substantial reductions about to be made in so many other schedules covering necessities and trust-controlled products and the resulting uncertainty as to effects upon revenue, the Government can not afford seriously to disturb so important and profitable class of revenue producers as luxuries like laces and embroideries.

RESULTS TO AMERICAN INDUSTRY OF RATE BELOW 60 PER CENT.

The domestic manufacturer is not so well established that he can stand a radical reduction of the tariff. Prior to the McKinley tariff, the rate was 40 per cent, and there was practically no domestic production. From the McKinley tariff to the present act the duty has been 60 per cent, excepting under the Wilson Act, which gave a 50 per cent rate. This 60 per cent rate did not encourage manufacturing here. According to the brief submitted by the alleged Association of Importers, etc., the total American production prior to 1908 was between 10 per cent and 20 per cent of the domestic consumption. Under the impetus given to the trade by the favorable provisions of the act of 1909, the domestic production has increased until, according to the same brief, it now amounts to about 30 per cent of the total home consumption.

The history of the domestic industry under our several tariffs proves that the American manufacturers can not compete with the foreigner with a rate lower than 60 per cent.

With the progress and headway that has been made in the American industry, however, it will be safe to establish a uniform 60 per cent rate and eliminate the inequalities of the present act. The domestic manufacturers having had the advantage of the free importation of both lace and embroidery machinery and the rate of 70 per cent under paragraph 350 upon the products of the lever or go through machines for a period during which they have been able to become a real factor in the situation, can now stand without this extra 10 per cent and the other factors in the act which cause a rate above 60 per cent.

The hardship which the domestic manufacturer will suffer in consequence of having the rate put back to 60 per cent will be offset by their ability to get their raw material cheaper under the reduction to be made in other parts of the tariff act and by the use

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of labor-saving machinery to which they are sure to have greater access in the near future. The disadvantages which the American manufacturers can not overcome are the greater artistic and designing ability of the foreigner, the large preponderance of machines abroad, and the cheapness of labor there.

There are upward of 15,000 embroidery machines in Switzerland and Germany and only about 1,490 in this country. This formidable disparity in capacity of production will always leave the American as the less important factor.

The following tables, which have been accurately compiled, show the difference in labor cost:

	In Europe.	In United States of America.
10-yard Schifflli machine costs, erected.....	¹ \$2,000	\$3,300
Stitcher..... per week.....	8.00	30.00
Watcher..... do.....	4.00	9.50
Shuttler..... do.....	2.75	5.50
Mender..... do.....	4.00	12.00
	18.75	57.00
10-yard Schifflli machines with the automatic attachment costs, erected.....	² 3,000	5,500
Stitcher (eliminated).....		
Watcher..... per week.....	5.00	12.00
Shuttler..... do.....	3.00	7.00
Mender..... do.....	4.00	12.00
	12.00	31.00

¹ 10,000 francs.

² 15,000 francs.

It will be seen that our labor cost even on the machines with the automat attachment is more than two and one-half times that abroad.

In the brief of the advocates of a 45 per cent rate much importance was laid upon the relatively few automat machines now in this country and the resulting advantages that the home manufacturers would have when these machines come into common use here. The fact is that these machines constitute only a small percentage of the machines used abroad. Out of 7,845 machines in Switzerland, for instance, only 1,363 have the automat attachment. In the foreign factory of Mr. Weingart, spokesman of the 45 per cent advocates, there are 59 machines with and 73 machines without the automat attachment.

Accordingly it will be seen that in the matter of the kinds of machinery in use, the domestic manufacturer is substantially on equal terms with the foreigner.

If conditions in this country had been unduly favorable, a large transplanting of foreign factories to the United States would have taken place, particularly since 1909, when both lace and embroidery machines were admitted free of duty for a limited period and the rates in a number of particulars have been above 60 per cent. The fact is that practically no foreign manufacturers began to operate here, but on the contrary during this same period the foreign manufacturers largely increased their own plants and the machine builders in Europe were kept busy night and day to fill the orders from factories. The foreigners knew they could more than hold their own against the American when the rate was above 60 per cent. If they can induce this Congress to place the rate below 60 per cent, they know that they will have the American market completely within their grasp and the American manufacturers eliminated as a competitor. It is against the creation of this condition that these importers desire to interpose their strongest opposition.

While the importers asking for a 60 per cent rate do not seek the conservation of the American industry on account of any capital invested therein, it can not be an unimportant consideration to the committee to know that if the rate is reduced to 45 per cent the industry will be grievously damaged, the investments in machinery will be injured, thousands of employees will be thrown out of positions, and a branch of manufacture which is entering upon a stage of healthy growth will receive a setback from which it may never be able to recover.

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THE RESULTS OF THE ESTABLISHMENT OF A RATE BELOW 60 PER CENT.

A large reduction in revenue.

Tremendous loss on stocks of American importers.

The curtailment and possibly the elimination of the American manufacturer as a competitor in an industry where he has less than one-third of the market under the present favorable conditions.

Injury to and perhaps destruction of investments in the manufacture of laces and embroideries here and the loss of employment to thousands of American workmen.

The creation of practically a monopoly in laces and embroideries for the benefit of foreign manufacturers.

No benefit to the consumer, and probably a detriment, as the cost of laces and embroideries at home has been reduced since the American manufacturers became a factor in the market.

CONCLUSION.

The whole situation is one which requires great delicacy of treatment to bring about an adjustment most beneficial to all interests. The long and intimate experience of the pioneer and prominent importing firms under our various tariff acts teaches them that the best results will come from a revision as follows:

The specific rates of 15 cents per pound in paragraph 179, of 50 cents per pound in paragraph 383, and of 45 cents per pound in paragraph 405, as affecting laces, embroideries, and allied articles, should be stricken out and a duty of 60 per cent ad valorem should be retained.

Paragraph 350 should be stricken from the act, so that the duty of 70 per cent in favor of the Lever or Gothrough machine product may be eliminated and this product caused to pay the same rate as other laces.

Paragraphs 349, 402, and 421 should retain the present rate of 60 per cent ad valorem.

TESTIMONY OF ISAAC WEINGART, OF NEW YORK CITY.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Weingart.

Mr. WEINGART. Mr. Chairman and gentlemen, I should like to preface my remarks with the statement that I represent over 50 importing concerns, doing an annual business of over \$50,000,000 in the line of an article that last year paid a revenue to the Government of \$24,411,000, and in speaking of the article as a whole I should like to state it embraces goods made by different classes of machinery. Of the \$39,500,000 imported last year, \$26,000,000 were made on embroidery machines, \$7,500,000 on the Lever or Gothrough machines, \$1,000,000 were real hand-made laces, and \$5,000,000 represented laces made on different kinds of machines, and included some \$1,000,000 of handkerchiefs made in Belfast.

This presentation is submitted on behalf of the Association of Importers of Laces, Embroideries, Veilings, Nettings, and Kindred Articles of New York, a trade organization embracing in its membership over 50 firms and companies engaged in the lace and embroidery business, and including concerns which have both importing and domestic manufacturing interests. The firms and companies belonging to this association have an aggregate average stock on hand of \$25,000,000 of embroideries and laces in this country, but conditions in their business have become such that they strongly urge a reduction of the tariff on embroideries and laces to 45 per cent, notwithstanding the fact that it would mean a loss of approximately \$2,500,000 on their stock on hand, which they are ready to bear, by reason of the urgent necessity of making the reduction in the tariff

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that they urge. The object of the submission of this memorandum is twofold:

First. To urge the reduction of the duties imposed at present on embroideries and laces to 45 per cent ad valorem.

Second. To point out the desirability of placing in a separate schedule, and if possible in a single paragraph, with a fixed and uniform ad valorem rate, the several provisions imposing tariff duties on laces and embroideries, which, in the tariff act of 1909, are scattered through four different schedules, to wit (a) paragraphs 349 and 350 of Schedule J, flax, hemp and jute, and manufactures of, levying a duty of 60 per cent and 70 per cent respectively; (b) paragraph 179 of Schedule C, metals, levying a duty of 15 cents per pound and 60 per cent ad valorem; (c) paragraph 383 of Schedule K, wool, levying a duty of 50 cents per pound and 60 per cent ad valorem; and (d) paragraphs 402 and 405 of Schedule L, silks, levying a duty of, respectively, 60 per cent ad valorem and 45 cents to 60 cents per pound, plus 60 per cent ad valorem in some instances. The great majority of importations of embroideries and laces are embraced by paragraphs 349 and 350, first cited, being made of cotton. The total foreign value of importations of all kinds of laces and embroideries falling under these two paragraphs for the year 1912 was \$32,664,243, of which \$7,620,749 paid 70 per cent duty under paragraph 350. The total importations of laces and embroideries for the year 1912, falling under all the paragraphs specified, aggregated \$39,309,229 foreign value, and paid about \$24,411,689 duties to the United States, exclusive of artificial silk laces and wearing apparel.

This association recommends that a new schedule be adopted, to read substantially as follows, the language of paragraph 349 being substantially retained, except that certain articles hereinafter referred to, which do not belong in the class of embroideries and laces, are taken out of the same—

The CHAIRMAN. Which paragraph is that?

Mr. WEINGART. Paragraphs 349 and 350. The new proposed paragraph should read substantially as follows:

Lace window curtains, and all other lace articles, handkerchiefs and all other articles made wholly or partly of lace or laces, or in imitation of lace; nets, nettings, veils, veilings, quillings, trimmings, ornaments, handkerchiefs, and other articles or fabrics embroidered in any manner by hand or machinery, whether in a plain or fancy letter, initial, or monogram, or otherwise, or tamboured, appliqued, or scalloped, by hand or machinery for any purpose, or from which threads have been drawn, cut, or punched to produce open work, ornamented or embroidered in any manner herein described, in any part thereof, however small: hemstitched, tuckcd, flouncings or skirting; laces and embroideries in all widths, edgings, insertions, galloons, flouncings, bands, bandings, or in any other form, 45 per cent ad valorem, provided that all said articles shall be thus dutiable, whether composed of cotton, silk, artificial silk, tinsel, or metal thread, Indian rubber, vegetable fiber, or any material or materials whatsoever, for whatsoever purpose used and by whatever process manufactured, or on whatever machine, if any, made.

This would require separate treatment for articles with which this association has no particular concern, but which now figure in paragraph 349 in the tariff act as follows:

Napkins and wearing apparel made wholly or in part of lace or laces, or in imitation of laces; neck ruffings, ruchings, tuckings, flutings, braids, featherstitch braids, gorings, bands, bandings, belts, beltings, bindings, cords, ribbons, tapes, webs, and webbings and wearing apparel embroidered in any manner by hand or machinery.

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This would then supersede paragraph 350 of the present law (besides the other sections cited), as far as applicable to laces and embroideries, which reads:

Laces, embroideries, edgings, insertings, galloons, flouncings, nets, nettings, trimmings, and veils, composed of cotton, silk, artificial silk, or other material (except wool), made on the Lever or Gothrough machine, 70 per cent ad valorem: *Provided*, That no wearing apparel, handkerchiefs, or articles of any description, composed wholly or in chief value of any of the foregoing, shall pay a less rate of duty than that imposed upon the articles or the materials of which the same are composed.

The CHAIRMAN. On these latter articles which you seek to eliminate, you say they pay a large amount of duty?

Mr. WEINGART. The articles we want to eliminate we have no interest in, and we do not know what duty they do pay, but the articles for which we want a separate schedule made have paid a duty last year of \$24,411,000. The articles which we want placed in a separate schedule and which are really articles of embroideries and laces, nets, and nettings, veils and veilings, we want you to consider. I believe if they are placed in a separate schedule, it will take away from them the fact that they should be placed in any way with ribbons or bands or tapes.

Mr. PALMER. Are you taking embroideries out of the metal schedule, too?

Mr. WEINGART. Yes, sir.

Mr. PALMER. Out of Schedules C, J, and K?

Mr. WEINGART. Yes, sir.

Mr. PALMER. What is the fourth schedule under which laces come now besides the metal and cotton schedules?

Mr. WEINGART. They come under flax and hemp, they come under metals, they come under wool, and they come under silk. The wool laces are very insignificant. In fact, in the proposed provisions of the wool schedule we were put at 35 per cent. We have not any particular interest and do not really recommend that they be retained at 35 per cent. I think they should pay an equal duty with the rest of the articles, because they are the same article used for the same purpose. If it is a matter of fashion, and there may come a time when wool laces will be largely imported, and at that time we think they should pay the same rate of duty as silk and the others; so we ask that no exception be made as regards what the article is made of.

Referring again to the object of this statement which I am submitting:

I.

It is respectfully submitted that the fair and adequate rate of duty to be imposed on laces and embroideries in the proposed revision of the tariff act—and to be stated in the separate paragraph dealing with laces and embroideries as proposed by us—should be not over 45 per cent ad valorem. That rate will yield adequate revenue to the Government, and materially more than the maintenance of the present provisions would, and will be fair also to the domestic industry. The present rates of duty, if continued, will in most cases prove prohibitory, thus resulting in a greatly diminished revenue, the very thing to be avoided. As we shall show, the present rates are in actual effect considerably higher even than they appear to be in terms. The domestic article, in the field that is now being exploited in this country, can be and is made for less than it costs to land the imported article in the United States at present rates. And the conditions which we shall point out will continue to favor the domestic industry, even if the duty be made 45 per cent or less.

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These articles are staples, not luxuries, are used by all classes of the population, and should be kept fairly in reach of all.

(1) The matter of revenue.

We are within the facts in saying that if the present rates of duty are continued, the revenue from imports of laces and embroideries will very soon diminish very greatly and before long will be practically extinguished entirely, and any fair-minded person acquainted with the conditions in the trade will substantiate this statement. This is due to the heavy and ever-growing increase in the domestic manufacturing of these articles during the past few years, resulting largely from the introduction of labor-saving machinery, and the very great and uncalled-for and unnecessary protection now enjoyed by the domestic manufacturer. There has been a large and increasing diminution of importations of laces and embroideries during the past few years, and particularly since the tariff act of 1909 has been in force, despite the large increase in our population and, on the other hand, a large absolute and relative increase in the manufacture and consumption of domestic laces and embroideries. While the aggregate value of laces and embroideries of all kinds imported in 1907 into the United States was \$46,403,404 (including wearing apparel and other articles covered by the paragraph enumerated), in 1912 the aggregate of such importations was only \$44,949,058, instead of a normal increase of at least 10 per cent in accord with the increase of population since 1907. We import from England and France chiefly Lever goods, so called because made on machines of that name, yet our importations from those countries of laces and embroideries shrank from \$19,344,824 in 1907 to \$13,230,234 in 1911, the intermediate years 1908, 1909, and 1910 showing an intermediate decline, as witness the figures \$15,204,000, \$15,950,000, and \$14,645,597. The decrease of importations from St. Gall to the United States during the year 1912 was over 9,000,000 francs, though production there has increased, the United States to-day taking only 32 per cent of St. Gall's output as against 45 per cent in 1907. Importations of embroidered handkerchiefs from St. Gall to the United States have fallen from \$900,000 in 1910 to \$600,000 in 1912. At the end of 1908, when the present tariff bill was being drafted, there were only 700 embroidery machines in the United States; to-day there are double that number, the official records showing that there were 1,390 in October, 1912. The "embroidery machines," so called, set up in the United States to-day have a capacity for manufacturing \$16,000,000 of goods per annum, more than three times that of the fiscal year 1908, while the total importations of goods made on such machines during the fiscal year 1912 were only about \$37,000,000, duty paid. The Lever machines in the United States have a capacity for manufacturing about \$10,000,000 worth of goods to-day, there being about 500 such machines to-day in the United States, of which about 400 were imported duty free since 1909, compared with a capacity in 1908 of less than one-third, as against about twelve and a half million dollars of such goods now imported, duty paid. Accordingly, while the American manufactured laces and embroideries amounted to only about 10 to 20 per cent of the total consumption of laces and embroideries in 1908, they now amount to about 30 per cent. Impetus was given to American manufacture by the provision of the present act under which such machinery could be imported free of duty for about 16 months after the new tariff act went into effect, instead of paying 45 per cent duty, but this home manufacturing business has become so profitable that the importation of such machinery continues, despite the reestablishment of the duty on the machinery. The threatened introduction of patented automatic embroidery machines in the industry in this country, hereafter referred to, which two concerns in this country use here already, would still further revolutionize the industry here, by eliminating the difference of cost of labor almost entirely, without regard even to the duty.

The rates of duty on these articles in late years have been abnormally high, beginning with the McKinley Act, the purpose having been to stimulate an infant industry which, through the protection of the tariff and the introduction of labor-saving machinery, no longer needs such protection. Laces and embroideries in all the history of the country never paid a higher duty than 40 per cent until the McKinley tariff. They have paid 60 per cent duty under the McKinley tariff and under the Dingley tariff. They paid 50 per cent under the Wilson tariff, and thereafter the duty of 60 per cent was restored, and was even raised to 70 per cent on certain articles. To wit, those made on the Lever or Gotherough machine, by paragraph 350 of the act of 1909. Only about \$1,000,000 worth of real laces (handmade laces), as distinguished from machine-made laces and embroideries, were imported in 1912, and as to these there is no competition in this country, and they alone are true articles of luxury; yet the duty on these handmade laces was not raised by the act of 1909, while paragraph 350, as seen, raised the rate to 70 per cent even. The history of section 350 is as

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recent as to be within the memory of all who took any interest in the enactment of the act of 1909. The act ostensibly lowered duties, but here heavily raised them on the very class of goods which included laces of the cheapest grade, and this paragraph was notoriously framed to favor special interests. Though the real laces are luxuries, their volume is comparatively insignificant, and for convenience of classification and in order to avoid the danger of their being smuggled into the United States, we favor including them in the proposed new general schedule of laces and embroideries instead of segregating them. On the other hand, artificial silk laces and embroideries, under paragraph 405, now pay a duty of 45 cents per pound, in addition to the 60 per cent ad valorem rate, the total of \$972,000 worth imported in 1912 having paid an ad valorem duty of as high a rate as 68.85 per cent on the average.

The present duties, if continued, will soon prove to be practically prohibitory in many branches of the business, particularly in the grades of the articles which are made in this country. There is no possibility of the continuance of fairly competitive conditions between the domestic and foreign manufacturers under the existing rates; indeed, in certain grades, competition is practically nearing an end already. The revenue will naturally feel the effect unless conditions are changed, and we are convinced that otherwise instead of being one of the most important producers of revenue to the Government this class of articles will soon substantially disappear as a revenue producer.

The fate that is likely to be encountered by the industry of importing embroideries and laces generally is well illustrated by the experience had with Nottingham lace curtains. These were very extensively imported into the United States formerly, but have fallen off so much that, as was noted by Mills & Gibb, of New York, the importations of Nottingham lace curtains and curtain nets fell off according to the figures collated by the American consul at Nottingham to a total of \$236,171 in value in 1903 and to \$78,104 in 1907 and \$46,887 during the first 11 months of 1908. To-day there are practically no importations whatever of Nottingham lace curtains, because the tariff has for years been absolutely prohibitory, and home industries were built up which made importation impossible.

The new proposed duties would not decrease the volume of importations of laces and embroideries into the United States over the aggregate of the past year, but the more serious problem is to meet the necessity of doing something to meet the large and still greater impending falling off of importations in order to enable the Government to continue to realize substantial revenue from its collections of customs duties on these articles, and permit the importing business to continue and in order to prevent a deterioration in the quality and character of the articles used in the United States. The proposed new provisions would tend greatly to protect the United States Government in continuing to realize revenue from this important class of articles.

In connection with the probable effect of the proposed reductions upon the volume of importations, it should be remembered that the reduction is likely to permit of bringing in grades of imported goods at prices at which they can be sold here, which are at present not imported at all. Moreover, lace and embroideries are bought by the consumer of the completed article largely in accordance with the pecuniary condition of the women purchasing the same, and only in part in accordance with the design. Under the proposed reduction the consumer will get better value for his money and a better class of goods is likely to be imported for our own market.

(2) The existing rates of duty, while apparently running from 60 per cent up, are really much higher.

The present rates hereinbefore pointed out are, respectively, 60 per cent, 70 per cent, 15 cents a pound and 60 per cent, and 45 cents a pound and 60 per cent, according to the constituent materials, etc. But in actual effect they run much higher and for the following reason: The duty is imposed not on the basis of foreign cost of production, but on the basis of foreign market price. In other words, the ad valorem duty is applied on the foreign manufacturer's profits as well as on the foreign cost of production. An example will show what this means. Suppose a manufacturer's profit on an article made on the lever machine, costing \$1 to produce, is 20 per cent on his selling price, then the foreign market price is \$1.25; 70 per cent of this \$1.25 is 87½ cents, which is 87½ per cent of the foreign cost of production. Add to this the duty on boxes and coverings, the ocean freight, marine insurance, totaling at least another 3¼ per cent, and we have a total of 91-cent protection enjoyed by the domestic manufacturer over the imported article. That is to say, measuring the actual cost of production abroad against the actual cost of production in the United States, the ad valorem rates now imposed are considerably more than they appear to be in the words of

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the tariff act. Taking the same illustration used above, a 45 per cent rate, which is the maximum we suggest, would really amount to 60 per cent protection, if the foreign cost of production be compared with domestic cost of production—the only fair comparison. And 60 per cent protection is ample for every fair and suitable consideration to the domestic industry.

(3) The conditions will continue to favor the domestic industry with a 45 per cent duty or less.

This industry is now more than ever on a machinery basis. Indeed, with the most recent inventions and improvements the item of labor in the total cost of production is comparatively negligible. Therefore in so far as labor is concerned the domestic industry is not at a disadvantage that amounts to anything in the fields which it is exploiting and will continue to exploit. Nor is there any great disadvantage to it in the other items going to make up cost of production. Hence a duty of 45 per cent (which in effect really amounts to 60 per cent protection and more, as we have shown) will still leave the domestic manufacturing industry a considerable advantage—what we should call a fairly competitive one, that will grow greater as time goes on.

During the last few years there have developed here and abroad a number of auxiliary improvements in connection with embroidery machines which tended to require appreciably less manual labor, and thereby proportionately decreased the cost of production. The most important of these is the automat attachment to the embroidery machine. This invention has revolutionized the manufacturing of embroideries and laces abroad, and if extensively made use of in this country will eventually enable the cheaper and medium grades of these articles to be made in this country to the total exclusion of the imported article irrespective of the fact whether or not the rate of duty of 45 per cent be granted or not. The automat greatly reduces the amount of skilled labor necessary, and thereby enormously decreases the cost of production of the article. The reduction in the cost of production, however, is not the only thing accomplished by the automat. By its use the workmanship of a skilled stitcher (called a puncher) can be duplicated without limit. One puncher can keep 15 automatic machines supplied with work, and inasmuch as one of these machines can produce \$15,000 worth of merchandise in a year's time one puncher can make sufficient cards to produce \$225,000 per year, every dollar of which will be of equal quality of workmanship, while without the automatic attachment machines now in general use in this country would require 25 skilled men to produce a like amount.

Aside from this there would be nothing which would prevent the punching of these cards abroad and importing them for use in this country, in this way doing away in a large measure with the need of any skilled punchers over here.

There are to-day over 2,000 of these automats in use in Europe, and although this machine has been in use for two years there, there are but 180 in use in this country to-day, which are being operated, however, only by two firms.

The reason that these machines have not been put to greater use in this country is because these machines are patented and because at present there is a deadlock between the various interests controlling them. There is nothing, however, to prevent these interests from getting together, and when they do they will be in possession through their control of the automat of a weapon that will enable them to control in the United States the manufacturing of embroideries and laces of this class so effectually as to establish for themselves an absolute monopoly.

Yet to-day, in spite of the fact that Europe is making use of this wonderful cost-saving invention and that the industry in this country is not making great use of the same, the American manufacturers were able to successfully drive the total consumption in the United States of imported laces and embroideries down from 90 per cent (value of the imported article against the domestic in 1908) to 70 per cent of the value of the entire consumption of the laces and embroideries in the United States for 1912.

What then will be the result when the great saving in cost is brought about by the general introduction in this country of the automat?

Certainly conditions under which the domestic article can be sold at a profit for less than the foreign article costs to land before any profit is made on it at all are neither fairly competitive nor equitable to the great mass of consumers of all classes within whose reach on fair terms these articles ought to be kept.

It is wrong to class these articles as luxuries. They are used by all classes of people. While not necessities—in the sense that articles of food and some other things are—they are certainly not luxuries under present standards of life in this country, the only difference being that the richer persons use finer goods, and the poorer persons use cheaper goods, and it is unfair to make them luxuries, by placing them out of the reach of those in moderate circumstances, who would otherwise use them. There

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is practically no woman in this country whose station is so low that she does not wear some kind of lace and embroidery. Therefore, they should not, in our opinion, be treated as luxuries and placed in the same class that diamonds and precious stones are.

It is also important to remember that laces and embroideries are used very largely as raw material for the manufacture of a vast variety and number of completed articles of manufacture made and sold here, and they should, therefore, be regarded as raw material, which should be supplied at reasonable prices to the manufacturers of such completed articles, in order to enable them to turn out completed manufactured articles at lower prices.

(4) There will be an additional argument for the reduction asked for, if the duties on cotton yarns and on other raw material—which are used in making these articles—are also to be reduced.

The cotton yarn used both in the United States and abroad, in making most of these articles, is of Egyptian cotton. If any reduction in the yarns is to be made, an additional reason exists for the reduction on the articles in question. So also as to other articles which are raw material in the manufacture of embroideries and laces here.

II.

Under this head we respectfully submit that the tariff duties imposed on laces and embroideries should be at a fixed and uniform ad valorem rate, irrespective of the particular machines on which they were made, and no matter what the constituent materials are. A single separate schedule should be made to cover them.

In the tariff act of 1909 laces and embroideries are included in Schedule C, metals, paragraph 179; Schedule J, flax, hemp, and jute, paragraphs 349 and 350; Schedule K, wool, paragraph 383; Schedule L, silks, paragraphs 402 and 405.

(b) There is no reason or justification for making differences, in the rates of duty imposed, between laces and embroideries made on a particular kind of machine and those made on other machines.

We scarcely think any argument is necessary on this point. Paragraph 350 of the present law, which imposes a higher rate of duty if the articles are made on the Lever or Gothrough machine than if on any other machine, is in our judgment indefensible on any theory of tariff framing.

It should be remembered that the method of fixing duties in accordance with the particular machine upon which the article was made, was first inserted in the tariff of 1909, and is unprecedented, unjust, and most confusing. It raises all sorts of troublesome questions as to the character of the machine involved, and discriminates for or against particular machines without the slightest justification. Moreover, it opens the door to colorable changes in the names and characters of the machines, in order to bring the product under more favorable paragraphs of the law than contemplated by the lawmakers. On whatever machine the article is made, the product remains lace or embroidery, and they are used for essentially the same purposes. We respectfully submit that this discriminatory provision should be eliminated.

(c) In the interest of fair and uniform administration of the law, to do away with the confusion and complications now existing and to enable those engaged in this business to know just what duties they should count on, the rate on these articles should be a fixed and uniform ad valorem one, no matter what the materials of which they are composed.

According to the tables prepared by the Bureau of Statistics of the Department of Commerce and Labor, showing imported merchandise entered for consumption in the fiscal years 1910 to 1912, laces, embroideries, and allied articles paid substantially 10 per cent of the total duties collected by our Government. In other words, 10 per cent of the total revenues collected from import duties in 1910-1912 was collected from these articles. Surely they are sufficiently important to justify those engaged in importing them in making the reasonable request that the duties be so fixed as to be uniform, certain, and free from confusion or unnecessary complication, and that they should be put in a separate schedule by themselves.

Under the present law, laces and embroideries pay the following rates, so far as depends on the materials of which they are composed: If composed wholly or in chief values of cotton, flax, or other vegetable fiber, etc., 60 per cent (paragraph 349); if composed of silk as the component material of chief value, 60 per cent (paragraph 402); if having artificial or imitation silk or artificial or imitation horsehair, 45 cents per pound and 60 per cent (paragraph 405); if having metal threads, 15 cents per

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pound and 60 per cent (paragraph 179); if having wool, 50 cents per pound and 60 per cent (paragraph 383).¹

Now, there is always the possibility of difference of opinion as to what is the component material of chief value. The same lace or embroidery may contain metal threads, cotton silk, imitation silk, or horsehair. Endless confusion results, and the importer frequently can not know definitely under what classification the particular article he is bringing in is going to be put until it has actually arrived and been appraised. This is as unjust as it is unnecessary. Again, according to the method of administration of the act, where the article contains, for example, a metal thread, the duty imposed is not on the basis of the weight of the metal thread, but on the weight of the entire article, which thus pays 15 cents per pound, plus 60 per cent ad valorem, though the metal thread may be the least important single component. (Shoninger case, T. D. No. 31661). What we earnestly urge is that a uniform, single, ad valorem rate be imposed, and we submit that in the interest of fair administration this suggestion should be adopted.

(d) A provision on the above lines would be clear and absolutely free from difficulty in administration, and it would do away with the existing evils which have been pointed out above. Of course, this provision, if made a separate schedule, as we suggest, would require that the other articles now mentioned in paragraph 349, hereinbefore enumerated, other than embroideries and laces proper, should be placed in a separate paragraph by themselves, with provision for appropriate rates of duty.

All of which is respectfully submitted in behalf of the Association of Importers of Laces, Embroideries, Veilings, Nettings, and Kindred Articles.

Hyman Bauman & Co.; Beck & Co.; Bilwiller Bros.; Brueck & Wilson Co.; Burr & Hardwick; Crown Veiling Co.; Dieckerhoff, Raffloer & Co.; Flatau & Steiner; Grauer-Frey; Groetzinger Bros. & Sugenheimer; M. Goodman & Co.; Heilbrun Falk & Co.; Arnold B. Heine & Co.; Hoffmann, Huber & Co.; Hydeman & Lassner; E. Jacob & Co.; Louis H. Junod & Co.; Klauer Bros. Co.; Kriesemer & Co.; Krower & Tynberg (Inc.); Labhard & Co.; Leumann, Boesch & Weingart; Levi Sondheimer & Co.; Fred. Ludwig & Co.; Max Mandel; Wm. Meyer & Co.; A. & L. Metzger; Mills & Gibb.; Muser Bros.; Naef Bros.; Neuburger & Co.; Oppenheimer Alder & Son; Oppenheim Stern & Hacker; M. H. Pulaski Co.; Rappolt & Co.; Reichenbach & Co.; Jacob Rohner; Stauder & Co.; Stein Doblin & Co.; Steinfeld Co.; D. Strauss; Streep Miller & Kessel; Tobler Bros. & Co.; S. M. Topfitz Co.; P. K. Wilson & Son; Wohl South & Co.; Zahner & Schiess Co.; I. Zendman Son & Co.; Zucher & Seiler.

January 23, 1913.

Mr. HARRISON. As I understand your argument, Mr. Weingart, you believe that all those present rates of 60 and 70 per cent which now are great revenue producers, will, as the American industry improves, certainly as to the Lever and Gothrough laces and the Nottingham laces, prove more and more prohibitive and the revenues will dwindle?

Mr. WEINGART. Yes, sir; that is our contention.

Mr. HARRISON. So you are recommending a rate, or rather that the rate be reduced in order to continue the importations coming in?

Mr. WEINGART. That is our position. Our position is, the rate ought to be a competitive one.

Mr. HARRISON. Of course you recognize it is highly competitive now?

Mr. WEINGART. We recognize that it is highly competitive at the present time, but that the present American domestic production is not yet getting the share it will get within a very short time. In other words, it is only within the recent years that the domestic article has begun to be a factor in any way.

¹ We do not refer here to the 70 per cent rate imposed if made on the Lever or Gothrough machine, as that has been already pointed out.

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Mr. PAYNE. I suppose you have noticed the imports have increased under paragraph 350 from year to year?

Mr. WEINGART. Mr. Payne, we have no statistics going back prior to the enactment of the last bill.

Mr. PAYNE. The statistics are right here [indicating].

Mr. WEINGART. These articles were embraced in the same schedule as embroideries and laces, which paid 60 per cent.

Mr. PAYNE. There are statistics under paragraph 350, right here [indicating]. There is no mystery about them.

Mr. WEINGART. We have the facts that——

Mr. PAYNE (interposing). Let me tell you that in 1910 there was a trifle over \$7,000,000; in all, 1911, \$6,793,000; in 1912, \$8,382,000.

Mr. WEINGART. The reason why they have increased in the past year is not on account of their not being made cheaper in this country, but because fashion has favored this class of laces made on the Lever or Gothrough machine as against laces made on embroidery machines.

Mr. PAYNE. The fact is the revenue has been large and is increasing.

Mr. WEINGART. No; that is not a correct statement. The revenue has increased this year——

Mr. PAYNE (interposing). I have read you the statistics.

Mr. HARRISON. The witness is perfectly correct in saying we have not any separate statistics back of the Payne law, because we have not.

Mr. PAYNE. That is all true. I did not pretend we had. I only gave three years to show they are increasing under the 70 per cent duty. I will admit there were a good many before we imported these machines free of duty. Undoubtedly the imports were important before that time.

The CHAIRMAN. Mr. Weingart, there is one thing I would like to ask you before you are excused. What do you say in reference to the amount of the American production of these laces that are made on the Lever and Gothrough machine?

Mr. WEINGART. It was stated here yesterday that the American production was in the neighborhood of \$2,500,000, and the gentleman making that statement made it on the strength of a statement made by a previous gentleman.

The CHAIRMAN. What do you say?

Mr. WEINGART. According to the statements of the prior gentleman, there are 527 Lever machines. These machines run in two shifts. The operatives or the twist hands on these machines, according to the statements made here, receive \$30 to \$35 per week, or equivalent to about \$1,600 per year, and if those machines are only operated, as we believe, about three-quarters capacity or even two-thirds capacity, it would employ 700 of these experts at a salary of \$1,600 per year, which is \$1,120,000. They said there are 5,000 girls employed in this industry. Let us say there are only 4,000. Those girls get an average salary or wage of \$8 a week, or \$400 a year, making \$1,600,000. So the amount of salaries paid is \$2,720,000. They state the entire production, finish and all, is only \$2,500,000. They have stated that the labor is 40 per cent of the cost of the finished article. We claim it is not; but assuming their arguments, if their labor is \$2,700,000, their production must be \$6,700,000, which

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is in conformity with the facts, because the Lever machine is capable of producing at its full capacity \$20,000 per year, and 527 machines are capable of producing \$10,000,000, and if they are operated on the basis of three-quarters of their capacity they produce \$7,500,000.

According to the best information we have been able to gather, and according to these very figures, the domestic production of the Lever goods to-day is \$7,500,000, compared with an importation of \$7,500,000 from abroad, plus a duty of \$5,000,000 or \$12,500,000. Consequently to-day the Lever goods are furnishing in the neighborhood of one-third of the domestic consumption. This has all been brought about in the very short period of three and one-half to four years, in an article which it is very difficult to establish in a short time, and we maintain that if the duty be retained as it is it will only be a question of a few years when the foreign article will be shut out, the same as the Nottingham lace curtains are to-day, where, as has been testified yesterday, the consumption of American-made goods is \$8,000,000, as against an imported value of something like \$40,000 or \$50,000 or \$60,000. That is my statement so far as the Lever goods are concerned.

Mr. HILL. You recognize the fact, however, that there is a heavy duty on the yarns and that the yarns are almost entirely imported?

Mr. WEINGART. In a measure, they are imported.

Mr. HILL. And the larger the industry gets the greater will be the importations of yarns; so your statement in regard to revenue falling off should be modified to that extent.

Mr. WEINGART. I understand it is the purpose of this committee to reduce the duty on yarns, which will in a measure enable the domestic people to further compete with the foreign articles; but I want to call attention to the fact that it is a fallacy to believe that these domestic industries receive only a protection of 70 per cent on the foreign cost of production. Actually we are paying a duty of from 90 to 125 per cent on the foreign cost of production. The foreign manufacturer sells his goods at a minimum profit of 20 per cent on his cost of production, and in some cases it runs as high as 50 per cent; and he sells a \$1 article for \$1.25, for instance. We are compelled, under the tariff law, to pay duty, not on the foreign cost of production, but on the foreign market price, so we pay a duty of 87½ per cent on the foreign cost of manufacture. Added to that, Mr. Chairman, are the expenditures for freight, insurance, etc. Thus, you see, the domestic article has a protection of about 90 per cent, as against the foreign cost of production.

As I stated before, the articles that I am appearing for are divided into two classes, primarily, those made on the embroidery machines representing about \$25,000,000 to \$26,000,000 importations, and those made on the Lever machine representing but \$7,500,000. The larger interests are those made on the embroidery machines, and that industry has so increased in this country that there are to-day some \$16,000,000 of it produced here, as against \$24,000,000 imported, plus a duty of \$14,000,000, or \$38,000,000, about 30 per cent.

But conditions in this line are going to be changed very quickly. In the last few years there has been invented an automatic embroidering machine which does away with the skilled embroiderer. It

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operates on the same principle as a pianola. The skilled workman makes an original design of the article, punches a card, and all that is necessary is to put this card on a machine and produce any quantity of the goods. One of the chief difficulties we have had and one of the items going into the cost of the manufacture of this article is the skilled laborer who leads the machine. By means of this automatic attachment this skilled labor is largely done away with, and one skilled laborer can produce a card or he can produce sufficient cards to make \$225,000 worth of these articles, every dollar of which will be of equal quality. He, being an expert man, will be able to produce \$225,000 of his own skill by means of these cards, and in that way will eliminate the high-priced labor which we have had.

Mr. FORDNEY. Where is that machine made?

Mr. WEINGART. Two thousand of those machines are now in operation in Europe, and notwithstanding that fact, there are only 188 in operation in this country.

Mr. FORDNEY. Where are they made?

Mr. WEINGART. They are made in Switzerland.

Mr. FORDNEY. They are foreign machines?

Mr. WEINGART. They are foreign machines.

Mr. HILL. Are they patented?

Mr. WEINGART. Yes; they are patented.

Mr. HILL. Is there a limitation made by the foreign patentee of the number that shall be used in the United States?

Mr. WEINGART. That is the question I am coming to right now. Those machines are owned by certain parties, and those people that own the patents in this country have not introduced them largely into this country, but have kept them to themselves for the reason that they have not yet arrived at a working basis.

Mr. HILL. What is the working basis they want to get at?

Mr. WEINGART. I do not know. They have not yet reached a basis where they have opened them to the American public.

Mr. HILL. Do you know who the firm is?

Mr. WEINGART. Yes, sir.

Mr. HILL. Please state the name of the concern that owns the patent for the United States and refuses to allow anybody else to use it but themselves.

Mr. WEINGART. Loeb & Schoenfeld.

Mr. HILL. They are in Europe, are they not?

Mr. WEINGART. They are here in the United States, in Matteawan.

Mr. HILL. Is there any other concern involved?

Mr. WEINGART. They also manufacture abroad.

Mr. HILL. But there is one concern manufacturing in the United States and owning the patent rights for 100 machines, and refusing to allow anybody else to use them?

Mr. WEINGART. No; that is not correct. I will explain it.

Mr. HILL. I think it needs some explanation.

Mr. WEINGART. There is one concern that owns the original patent rights on the automatic machine in this country, and there has been an improved machine which has been introduced, and of which there are eight in this country.

Mr. HILL. As against 2,300 in Europe?

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Mr. WEINGART. Two thousand in Europe. There is at present a controversy as to the privilege or the right of operating those machines in this country. It is only a question of getting together which will enable these houses or owners of these patents to establish these machines in this country.

Mr. HILL. Let me ask this question: Do you think it would tend to "get together," as you call it, to lower the rate of duty to the foreign manufacturer? Would it not be wiser to wait until they get together?

Mr. WEINGART. If you will permit me, I will answer the question directly. The proposition is this: If the duty remains as it is, it will place in the hands of the owners of this patent the privilege of establishing in this country a virtual monopoly of this article. Notwithstanding the fact—

Mr. HILL (interposing). Haven't they got it now?

Mr. WEINGART. One moment. Let me finish, please.

Notwithstanding the fact that these machines are in common use abroad by everyone in the industry, and that these 2,000 machines have been in operation for the past two to three years, the domestic manufacturer, not making use of this wonderful cost-saving invention, has been enabled to undersell the imported article made on these automatic machines.

Mr. HILL. It seems to me a wise business proposition for this committee to know about the terms of the use of these machines, and the absolute monopoly, before they lower the rate of duty—whatever they may do afterwards—and turn over the consumption of 90,000,000 people to one concern in Europe.

Mr. WEINGART. It is not one concern in Europe, I beg your pardon.

Mr. HILL. But these are acting under license.

Mr. WEINGART. No, sir; they are not. The machines are not sold with any royalty. They are sold outright. The machines are owned by everybody who manufactures goods abroad. There is no monopoly there. There is no concerted action there.

But the point I make is that, notwithstanding the fact the foreign manufacturers have been using these 2,000 machines for the past two years and saving this great cost of labor, they have not been able to compete with the domestic manufacturer who has not made use of these machines.

When this machine is introduced into this country (and the principal cost of producing goods is skilled labor), the article will be manufactured in this country at such a low price that the foreign article will be shut out almost entirely, and the \$24,000,000 revenue which the United States is getting now at the present time will dwindle from \$24,000,000 to \$18,000,000 and from \$18,000,000 to \$12,000,000 until we will have a repetition of the condition brought about by the Nottingham schedule.

Mr. FORDNEY. May I ask a question right there?

Mr. WEINGART. Yes, sir.

Mr. FORDNEY. You say as soon as that machine gets well established in this country the prices will be so low, as I understood you, that foreign competition can not survive?

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Mr. WEINGART. That is correct.

Mr. FORDNEY. That machine is in use in the old country?

Mr. WEINGART. Yes, sir.

Mr. FORDNEY. Then why, in the name of common sense, do they not produce cheaper, if we can produce cheaper?

Mr. WEINGART. I am stating that they are producing cheaper today, but notwithstanding the fact that they are making use of this cost-saving invention, the domestic manufacturers, not making use of it, are able to undersell them.

Mr. FORDNEY. What you are afraid of is that when we get into the use of these machines, we will make it so low we can give it to the consumer?

Mr. WEINGART. I did not say that; no, sir.

Mr. FORDNEY. The foreigner can not compete with us then?

Mr. WEINGART. There is a difference between reducing the price and giving it away. They are two different things.

Mr. FORDNEY. Reduce it so the foreigner, with his cheap labor and some machine owned in Europe and made in Europe, can not compete with us at all?

Mr. WEINGART. That is correct.

Mr. FORDNEY. Do you think that is quite correct?

Mr. WEINGART. I do not think it; I know it.

I am making this statement on behalf of a number of concerns interested—

Mr. FORDNEY (interposing). You know it? Let me find out how you know it.

Mr. WEINGART. Because I am a manufacturer of embroideries myself.

Mr. FORDNEY. Where?

Mr. WEINGART. Abroad.

Mr. FORDNEY. Oh, ho. [Laughter.]

Mr. WEINGART. I will go a little further, because I represent concerns that manufacture in this country.

Mr. FORDNEY. You represent an association of what?

Mr. WEINGART. An association of importers and domestic manufacturers of embroideries, of laces, nets, and nettings, veils and veilings.

Mr. FORDNEY. They always ask for lower rates of duty?

Mr. WEINGART. No, sir; I want to state this much for the embroiderers in our line, that we have always made a profit, whatever the duties imposed. We have never in a measure objected to it, because it has been to our advantage—

Mr. FORDNEY. Mr. Weingart—

Mr. WEINGART (interposing). Please permit me to finish my statement?

Mr. FORDNEY. Oh, yes.

Mr. WEINGART. We would not appear here asking for a reduction of duty, because we are only the losers if our stocks should depreciate and if our volume of business may be reduced through a reduction of tariff.

Mr. FORDNEY. At the same time you are interested in manufacturing abroad and you would not be the loser, of course.

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Mr. WEINGART. No; we are both manufacturers in this country and manufacturers abroad, or some of the houses we represent are.

I want to make this statement, that I, for my firm and the other firms that I represent, have plans made and are preparing, if the duty is reduced or if it is left as it is, to open an establishment and factories in this country as soon as we are able to make use of this automatic embroidery machine.

Mr. FORDNEY. Bless my soul, tell me under oath—and you are under oath—

Mr. WEINGART (interposing). I know I am, sir.

Mr. FORDNEY. Tell me how, in the name of God, you can transfer your factory from Europe to the United States and begin the manufacture of an article under free trade or lower rates of duty that you can not manufacture here now.

Mr. WEINGART. You ask me “under free trade.” We will eliminate that, because we are not asking for free trade. We are asking for a 45 per cent ad valorem duty.

As to the second question, we do not propose to transfer our factories to this country, because we do business with the rest of the world, and, as I have stated to you, the United States is only to-day taking 32 per cent of this production. We supply Australia, England, France, Germany, Ireland, Canada, and the world with embroideries.

Mr. FORDNEY. How could you do business here under a lower rate of duty when you can not do it under a high rate of duty?

Mr. WEINGART. We can do it under a high rate of duty.

Mr. FORDNEY. Why do you not transfer that foreign industry here now?

Mr. WEINGART. That is the very point—

Mr. FORDNEY (interposing). Yes; that is the very point, and it is a mighty pointed one, too.

Mr. WEINGART. Because it would be a poor business proposition for us to put up machines which within the course of a few months, possibly, would be obsolete, when we are waiting for the opening of a machine which can produce goods in this country at a less cost. In other words, we have ourselves ready—

Mr. FORDNEY (interposing). You have made a lot of statements here—

Mr. WEINGART (interposing). And I have made them under oath, too.

Mr. FORDNEY. I know you have. I want to ask a question. I do not want to be discourteous under any circumstances. You say this machine will be obsolete—

Mr. WEINGART (interposing). I did not say “obsolete.”

Mr. FORDNEY. Oh, yes; you did.

Mr. WEINGART. I correct myself, if I did so. It would not be up to date, I will say. It would not be able to compete in manufacturing the goods because of the competition of the newer machines.

Mr. FORDNEY. It is made under a patent owned by one concern in Europe—

Mr. WEINGART (interposing). Which one are you referring to?

Mr. FORDNEY. I am referring to the one you are talking about.

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Mr. WEINGART. The reason we have not put a factory up in this country is that we want to wait until we can set up an Automat in this country.

Mr. FORDNEY. Where is that machine made?

Mr. WEINGART. That Automat machine is being made in Germany, and one is being made now in Switzerland.

Mr. FORDNEY. You are just waiting to put up this factory in this country until you can get that later improved machine?

Mr. WEINGART. Yes, sir.

Mr. FORDNEY. You are operating under a high rate of duty, and it would not pay to operate now, even though you had the machines, as well as it would if you had a lower rate of duty?

Mr. WEINGART. Then it would pay—

Mr. FORDNEY (interposing). You are asking for a 25 per cent reduction?

Mr. WEINGART. Yes, sir; from 60 to 45.

Mr. FORDNEY. Do you think you will ever come back and ask for 25 per cent more, if you get 25 per cent now?

Mr. WEINGART. I would not know what the conditions are that might develop. It might be so we could manufacture goods here without any duty.

Mr. FORDNEY. But you would know, as an importer located in this country, importing foreign goods and manufacturing foreign goods in a foreign country, that you would always ask for a low rate of duty on foreign-made goods of your own production, would you not?

Mr. WEINGART. No.

Mr. FORDNEY. You would not?

Mr. WEINGART. No. It is not to our interest, as we do not pay the duties. It is the consumer who pays the duties. When you raised the duty from 60 to 75 per cent on Lever goods last year, every one of the houses I represent, and every house importing that class of goods charged $6\frac{1}{2}$ per cent more to the consumer than they did under the old 60 per cent tariff.

Mr. HILL. Don't you know these laces have fallen in price greatly since that time?

Mr. FORDNEY. With exceedingly keen—

Mr. WEINGART. I am very glad you asked that question.

The CHAIRMAN. Gentlemen, I must insist that only one of you ask questions at a time. It is impossible for the witness to answer two of you at a time. You are both endeavoring to talk to him at once.

Mr. FORDNEY. I was not through, Mr. Chairman.

Mr. HILL. I thought you were.

Mr. FORDNEY. Mr. Weingart, with exceedingly keen competition at home in domestic production of these goods, do you believe that the consumer will pay the duty? Does he do it generally?

Mr. WEINGART. Yes, sir; every time. He pays it along—

Mr. FORDNEY (interposing). Wait a moment. Mr. Chase, of Massachusetts, the other day made a statement under oath that they sold certain cotton goods at $8\frac{1}{2}$ cents, where the merchant beat him down a quarter of a cent a yard and said he could not pay $8\frac{3}{4}$. He accordingly reduced his price to $8\frac{1}{2}$ cents, and a few days later Mr.

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Chase stepped into this man's store and found him retailing these goods at 25 cents a yard.

Mr. WEINGART. I believe it. I believe it. We have the same thing in our industry.

Mr. FORDNEY. So far as the consumer is concerned, what figure did that tariff cut?

Mr. WEINGART. It cut this figure: It has been testified here yesterday, and has been brought up in letters of the domestic underwear manufacturers, that they were able to buy laces made in this country for less money, since the enactment of the tariff law raising the duty to 70 per cent, than they had been able to buy the laces for under the 60 per cent duty, and that—

Mr. FORDNEY (interposing). Home competition lowered the prices?

Mr. WEINGART. Just a moment, please.

The CHAIRMAN. Mr. Fordney, the balance of us would like to have the witness answer your question.

Mr. FORDNEY. I thought he did.

The CHAIRMAN. You ask him a question and before he has opportunity to answer you interrupt him with another question.

Mr. FORDNEY. I do not mean to do so, Mr. Chairman.

I want to see, if it is true that under this Payne tariff law the value of these goods to the consumer has been lowered, if it was not due to the home or domestic competition.

Mr. WEINGART. That would have resulted, whether the duty had been raised or not. If the duty had been 60 per cent, the same condition would have existed.

Mr. FORDNEY. Then what are you worrying about a duty now for?

Mr. WEINGART. You said that that refers only to that portion of these goods that were made in this country, but as the statistics show here, last year these goods were imported considerably, and on those imported goods, on the \$7,500,000 worth of lever goods imported, the consumer was compelled to pay 6¼ per cent more than under the—

Mr. FORDNEY (interposing). Only on the imported article?

Mr. WEINGART. Yes, sir; only on the imported article.

Mr. FORDNEY. Why not eliminate it altogether and make all we want here at home?

Mr. WEINGART. I believe the policy of the gentlemen on the other side is not to eliminate the foreign article, but to put it on such basis as to be competitive.

Mr. FORDNEY. Will you not admit it would be better if by eliminating that altogether and encouraging domestic production the cost is going to be lowered and that that is a pretty good plan?

Mr. WEINGART. No; for this reason: That you can not reduce the price to the consumer here by raising his duty. Take the duty off entirely and you will wipe out the domestic interests, but will also reduce the price to the consumer.

Mr. FORDNEY. You have admitted the price to the consumer has been lowered by the raising of the duty in the past?

Mr. WEINGART. I beg your pardon; not by raising the duty. I did not say that.

Mr. FORDNEY. It has gone down to the consumer?

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Mr. WEINGART. That is not as a result of raising the duty. That is as a result of the article being manufactured in this country, and that is the very statement I was——

Mr. FORDNEY (interposing). Did not the whole——

The CHAIRMAN (interposing). I hope our friend Mr. Fordney will be courteous enough to allow the gentleman to answer the question.

Mr. FORDNEY. But he has answered it.

The CHAIRMAN. The difficulty is you are both talking at the same time, and it is absolutely unintelligible to the committee.

Mr. FORDNEY. That is true, but the gentleman makes one statement, and then launches off into another branch before I get a chance at him.

The CHAIRMAN. If the gentleman from Michigan [Mr. Fordney] will allow me, he has asked whether if this cost was reduced it would reduce the price to the consumer, and the witness has started several times to answer the question and has been interrupted.

Mr. FORDNEY. He said it was reduced.

Mr. WEINGART. If you will permit, I will answer the question.

The CHAIRMAN. I really would like to have the witness given an opportunity to answer the question.

Mr. FORDNEY. I want to be fair with the gentleman and the other members of the committee. I would not be unfair to any man intentionally.

The CHAIRMAN. Will the gentleman from Michigan kindly allow the witness to answer the question. We are as interested in it as the gentleman from Michigan is. The question is, Since the raising of this duty has the cost to the consumer been reduced or raised?

Mr. WEINGART. It has been raised through the duty. What I am saying is this, that on every dollar's worth imported of the \$7,500,000 of imports the consumer has been compelled to pay $6\frac{1}{4}$ per cent more than under the 50 per cent duty, because we have laid that out; and not only has he paid the $6\frac{1}{4}$ per cent on the importations, but he has paid us a profit also.

Mr. FORDNEY. A few moments ago you said the price to the consumer on the imported article had been raised and the price on the domestic article had been lowered.

Mr. WEINGART. I will come to that.

Mr. FORDNEY. I want you to come to it at this point.

Mr. WEINGART. Will you please permit me——

Mr. FORDNEY. Yes.

Mr. WEINGART. It has been testified that certain grades of laces have been sold since the enactment of the tariff bill for less money than they were sold under the 60 per cent duty, which goes to show that the manufacturers of this country were able to manufacture these goods at a lesser cost than they were able to import them under the 60 per cent duty, and to show that they did not need the 70 per cent duty.

Mr. HILL. I think you are wrong.

Mr. WEINGART. I will repeat the statement.

Mr. HILL. I did not mean that your statement was wrong, but your conclusion is wrong.

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Mr. WEINGART. I do not think my conclusion is wrong. If the domestic manufacturer was able to sell laces in this country for less than he pays for them under the 60 per cent duty, he must be able to manufacture them for less.

Mr. HILL. You say the consumer in this country is paid 6½ per cent more duty by reason of a raise in the Payne bill. Do you add to that the conclusion that the laces have cost them more by reason of that?

Mr. WEINGART. Yes.

Mr. HILL. Do you not know as a matter of fact that the foreign prices have been greatly reduced since the Payne bill went into effect, with free machinery?

Mr. WEINGART. Please let me answer.

Mr. HILL. Wait a moment.

Mr. WEINGART. If you will let me answer it in a proper way, I want to show that the prices were not reduced because the duty was reduced.

Mr. HILL. They have been reduced, have they not?

Mr. WEINGART. Please let me state that the prices would have been reduced if the duty had remained the same, and the consumer would have gotten the benefit of the reduction of price.

Mr. HILL. Don't you know that the reduction immediately followed the transfer of the Gothrough machine to this country?

Mr. WEINGART. No, sir; it was not as a result of that; it was as a result of different conditions existing. I want to state this much, that the reduction was not as a result of the domestic production, but it was a result of conditions existing in the trade. Just before the enactment of the Payne bill there were new machines, and improved machines brought out, and 1,200 of them were put up in Nottingham, and it was on account of the increased production and increased competition that the cost was reduced and not as a result of the 70 per cent.

Mr. KITCHIN. Were the prices reduced the world over as well as here.

Mr. WEINGART. Yes, sir.

Mr. KITCHIN. You do not think that the raising of the tariff here made the prices fall all over the whole world, do you?

Mr. WEINGART. Certainly not.

Mr. KITCHIN. If the tariff had not been increased——

Mr. WEINGART. The American consumer would have gotten the benefit——

Mr. KITCHIN. It would have been that much lower here?

Mr. WEINGART. That is correct.

Mr. HILL. As a matter of fact, whether it is from that cause or some other cause, the withdrawal of the American demand from the European market, especially from Nottingham and from other German factories, and the supplying of that demand in this country was concurrent with the reduction in the price.

Mr. WEINGART. Yes; they were concurrent.

Mr. HILL. There were other things that entered into it. Cotton had declined at that time?

Mr. WEINGART. Yes.

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Mr. HILL. Cotton has gone up since that time.

Mr. WEINGART. I beg your pardon. We are not mentioning the present time. We are mentioning a matter of four years ago.

Mr. HILL. Has not the reduction in price in Europe been far more than $6\frac{1}{2}$ per cent of the additional duty which you say the American consumer has paid?

Mr. WEINGART. No, sir; on certain goods it has not.

Mr. HILL. On certain goods. Then it has on some of the goods?

Mr. WEINGART. Yes, sir.

Mr. HILL. I think you will find by a careful examination that it has on all of them.

Mr. WEINGART. Oh, no.

Mr. HILL. One moment. Would not this $6\frac{1}{2}$ per cent additional duty on the present price of lace be much less than the old price with a 60 per cent duty, and has not the American consumer gotten the foreign lace at an actual net cost—not figuring the percentages of duty—less than he paid for them, and do you not get a commission on a lower principle than you did at the time the Payne tariff law was passed and new machines were introduced into this country?

Mr. WEINGART. I do not understand the last part of your question.

Mr. HILL. You still get your commission?

Mr. WEINGART. No, sir; we import. I told you that the houses which I represent carry a stock of \$20,000,000 which they import at their own risk.

Mr. HILL. And some of them run their own factories, do they not?

Mr. WEINGART. No, sir. You are talking now of the Lever goods. Not one of the houses that I represent has a factory abroad, nor have any of the importers factories abroad.

Mr. HILL. Do you sell Lever goods?

Mr. WEINGART. Yes, sir.

Mr. HILL. Are not the net prices to the consumer lower than they were before 1909, as stated by these gentlemen yesterday?

Mr. WEINGART. I must say, as one of the domestic gentlemen stated here yesterday, laces are an article of fashion. If there is a demand for them the prices go up, and if there is not a demand for them prices will go down. On some goods the prices may be cheaper, but in the majority of cases the prices are not cheaper than they were under the 60 per cent ad valorem duty.

Mr. HILL. Each factory has its own design and specialty?

Mr. WEINGART. Yes, sir.

Mr. HILL. Laces are largely sold upon the taste of the buyer as to design. But speaking of staple articles of laces—such as are used to trim corsets and to trim the bottom of ladies' skirts, and such articles as that as are staple articles and not sold so much for the fancy design—are not those staple goods sold to a very marked degree lower than they were before 1909, notwithstanding the advance in cotton?

Mr. WEINGART. I will state that they are in a measure sold cheaper. But that is not the result of the 70 per cent. The consumer would have bought them still cheaper if the duty had remained less.

Mr. PAYNE. Other people can judge as to the result. We did not ask you about that.

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Mr. WEINGART. I would like to dwell a few moments on another article as this article is not the principal article we import, as it is only 7,500,000 as compared with some 46,000,000 of articles made on the embroidery machines.

Mr. FORDNEY. The fact is you, as a foreign manufacturer, appear here before the American House of Representatives and ask for a lower rate of duty on foreign-made goods.

Mr. WEINGART. Please permit me to say that you must separate your question. If you address me as to goods made on the Lever machines, of the 50 firms that I represent not one of them is a foreign manufacturer; they are nothing more than jobbers. They buy their goods from the foreign manufacturer and they pay him a profit. They import the goods and resell them to the retailer. They are just as willing to buy them from the domestic manufacturer and do the same thing. We are not foreign manufacturers.

Mr. FORDNEY. You are a foreign manufacturer?

Mr. WEINGART. I am not a foreign manufacturer on the goods that you have questioned me about.

Mr. FORDNEY. Well, on any goods.

Mr. WEINGART. I am a foreign manufacturer of embroideries.

Mr. FORDNEY. And you are asking for a lower rate of duty on your class of goods?

Mr. WEINGART. I am, because I believe if the duty is not reduced the importation of these articles will be so materially reduced as to do away with the revenue.

Mr. FORDNEY. I want you to answer this question yes or no, because you have admitted it. As a foreign manufacturer, you are here asking an American House of Representatives to lower the duty on an article which you are producing abroad which you want to bring into this country?

Mr. WEINGART. As a foreign manufacturer interested at this end in a different class of business, virtually as an importer and not as a manufacturer.

Mr. FORDNEY. It does not matter what you are interested in. You are a foreign manufacturer, are you not?

Mr. WEINGART. You can not separate it. I have not a dual personality. I am appearing here as an importer and I want to say I will be a domestic manufacturer whether or not the duty on this article is reduced, as soon as I am in a position to know that I can get the improved machines. I want to say that I have offered to purchase some of these machines for this country and have not been able to do so. I am speaking for other houses——

Mr. FORDNEY (interposing). There are a good many ifs in your proposition.

Mr. WEINGART. There is no if in that fact.

The CHAIRMAN. These questions are not pertinent to the inquiry, and in view of the number of witnesses here I will have to call the next witness.

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

The witness filed the following brief:

MEMORANDUM ON BEHALF OF THE ASSOCIATION OF IMPORTERS OF LACES, EMBROIDERIES, VEILINGS, NETTINGS, AND KINDRED ARTICLES.

This memorandum is submitted on behalf of the Association of Importers of Laces, Embroideries, Veilings, Nettings, and Kindred Articles, of New York, a trade organization embracing in its membership over 50 firms and companies engaged in the lace and embroidery business, and including concerns which have both importing and domestic manufacturing interests. The firms and companies belonging to this association have an aggregate average stock on hand of \$25,000,000 of embroideries and laces in this country, but conditions in their business have become such, that they strongly urge a reduction of the tariff on embroideries and laces to 45 per cent, notwithstanding the fact that it would mean a loss of approximately two and one-half million dollars on their stock on hand, which they are ready to bear, by reason of the urgent necessity of making the reduction in the tariff that they urge. The object of the submission of this memorandum is twofold:

First. To urge the reduction of the duties imposed at present on embroideries and laces to 45 per cent ad valorem.

Second. To point out the desirability of placing in a separate schedule, and, if possible, in a single paragraph, with a fixed and uniform ad valorem rate, the several provisions imposing tariff duties on laces and embroideries, which, in the tariff act of 1909, are scattered through four different schedules, to wit, (a) paragraphs 349 and 350 of Schedule J, flax, hemp, and jute, and manufactures of, levying a duty of 60 and 70 per cent, respectively; (b) paragraph 179 of Schedule C, metals, levying a duty of 15 cents per pound and 60 per cent ad valorem; (c) paragraph 383 of Schedule K, wool, levying a duty of 50 cents per pound and 60 per cent ad valorem; and (d) paragraphs 402 and 405 of Schedule L, silks, levying a duty of respectively 60 per cent ad valorem and 45 to 60 cents per pound, plus 60 per cent ad valorem in some instances. The great majority of importations of embroideries and laces are embraced by paragraphs 349 and 350, first cited, because made of cotton. The total foreign value of importations of all kinds of laces and embroideries falling under these two paragraphs for the year 1912 was \$32,664,243, of which \$7,620,749 paid 70 per cent duty under paragraph 350. The total importations of laces and embroideries for the year 1912, falling under all the paragraphs specified, aggregated \$39,309,229 foreign value, and paid about \$24,411,689 duties to the United States, exclusive of artificial silk laces and wearing apparel.

This association recommends that a new schedule be adopted, to read substantially as follows, the language of Paragraph 349 being substantially retained, except that certain articles hereinafter referred to, which do not belong in the class of embroideries and laces, are taken out of the same:

"Lace window curtains and all other lace articles, handkerchiefs and all other articles made wholly or partly of lace or laces, or in imitation of lace; nets, nettings, veils, veilings, quillings, trimmings, ornaments, handkerchiefs, and other articles or fabrics embroidered in any manner by hand or machinery, whether in a plain or fancy letter, initial, or monogram, or otherwise, or tamboured, appliquéd, or scalloped by hand or machinery for any purpose, of from which threads have been drawn, cut, or punched to produce openwork, ornamented or embroidered in any manner herein described, in any part thereof, however small; hemstitched, tucked, flouncings or skirting; laces and embroideries in all widths, edgings, insertions, galloons, flouncings, bands, bandings, or in any other form, forty-five per centum ad valorem: *Provided*, That all said articles shall be thus dutiable, whether composed of cotton, silk, artificial silk, tinsel or metal thread, India rubber, vegetable fiber, or any material or materials whatsoever, for whatsoever purpose used and by whatever process manufactured, or on whatever machine, if any, made."

This would require separate treatment for articles with which this association has no particular concern, but which now figure in paragraph 349 in the tariff act as follows:

"Napkins and wearing apparel made wholly or in part of lace or laces, or in imitation of laces; neck ruffings, ruchings, tuckings, flutings, braids, featherstitch braids, gorings, bands, bandings, belts, beltings, bindings, cords, ribbons, tapes, webs and webbings, and wearing apparel embroidered in any manner by hand or machinery."

This would then supersede paragraph 350 of the present law (besides the other sections cited), as far as applicable to laces and embroideries, which reads:

"Laces, embroideries, edgings, insertings, galloons, flouncings, nets, nettings, trimmings, and veils, composed of cotton, silk, artificial silk, or other material (except

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wool), made on the Lever or Gothrough machine, seventy per centum ad valorem: *Provided*, That no wearing apparel, handkerchiefs, or articles of any description, composed wholly or in chief value of any of the foregoing, shall pay a less rate of duty than that imposed upon the articles or the materials of which the same are composed.”

I.

It is respectfully submitted that the fair and adequate rate of duty to be imposed on laces and embroideries in the proposed revision of the tariff act, and to be stated in the separate paragraph dealing with laces and embroideries as proposed by us, should be not over 45 per cent ad valorem. That rate will yield adequate revenue to the Government, and materially more than the maintenance of the present provisions would, and will be fair also to the domestic industry. The present rates of duty, if continued, will in most cases prove prohibitory, thus resulting in a greatly diminished revenue—the very thing to be avoided. As we shall show, the present rates are in actual effect considerably higher even than they appear to be in terms. The domestic article in the field that is now being exploited in this country, can be and is made for less than it costs to land the imported article in the United States at present rates. And the conditions which we shall point out will continue to favor the domestic industry, even if the duty be made 45 per cent or less.

These articles are staples, not luxuries; are used by all classes of the population and should be kept fairly in reach of all.

(1) The matter of revenue.

We are within the facts in saying that if the present rates of duty are continued, the revenue from imports of laces and embroideries will very soon diminish very greatly and before long will be practically extinguished entirely, and any fair-minded person acquainted with the conditions in the trade will substantiate this statement. This is due to the heavy and ever-growing increase in the domestic manufacturing of these articles during the past few years, resulting largely from the introduction of labor saving machinery, and the very great and uncalled-for and unnecessary protection now enjoyed by the domestic manufacturer. There has been a large and increasing diminution of importations of laces and embroideries during the past few years, and particularly since the tariff act of 1909 has been in force, despite the large increase in our population, and, on the other hand, a large absolute and relative increase in the manufacture and consumption of domestic laces and embroideries. While the aggregate value of laces and embroideries of all kinds imported in 1907 into the United States was \$46,403,404 (including wearing apparel and other articles covered by the paragraph enumerated), in 1912 the aggregate of such importations was only \$44,949,058, instead of a normal increase of at least 10 per cent, in accord with the increase of population since 1907. We import from England and France chiefly lever goods, so called because made on machines of that name, yet our importations from those countries of laces and embroideries shrank from \$19,344,824 in 1907 to \$13,230,234 in 1911, the intermediate years 1908, 1909, and 1910, showing an intermediate decline, as witness the figures \$15,204,000, \$15,950,000, and \$14,645,597. The decrease of importations from St. Gall to the United States during the year 1912 was over 9,000,000 francs, though production there has increased, the United States to-day taking only 32 per cent of St. Gall's output, as against 45 per cent in 1907. Importations of embroidered handkerchiefs from St. Gall to the United States have fallen from \$900,000 in 1910 to \$600,000 in 1912. At the end of 1908, when the present tariff bill was being drafted, there were only 700 embroidery machines in the United States. To-day there are double that number, the official records showing that there were 1,390 in October, 1912. The “embroidery machines,” so-called, set up in the United States to-day have a capacity for manufacturing \$16,000,000 of goods per annum—more than three times that of the fiscal year 1908—while the total importations of goods made on such machines during the fiscal year 1912 were only about \$37,000,000, duty paid. The Lever machines in the United States have a capacity for manufacturing about \$10,000,000 worth of goods to-day, there being about 500 such machines to-day in the United States, of which about 400 were imported duty free since 1909, compared with a capacity in 1908 of less than one-third, as against about \$12,500,000 of such goods now imported, duty paid. Accordingly, while the American manufactured laces and embroideries amounted to only about 10 to 20 per cent of the total consumption of laces and embroideries in 1908, they now amount to about 30 per cent. Impetus was given to American manufacture by the provision of the present act, under which such machinery could be imported free of duty for about 16 months after the new tariff act went into effect, instead of paying 45 per cent duty, but

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this home manufacturing business has become so profitable that the importation of such machinery continues, despite the reestablishment of the duty on the machinery. The threatened introduction of patented automatic embroidery machines in the industry in this country, hereafter referred to, which two concerns in this country use here already, would still further revolutionize the industry here, by eliminating the difference of cost of labor almost entirely, without regard even to the duty.

The rates of duty on these articles in late years have been abnormally high, beginning with the McKinley Act, the purpose having been to stimulate an infant industry, which, through the protection of the tariff and the introduction of labor-saving machinery, no longer needs such protection. Laces and embroideries in all the history of the country never paid a higher duty than 40 per cent until the McKinley tariff. They have paid 60 per cent duty under the McKinley tariff and under the Dingley tariff. They paid 50 per cent under the Wilson tariff, and thereafter the duty of 60 per cent was restored, and was even raised to 70 per cent on certain articles, to wit, those made on the Lever or Gothrough machine, by paragraph 350 of the act of 1909. Only about \$1,000,000 worth of real laces (hand-made laces), as distinguished from machine-made laces and embroideries, were imported in 1912, and as to these there is no competition in this country, and they alone are true articles of luxury; yet the duty on these hand-made laces was not raised by the act of 1909, while paragraph 350, as seen, raised the rate to 70 per cent even. The history of section 350 is so recent as to be within the memory of all who took any interest in the enactment of the act of 1909. The act ostensibly lowered duties, but here heavily raised them on the very class of goods which included laces of the cheapest grade, and this paragraph was notoriously framed to favor special interests. Though the real laces are luxuries, their volume is comparatively insignificant, and for convenience of classification and in order to avoid the danger of their being smuggled into the United States, we favor including them in the proposed new general schedule of laces and embroideries, instead of segregating them. On the other hand, artificial silk laces and embroideries, under paragraph 405, now pay a duty of 45 cents per pound, in addition to the 60 per cent ad valorem rate, the total of \$972,000 worth imported in 1912 having paid an ad valorem duty of as high a rate as 68.85 per cent on the average.

The present duties, if continued, will soon prove to be practically prohibitory in many branches of the business, particularly in the grades of the articles which are made in this country. There is no possibility of the continuance of fairly competitive conditions between the domestic and foreign manufacturers under the existing rates; indeed, in certain grades, competition is practically nearing an end already. The revenue will naturally feel the effect, unless conditions are changed, and we are convinced that, otherwise, instead of being one of the most important producers of revenue to the Government, this class of articles will soon substantially disappear as a revenue producer.

The fate that is likely to be encountered by the industry of importing embroideries and laces generally, is well illustrated by the experience had with Nottingham lace curtains. These were very extensively imported into the United States formerly, but have fallen off so much that, as was noted by Mills & Gibb of New York, the importations of Nottingham lace curtains and curtain nets fell off according to the figures collated by the American consul at Nottingham, to a total of \$236,171 in value in 1903 and to \$78,104 in 1907, and \$46,887 during the first 11 months of 1908. To-day there are practically no importations whatever of Nottingham lace curtains, because the tariff has for years been absolutely prohibitory, and home industries were built up which made importation impossible.

The new proposed duties would not decrease the volume of importations of laces and embroideries into the United States over the aggregate of the past year, but the more serious problem is to meet the necessity of doing something to meet the large and still greater impending falling off of importations, in order to enable the Government to continue to realize substantial revenue from its collections of customs duties on these articles, and permit the importing business to continue, and in order to prevent a deterioration in the quality and character of the articles used in the United States. The proposed new provisions would tend greatly to protect the United States Government in continuing to realize revenue from this important class of articles.

In connection with the probable effect of the proposed reductions upon the volume of importations, it should be remembered that the reduction is likely to permit of bringing in grades of imported goods at prices at which they can be sold here, which are at present not imported at all. Moreover, lace and embroideries are bought by the consumer of the completed article largely in accordance with the pecuniary condition of the women purchasing the same, and only in part in accordance with the

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design. Under the proposed reduction the consumer will get better value for his money, and a better class of goods is likely to be imported for our own market.

(2) The existing rates of duty, while apparently running from 60 per cent up, are really much higher.

The present rates hereinbefore pointed out are respectively 60 per cent, 70 per cent, 15 cents a pound and 60 per cent, and 45 cents a pound and 60 per cent, according to the constituent materials, etc. But in actual effect they run much higher, and for the following reasons: The duty is imposed not on the basis of foreign cost of production, but on the basis of foreign market price. In other words, the ad valorem duty is applied on the foreign manufacturer's profits as well as on the foreign cost of production. An example will show what this means. Suppose a manufacturer's profit on an article made on the lever machine, costing \$1 to produce, is 20 per cent on his selling price, then the foreign-market price is \$1.25. 70 per cent of this \$1.25 is 87½ cents, which is 87½ per cent of the foreign cost of production. Add to this the duty on boxes and coverings, the ocean freight, marine insurance, totaling at least another 3½ per cent, and we have a total of 91 per cent protection enjoyed by the domestic manufacturer over the imported article—that is to say, measuring the actual cost of production abroad against the actual cost of production in the United States, the ad valorem rates now imposed are considerably more than they appear to be in the words of the tariff act. Taking the same illustration used above, a 45 per cent rate, which is the maximum we suggest, would really amount to 60 per cent protection, if the foreign cost of production be compared with domestic cost of production—the only fair comparison. And 60 per cent protection is ample for every fair and suitable consideration to the domestic industry.

(3) The conditions will continue to favor the domestic industry, with a 45 per cent duty or less.

This industry is now, more than ever, on a machinery basis. Indeed, with the most recent inventions and improvements, the item of labor in the total cost of production is comparatively negligible. Therefore, in so far as labor is concerned, the domestic industry is not at a disadvantage that amounts to anything in the fields which it is exploiting, and will continue to exploit. Nor is there any great disadvantage to it in the other items going to make up cost of production. Hence a duty of 45 per cent (which, in effect, really amounts to 60 per cent protection and more, as we have shown), will still leave the domestic manufacturing industry a considerable advantage—what we should call a fairly competitive one, that will grow greater as time goes on.

During the last few years there have developed here and abroad a number of auxiliary improvements in connection with embroidery machines which tended to require appreciably less manual labor, and thereby proportionately decreased the cost of production. The most important of these is the automatic attachment to the embroidery machine. This invention has revolutionized the manufacturing of embroideries and laces abroad, and if extensively made use of in this country will eventually enable the cheaper and medium grades of these articles to be made in this country, to the total exclusion of the imported article, irrespective of the fact whether or not the rate of duty of 45 per cent be granted. The Automat greatly reduces the amount of skilled labor necessary, and thereby enormously decreases the cost of production of the article. The reduction in the cost of production, however, is not the only thing accomplished by the Automat. By its use the workmanship of a skilled stitcher (called a puncher) can be duplicated without limit. One puncher can keep 15 automatic machines supplied with work, and inasmuch as one of these machines can produce \$15,000 worth of merchandise in a year's time, one puncher can make sufficient cards to produce \$225,000 per year, every dollar of which will be of equal quality of workmanship, while without the automatic attachment, machines now in general use in this country would require 25 skilled men to produce a like amount.

Aside from this there would be nothing which would prevent the punching of these cards abroad and importing them for use in this country, in this way doing away, in a large measure, with the need of any skilled punchers over here.

There are to-day over 2,000 of these Automats in use in Europe, and although this machine has been in use for two years there, there are but 188 in use in this country to-day, which are being operated, however, only by two firms.

The reason that these machines have not been put to greater use in this country is because these machines are patented and because at present there is a deadlock between the various interests controlling them. There is nothing, however, to prevent these interests from getting together, and when they do, they will be in possession, through their control of the Automat, of a weapon that will enable them to control, in the United States, the manufacturing of embroideries and laces of this class so effectually as to establish for themselves an absolute monopoly.

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Yet to-day, in spite of the fact that Europe is making use of this wonderful cost-saving invention and that the industry in this country is not making great use of the same, the American manufacturers were able to successfully drive the total consumption in the United States of imported laces and embroideries down from 90 per cent (value of the imported article against the domestic in 1908) to 70 per cent of the value of the entire consumption of the laces and embroideries in the United States for 1912.

What, then, will be the result, when the great saving in cost is brought about by the general introduction in this country of the Automat!

Certainly, conditions under which the domestic article can be sold at a profit for less than the foreign article costs to land before any profit is made on it at all are neither fairly competitive nor equitable to the great mass of consumers of all classes, within whose reach on fair terms these articles ought to be kept.

It is wrong to class these articles as luxuries. They are used by all classes of people. While not necessities—in the sense that articles of food and some other things are—they are certainly not luxuries under present standards of life in this country, the only difference being that the richer persons use finer goods and the poorer persons use cheaper goods, and it is unfair to make them luxuries by placing them out of the reach of those in moderate circumstances, who would otherwise use them. There is practically no woman in this country whose station is so low that she does not wear some kind of lace and embroidery. Therefore, they should not, in our opinion, be treated as luxuries and placed in the same class that diamonds and precious stones are.

It is also important to remember that laces and embroideries are used very largely as raw material for the manufacture of a vast variety and number of completed articles of manufacture made and sold here, and they should, therefore, be regarded as raw material, which should be supplied at reasonable prices to the manufacturers of such completed articles, in order to enable them to turn out completed manufactured articles at lower prices.

(4) There will be an additional argument for the reduction asked for if the duties on cotton yarns and on other raw material—which are used in making these articles—are also to be reduced.

The cotton yarn used both in the United States and abroad in making most of these articles is of Egyptian cotton. If any reduction in the yarns is to be made, an additional reason exists for the reduction on the articles in question. So, also, as to other articles which are raw material in the manufacture of embroideries and laces here.

II.

Under this head we respectfully submit that the tariff duties imposed on laces and embroideries should be at a fixed and uniform ad valorem rate, irrespective of the particular machines on which they were made, and no matter what the constituent materials are. A single separate schedule should be made to cover them.

In the tariff act of 1909 laces and embroideries are included in Schedule C: Metals, paragraph 179; Schedule J: Flax, hemp, and jute, paragraphs 349 and 350; Schedule K: Wool, paragraph 383; Schedule L: Silks, paragraphs 402 and 405.

(b) There is no reason or justification for making differences, in the rates of duty imposed, between laces and embroideries made on a particular kind of machine and those made on other machines.

We scarcely think any argument is necessary on this point. Paragraph 350 of the present law, which imposes a higher rate of duty if the articles are made on the Lever or Gotherough machine than if on any other machine, is, in our judgment, indefensible on any theory of tariff framing.

It should be remembered that the method of fixing duties in accordance with the particular machine upon which the article was made, was first inserted in the tariff of 1909, and is unprecedented, unjust, and most confusing. It raises all sorts of troublesome questions as to the character of the machine involved, and discriminates for or against particular machines without the slightest justification. Moreover, it opens the door to colorable changes in the names and characters of the machines, in order to bring the product under more favorable paragraphs of the law than contemplated by the lawmakers. On whatever machine the article is made, the product remains lace or embroidery, and they are used for essentially the same purposes. We respectfully submit that this discriminatory provision should be eliminated.

(c) In the interest of fair and uniform administration of the law, to do away with the confusion and complications now existing, and to enable those engaged in this business to know just what duties they should count on, the rate on these articles

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should be a fixed and uniform ad valorem one, no matter what the materials of which they are composed.

According to the tables prepared by the Bureau of Statistics of the Department of Commerce and Labor, showing imported merchandise entered for consumption in the fiscal years 1910 to 1912, laces, embroideries, and allied articles paid substantially 10 per cent of the total duties collected by our Government. In other words, 10 per cent of the total revenues collected from import duties in 1910-1912 was collected from these articles. Surely they are sufficiently important to justify those engaged in importing them in making the reasonable request that the duties be so fixed as to be uniform, certain, and free from confusion or unnecessary complication, and that they should be put in a separate schedule by themselves.

Under the present law laces and embroideries pay the following rates, so far as depends on the materials of which they are composed: If composed wholly or in chief values of cotton, flax, or other vegetable fiber, etc., 60 per cent (par. 349);¹ if composed of silk as the component material of chief value, 60 per cent (par. 402); if having artificial or imitation silk or artificial or imitation horsehair, 45 cents per pound and 60 per cent (par. 405); if having metal threads, 15 cents per pound and 60 per cent (par. 179); if having wool, 50 cents per pound and 60 per cent (par. 383).¹

Now, there is always the possibility of difference of opinion as to what is the component material of chief value. The same lace or embroidery may contain metal threads, cotton silk, imitation silk, or horsehair. Endless confusion results, and the importer frequently can not know definitely under what classification the particular article he is bringing in is going to be put, until it has actually arrived and been appraised. This is as unjust as it is unnecessary. Again, according to the method of administration of the act, where the article contains, for example, a metal thread, the duty imposed is not on the basis of the weight of the metal thread, but on the weight of the entire article, which thus pays 15 cents per pound plus 60 per cent ad valorem, though the metal thread may be the least important single component. (Shoninger case, Treas. Dec. No. 31661.) What we earnestly urge is that a uniform, single, ad valorem rate be imposed, and we submit that in the interest of fair administration this suggestion should be adopted.

(d) A provision on the above lines would be clear and absolutely free from difficulty in administration, and it would do away with the existing evils which have been pointed out above. Of course, this provision, if made a separate schedule as we suggest, would require that the other articles now mentioned in paragraph 349, hereinbefore enumerated, other than embroideries and laces proper, should be placed in a separate paragraph by themselves, with provision for appropriate rates of duty.

All of which is respectfully submitted in behalf of the Association of Importers of Laces, Embroideries, Veilings, Nettings, and Kindred Articles.

JANUARY 23, 1913.

I. WEINGART,
Chairman of Tariff Committee.

STATEMENT OF A. H. KURSHEEDT, OF NEW YORK CITY.

The witness was duly sworn by the chairman.

Mr. KURSHEEDT. Mr. Chairman and gentlemen, I wish to speak upon paragraph 349, which covers embroideries and embroidered laces under various designations. These are luxuries which serve no purpose of utility whatsoever. A woman can dress well and fashionably for any occasion without their use.

Mr. HARRISON. Are you testifying as to paragraph 349, laces?

Mr. KURSHEEDT. I am.

Mr. HARRISON. As to any subdivision of that paragraph?

Mr. KURSHEEDT. I am just speaking of embroidery and embroidered laces, without mentioning all the different articles, because, for instance, the word "laces" will comprehend also laces made on other machines, and I mean the embroideries and embroidered laces.

¹ We do not refer here to the 70 per cent rate imposed if made on the Lever or Gotherough machine, as that has been already pointed out.

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Mr. HARRISON. You are not talking about Lever or Nottingham?

Mr. KURSHEEDT. No, sir.

We desire an advance of the duty to 70 per cent for the following reasons:

It will give a certain uplift to our industry. It will also benefit the consumer, and increase the revenue.

This industry was started many years ago, principally to manufacture specialties for this country, because in those days it was impossible to compete, and there is quite a large business done in specialties.

There has also been in the last 10 years some manufacturing of goods in competition with Europe. The classes of goods we can manufacture in cotton goods and bleached goods are those where we use coarse yarn and coarse materials, and, as there are more than 300 manufacturers in this country, those goods are sold in very close competition without any regard at all to the tariff rate, and the cheap goods are purchased by the poorer people in many cases, I suppose, as low as on a basis of 30 per cent duty.

The advance in duty we ask for will not affect any of the goods used by the poorer people, but only the better classes of goods.

I would like to show you a few samples just to give you an idea of what we are talking about. These are all products of the embroidery machines. As you may notice, there are some laces there made on bobbinet, which pays a very high duty, and the fine yarns must naturally pay a high duty, so that our materials cost considerably more than they would cost in manufacturing ordinary articles.

Mr. HARRISON. None of this bobbinet machinery is made in the United States at all, is it?

Mr. KURSHEEDT. There is no bobbinet machinery made in the United States. The bobbinet machinery is all imported. Bobbinets are made in the United States, but not of the quality, so far as I know, that we use. They manufacture here, I think, more of the commoner qualities. There are very few of the fine bobbinet machines here.

Mr. HARRISON. What proportion of all the bobbinets you use in this country are made here?

Mr. KURSHEEDT. That I do not know, because we do not manufacture bobbinets.

Mr. HARRISON. Is there a considerable amount of it?

Mr. KURSHEEDT. I think in the coarser grades there is a considerable quantity made here.

Mr. HARRISON. What effect would it have upon your industry if we were to lower the duty upon bobbinet machinery or if we were to put them on the free list?

Mr. KURSHEEDT. It would not affect us materially except at times. A fashion might arise for bobbinet lace, such as we embroider, and then we would use very large quantities. Then four or five years might pass and we would use hardly any at all. In the meantime you would be losing revenue, because the bobbinet is an excellent article to collect revenue on. It is not an article used on anything that is really a necessity.

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Mr. HARRISON. You already have all the bobbinet machinery you need in your factory, have you not?

Mr. KURSHEEDT. How do you mean?

Mr. HARRISON. Have you not already in your factory the machinery for making bobbinet laces?

Mr. KURSHEEDT. No, sir; we never had any.

Mr. HARRISON. You do not make any yourselves?

Mr. KURSHEEDT. Never. I think there are not more than three or four manufacturers in this country who make them, so far as I know.

Mr. HARRISON. If we were to take the duty off of the machinery, would not that create a new industry here?

Mr. KURSHEEDT. I do not know. I know I would not engage in the business.

In relation to the comparative cost, I will make this statement: A gentleman mentioned something about automats. The largest manufacturers of embroideries in the world use Automats in Europe. About five or six years ago they secured the American rights, and a little while before that secured the European rights. The Automat is an American invention entirely. It was secured by this firm or corporation, who developed a very large business in Europe, established large plants, and imported practically the entire production to this country. They began about the same time the industry was started in this country, and several of them became millionaires. There is not a single rich manufacturer—that is, those who have become rich in this industry—in this country. That firm has had the American rights since January 8, 1908. They engaged in the manufacture in this country previously with a machine such as the others had in 1894. They have to-day eighty-nine 10-yard machines in this country, and they have equivalent to four hundred and thirty-two 10-yard machines in Switzerland, and those 432 machines work entirely for this market, so far as I know, and I have good reason to feel that I know the truth about it.

That gives a very good idea as to whether or not we can compete, because if they possess every possible advantage in machinery and only manufacture a small portion here, that is the very best and most conclusive evidence regarding the relative cost.

At the time of the last revision certain importers who manufactured embroideries and laces in Europe claimed that the goods could be made cheaper in this country. They were principally citizens of the United States who had large plants in Switzerland. Nevertheless, importers, who were American citizens, actually erected in Switzerland during the time that free entry was allowed into this country more machines than were imported altogether during that period. This is further proof that we are not even incidentally protected.

The CHAIRMAN. Your time has expired, but if you want a moment more, you may proceed.

Mr. KURSHEEDT. The increase of duty would, in my opinion, give you an increased revenue, while any reduction in duty would cause you to lose revenue.

I think that is all, Mr. Chairman. Thank you.

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BRIEF OF THE ASSOCIATION OF AMERICAN EMBROIDERY AND LACE MANUFACTURERS (INC.).

Paragraph 349: Embroideries and Embroidered Laces under Various Designations.

EMBROIDERIES AND EMBROIDERED LACES ARE PURE LUXURIES.

Classification of necessities and luxuries: To make clear our conception of the real necessities of life and the luxuries, we suggest the following classification: Essential necessities—Plain food, shelter, and clothing. Seminecessities—The more varied food and such shelter as is commonly enjoyed by civilized nations. Semiluxuries—Articles used or worn because of the rigid customs of a community, which also serve purposes of utility, such, for instance, as kid gloves. Pure luxuries.—Articles of adornment which serve no purpose of utility, such as embroideries and laces. Any woman may be well and fashionably dressed for any occasion without the use of embroideries or embroidered laces as a decoration.

We advocate an increase in duty from 60 to 70 per cent ad valorem on embroideries and embroidered laces and kindred articles, the product of the shuttle and hand embroidery machines, as contained in paragraph 349, Schedule J, under various designations, for the following reasons:

In order to establish a proper measure of competition between the foreign and domestic manufacturers for the benefit of the consumer: The competition among the domestic manufacturers has already caused the foreign manufacturers to lower their prices materially on the very limited line of competitive goods which the present low rate of tariff permits to manufacture in this country.

More competition will hold in check such enormous advances as obtained in 1906, when the importers demanded and received prices in many cases 50 per cent higher than those of to-day.

A higher duty will cause further progress to be made by the American manufacturer and cheapen the cost of production for the benefit of the consumer. All the important inventions within the past 20 years to improve the embroidery machine have originated in the United States and have been developed by American capital in this country. The foreign manufacturers have profited by these inventions to undersell us in our own market on four-fifths of the competitive goods.

To uplift the industry: It will prove a great uplift to the industry in providing a better class of goods to be made, thus furnishing opportunity to the work people to perfect their skill, earn better wages, and obtain more regular employment. There are 350 domestic shuttle machine embroidery manufacturers. Any pecuniary advantage to the manufacturers will, because of the keen competition, revert to the consumer.

To provide more revenue: During the period prior to 1891, when the duties imposed were only 35 and 45 per cent, competition with foreign countries was impossible. Almost the entire industry depended upon what is known in the trade as "job work" or "special order work"—that is, when certain colors were suddenly wanted the domestic manufacturers would be called upon to supply the immediate demand. Manufacturers and retailers would send their own materials, also, to be embroidered. American inventions have since changed this condition of affairs to a very limited extent, and we are able to make some of the coarser grades of embroideries requiring a minimum amount of labor. The labor cost here is about three times what it is in Europe. In the event of an advance in duty amounting to 10 per cent, the foreign manufacturers can easily reduce their prices 5 per cent or more, and as the domestic goods of a better quality would require finer yarns and finer cloths, upon which a higher duty or an equivalent higher price must be paid, there would remain only a net advantage of about 4 per cent.

The net advantage of 4 per cent remaining would enable us to manufacture \$2,000,000 more goods, foreign value. This would reduce the imports to \$16,000,000, foreign value. The Government would gain 10 per cent on the \$16,000,000 remaining, or \$1,600,000. Subtracting the loss in revenue, \$1,200,000, from this amount, the total net gain in revenue would be \$400,000: Eliminating embroidered handkerchiefs as an article of manufacture, there is about \$14,000,000 total production in this country, of which \$5,000,000 is "job work" and "special delivery work," or articles that are provided for in the silk, metal, and wool schedules. Three million dollars worth is embroideries sold on a basis of less than 45 per cent duty, because the material is the chief part of the cost, and the labor is insignificant. Of the same class of goods, there is about \$18,000,000 worth imported. This \$18,000,000, plus 60 per cent duty, equals

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\$28,800,000, and plus the domestic production, \$6,000,000, makes a total production of practically \$35,000,000. Thus we should be making a trifle more than one-sixth of these competitive goods, while nearly five-sixths would be imported.

[Appendix.]

We have omitted embroidered handkerchiefs, wearing apparel, and hand-made embroideries, which would properly bear the same rates as our product and yield additional revenue.

There are more than 500 embroidery and embroidered lace manufacturers using the shuttle-embroidery machine or the hand embroidery machine, with manufactories in the following States: Connecticut, Illinois, Maine, Maryland, Massachusetts, Missouri, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, California.

Suppose the tariff on all luxuries was reduced so that four-fifths were imported and that nine-tenths of the semiluxuries were also imported at duties averaging one-half the rates of the former, and all the seminecessities and necessities were admitted free, such a catastrophe would be precipitated and misery caused as has never been known in this country. Tariff revision stands for justice for all industries, and if the interests of any one have been slighted in the past, would it not be most proper if this error were corrected?

Respectfully submitted.

ASSOCIATION OF AMERICAN EMBROIDERY
AND LACE MANUFACTURERS (INC.).
A. H. KURSHEEDT, *President*.

Taking the figures submitted by Mr. Weingart for the Importers' Association, namely, \$24,000,000 foreign and \$16,000,000 domestic, the loss in revenue on the increased domestic production is \$1,200,000. The gain of 10 per cent on the remaining \$22,000,000 worth of imports is \$2,200,000. Subtracting the loss of \$1,200,000 from this gain in revenue and the net gain is \$1,000,000: The figures submitted by Mr. Weingart of the Importers' Association are: \$24,000,000 foreign production; \$16,000,000 domestic production. Deducting the \$5,000,000 of job goods made and specified under the silk, metal, and wool schedules, and the \$3,000,000 worth of goods sold under the 45 per cent rate, we have \$8,000,000 domestic production of competitive goods. The \$24,000,000 plus 60 per cent equals \$38,400,000, and adding to this the \$8,000,000 domestic production makes a total production of \$46,400,000. This indicates a domestic production of practically one-fifth of the total production for the domestic trade.

Confirmation of estimates as to amount of embroideries and embroidered laces imported in comparison with the quantity produced in this country: These figures are confirmed more conclusively by considering the following facts: A 50,000,000 franc corporation (equal to \$10,000,000 capital) has in Switzerland the largest plant in the world, and also has the largest plant in the United States. The product of both plants is practically all for our home consumption. This concern has owned the patent rights on the automatic embroidery machine in Europe and in the United States for over five years, yet it has 83 per cent of its machines in Europe and only 17 per cent in this country. The next largest house imports more than four-fifths of its product and buys or manufactures here less than one-fifth. The importations of these two concerns collectively are fully one-third the total imports of these articles.

Citizens of the United States who have built up the embroidery industry in Switzerland have become millionaires; citizens of the United States who have battled to establish the domestic industry have not become rich: Further confirmation of the fact that embroideries and embroidered laces can not, under present conditions, be made in our country to compete with foreign-made goods is that, whereas several American citizens who are engaged in the industry in Europe and have erected large plants to furnish employment to foreign labor have become millionaires, to our knowledge no one of the many people who have endeavored to build up the industry under our flag has become rich. Is it wise that the legislation of our country should be directed toward the expatriation of citizens of ability?

"Whoever grows two blades of grass on the same plot of ground where one has grown before is deserving of reward from his country." The development of inventions in this country has cost the American manufacturers many hundreds of thousands of dollars. The total return from these inventions has been much less than the cost. The foreign manufacturers have reaped the benefit and have undersold us in our own

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

market to the extent of at least four-fifths of the total consumption of competitive goods.

All the essential and important inventions to improve the embroidery machine have been made by American citizens. The modern shuttle embroidery machine is a 10-yard multiple-needle sewing machine, carrying 684 needles. Since the days of Elias Howe, Isaac M. Singer, Wilson, and Willcox this country has been preeminent in everything connected with the manufacture of sewing machines.

We do not always realize how rich we are in genius and ability. We have some of the best workmen in the world; we possess the mechanical skill, but for lack of opportunity the country's industrial progress is retarded. The 10 per cent increase of tariff that we advocate will not only help the domestic industry, but it will benefit the consumer and bring to the Government an additional revenue.

It is of great importance that the provisos in paragraph 349 be retained.

Respectfully submitted.

ASSOCIATION OF AMERICAN EMBROIDERY
AND LACE MANUFACTURERS (INC.).
A. H. KURSHEEDT, *President*.

**BRIEF OF THE ASSOCIATION OF NEW YORK IMPORTERS
AND MANUFACTURERS OF MILLINERY GOODS.**

NEW YORK, *January 16, 1913.*

HON. OSCAR UNDERWOOD,

Chairman of the Ways and Means Committee, Washington, D. C.

DEAR SIR: Schedule J, for laces we ask for the following schedule:

Laces, lace curtains and all lace articles, lace handkerchiefs, napkins, lace wearing apparel, and all other articles made wholly or in part of laces, or imitation lace, and such laces made of cotton silk, artificial silk, wool, metal, or any other material entirely of one or several materials combined, and made by hand, machinery, crochet or any other processes, 50 per cent ad valorem. We ask that paragraphs of the present tariff 350 and 351 be entirely suppressed.

Brief.—Because no discrimination should be made against one kind of machine lace in favor of another, nor against any particular process in favor of another as prescribed in the present tariff. An equal and uniform rate should be applied to all laces and lace articles, as the nature and purpose of the article remain the same. We believe a 50 per cent rate ad valorem to be adequate for protection of home industry, and would yield more revenue to the treasury than curtailed importations under a 60 per cent and a discriminating 70 per cent ad valorem rate.

Yours, very truly,

SIDNEY B. VEIT, *Secretary*.

**BRIEF OF THE BRAID MANUFACTURERS ASSOCIATION OF
UNITED STATES.**

NEW YORK, N. Y., *January 13, 1913.*

In relation to Schedule J, paragraph 349, covering cotton trimmings, braids, etc.

The present rate of duty assessed on these goods is 60 per cent ad valorem, and we request that said rate of duty be maintained.

We make the above request on the ground that the goods covered by this paragraph are luxuries and that the above rate of duty will produce the highest rate of revenue and at the same time enable the domestic manufacturers to compete with similar goods manufactured in Europe.

As stated in our brief in connection with other schedules, the labor and expenses in manufacturing this class of goods in Europe are about one-third of what they are in this country. Our cost of materials is about 40 per cent of our total cost. Therefore, the foreign cost of labor and expenses would be only one-third of 60 per cent of our total cost, which equals 20 per cent of our cost, thus making their total cost, including material, equal to 60 per cent of our cost.

Their total cost landed, with 60 per cent duty added, would equal about 96 per cent of our cost, which puts us in a position to compete without said rate of duty being prohibitive.

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

For above reasons we respectfully ask the maintenance of the existing rate on above goods.

Respectfully submitted.

BRAID MANUFACTURERS ASSOCIATION OF UNITED STATES,
Per ALBERT S. WAITZFELDER,
HENRY W. SCHLOSS,
Committee.

NEW YORK, *January 31, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: In relation to Schedule C, paragraph 179; Schedule J, paragraph 349; Schedule K, paragraph 383; Schedule L, paragraphs 402, 405. Above paragraphs cover laces and embroideries; also braids, trimmings, etc.

We have already submitted briefs in relation to each of above paragraphs, containing our recommendations as to rates of duty on braids, trimmings, etc., and our reasons for such recommendations.

Since submitting those briefs we have noticed in the hearings before your committee on Schedule J that certain witnesses suggested taking laces and embroideries out of above paragraphs and making separate paragraphs for same.

In view of the fact that there is no line of demarcation between laces and lace braids, the division of above paragraphs would lead to needless difficulty and confusion in assessing, besides giving the opportunity for importers to claim them under whichever might be the lowest rate, as well as other complications at the customhouse.

These facts can be substantiated by the general appraisers.

For your information we inclose a few samples, some of which are made on the torchon lace machine, others made on the regular braid machine, and all of which are commercially known either as laces or as lace braids.

For these reasons we recommend the maintaining of all of these articles in the same paragraphs as at present.

Respectfully submitted.

THE BRAID MANUFACTURERS ASSOCIATION,
Per ALBERT S. WAITZFELDER,
HENRY W. SCHLOSS,
Committee.

BRIEF OF THOMAS H. WATSON ON BEHALF OF MILLS & GIBB, NEW YORK, N. Y.

NEW YORK, *January 24, 1913.*

HON. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: We inclose, for your information, suggestions prepared by Mr. Thomas H. Watson, manager of our curtain and drapery department, relative to rates of duties on certain goods imported by us.

We think you will find that the recommendations of Mr. Watson, based on long experience in handling both domestic and imported merchandise, are worthy of consideration, having in view necessary Government revenue, with reasonable incidental protection to the American manufacturer and with due regard to the interests of distributors as well as consumers, based on the commendable principle of fair competition.

Respectfully,

MILLS & GIBB,
WM. T. EVANS, *Treasurer.*

NEW YORK, *January 22, 1913.*

Mr. H. E. GIBB,

*President Mills & Gibb,
Fourth Avenue and Twenty-second Street, New York City.*

DEAR SIR: In reply to your request for a report on the various articles imported for this department, to be sent to Hon. Oscar W. Underwood, chairman of the Ways and Means Committee of the House of Representatives, beg to say at the present

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

time the duty on all kinds of laces, embroideries, etc., is very conflicting, being 70 per cent on levers laces, 60 per cent on Barmen laces, etc., and 60 per cent on all real laces made of linen, cotton, jute, silk, etc.

The only kind of lace to which a purely specific duty could be applied would be the goods made on the lace-curtain machine. I made this schedule in 1897, and it was a very fair and just one, being a purely specific duty on all kinds of lace curtains, nets, bedspreads, shams, etc., made on the Nottingham curtain machine or the Nottingham warp machine. Afterwards the domestic manufacturers induced the committee to put on an additional 20 per cent ad valorem, which has proved to be prohibitive, there being practically nothing imported to-day. The industry in this country is monopoly and practically controlled by one man.

It is to be hoped in the revision of the tariff that all the Payne-Aldrich jokers will be left out, so that when we receive an invoice for foreign goods there will be no question about classification, as it is an unfortunate thing to have to put each importation (more or less) in the hands of customhouse lawyers, on which excessive charges are made for protesting. The following is a list of the various articles imported for this department and the duties they pay:

Paragraph 351 (specific duty suggested):

Nottingham curtains, nets, bedspreads, shams, etc., made on the Nottingham curtain machine or the Nottingham warp machine—

- 5 point, 1 cent square yard and 20 per cent ad valorem.
- 6 point, 1½ cents square yard and 20 per cent ad valorem.
- 7 point, 2 cents square yard and 20 per cent ad valorem.
- 8 point, 2½ cents square yard and 20 per cent ad valorem.
- 9 point, 3 cents square yard and 20 per cent ad valorem.
- 10 point, 3½ cents square yard and 20 per cent ad valorem.
- 11 point, 4 cents square yard and 20 per cent ad valorem.
- 12 point, 4½ cents square yard and 20 per cent ad valorem.
- 13 point, 5 cents square yard and 20 per cent ad valorem.
- 14 point, 5½ cents square yard and 20 per cent ad valorem.
- 15 point, 6 cents square yard and 20 per cent ad valorem.
- 16 point, 6½ cents square yard and 20 per cent ad valorem.
- 17 point, 7 cents square yard and 20 per cent ad valorem.
- 18 point, 7½ cents square yard and 20 per cent ad valorem.
- 19 point, 8 cents square yard and 20 per cent ad valorem.
- 20 point, 8½ cents square yard and 20 per cent ad valorem.
- Minimum, 50 per cent.

Paragraph 349 (50 per cent duty suggested):

- French lace curtains, 60 per cent.
- French bobbinets, 60 per cent.
- French and English laces, Barmen laces, lace ornaments, etc., 60 per cent.
- Hand drawn-work covers, 60 per cent.
- Lace covers, embroidered covers, etc., 60 per cent.
- Swiss curtains and yard goods (Irish point, Brussels, muslin and tamboured), 60 per cent.
- English bobbinets, 60 per cent.

Paragraph 350 (50 per cent duty suggested):

- French and English laces made on the Lever or Gothrough machines, 70 per cent.

Paragraph 325 (40 per cent duty suggested):

- French and German velour curtains and covers, 35 per cent and 12 cents square yard, minimum, 47½ per cent.

Paragraph 358 (40 per cent duty suggested):

- Manufactures of jute or linen not specially provided for, 45 per cent.

Paragraph 326 (40 per cent duty suggested):

- French tapestry covers (cotton), 50 per cent.

Paragraph 179 (40 per cent duty suggested):

- French tapestry covers containing tinsel, 60 per cent and 15 cents per pound.
- French tapestry covers, chief value silk (according to weight per square yard and percentage of weight of silk), 70 cents to \$1 per pound.

Paragraph 399 (40 per cent duty suggested):

- Artificial silk piece goods and covers, minimum, 45 per cent.

Paragraph 403 (40 per cent duty suggested):

- All manufactures of which silk is the component material of chief value, not specially provided for, 50 per cent.

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

Paragraphs 315-320, cotton schedule. (See "Cotton.")

Plain and fancy etamines.

Cretonnes.

Madras piece goods.

Dotted swiss.

Coin spots, lappets, etc.

Paragraph 323. (See "Cotton.")

Cotton cloth,¹ mercerized, 1 cent per square yard extra.

Paragraph 323. (See "Cotton.")

Cotton cloth,¹ extra threads—

Under 7 cents, 1 cent per square yard.

Over 7 cents, 2 cents per square yard.

Paragraph 332. (See "Cotton.")

Madras curtains, 45 per cent.

A duty of 50 per cent on all kinds of laces and embroideries and lace curtains (except curtains made on the Nottingham curtain machine), whether made of cotton, linen, jute, silk, or ramie, would probably be a fair duty to all concerned. For it is a well-known fact among all lace people that the actual duty necessary to protect the American manufacturer on laces and lace curtains is about 20 to 25 per cent.

I would suggest a uniform duty of 40 per cent on all tapestry fabrics, whether they contain cotton, silk, tinsel, jute, etc. Would also suggest a uniform duty of 40 per cent on all French and German embroidered table covers, whether made of plush, tapestry, or felt.

Cotton.—With regard to the cotton schedule, they should remove the jokers, such as extra 1 cent for mercerizing and extra 1 and 2 cents for extra threads, which was a great hardship to the importer and absolutely unnecessary for the domestic manufacturer, as the biggest percentage of cotton goods used for the general trade is made of American cotton, and the foreign manufacturer must import the American cotton and return it manufactured, which puts him at a certain disadvantage. It is a well-known fact that all the lower grades of cotton goods, such as coin spots or harness spots, etc., under the present tariff can not be imported.

The cost of a 36-inch Scotch muslin made of American cotton in Scotland is from 3d. to 3½d. per yard net. The same goods are produced in America in large quantities and sold at a profit by the manufacturer in this country for 7½ to 8 cents per yard. There are none of these goods being imported any more.

In regard to the cost of production, difference in labor, etc., the best argument on this point is covered by the fact that the importations from England, Scotland, and Switzerland and other markets producing machine-made goods of the above class have fallen off to such an extent that the present revenue collected by the Government is practically nothing compared to what it was 10 years ago.

I regard this tariff revision as a very important matter, especially since you have such large interests at stake, and sincerely hope that either you or Mr. Evans would go personally to Washington to safeguard your interests.

Very faithfully, yours,

THOMAS H. WATSON.

BRIEF OF BERNHARD GILMAIN & CO. ET AL., NEW YORK, N. Y.

NEW YORK, *January 17, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

SIR: The undersigned manufacturers, importers, and dealers in decorative art linens have been in consultation in regard to the rates of duty on our class of merchandise and herewith respectfully submit the following information and recommendations:

The merchandise consists of cotton, union, and linen doilies, scarfs, centerpieces, pillow shams, table covers, etc., which are used for purposes of decoration of the home and which are usually embellished with lace, embroidery, or drawnwork. These are provided for in Schedule J of the present tariff, paragraph 349.

The rate of duty heretofore assessed on all such articles containing lace (not made on the Lever machine) or embroidery has been 60 per cent ad valorem, the same as on laces and embroideries by themselves.

¹ American bleachers and finishers charge for mercerizing 40-inch single yarn, one-half cent; 40-inch 2-ply yarn, 1 cent.

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

While we recognize the fact that a lowering of the duties on these might somewhat increase the amount of importations, we must also admit that this class of goods, as luxuries purely, are not in our opinion entitled to a reduction of duty.

Regarding plain machine scalloped and spoked goods, as represented by the sample attached hereto and marked "Exhibit A":

These goods, which are a staple article and not to be classed as a luxury, the custom-house originally passed as "embroideries," which classification under the Dingley tariff was successfully defeated by the importers, the Supreme Court ruling that these goods were entitled to a rate of 35 per cent on woven fabrics of flax, hemp, or ramie, weighing less than $4\frac{1}{2}$ ounces per square yard and containing more than 100 threads to the square inch, counting the warp and filling, 35 per cent ad valorem. On woven fabrics not so specified the rate was held to be 50 per cent.

The Payne-Aldrich bill restored the duty on this article to 60 per cent, by a special provision for scalloped goods, in paragraph 349.

We would respectfully suggest that this being a very simple article, with very little work, being in general use by consumers of small means and having really none of the characteristics of embroidery, a lower duty would be in order, which, in our opinion, should not exceed 45 per cent.

Another article handled by the undersigned consists of drawnwork, which is exemplified by two specimens attached hereto and marked "Exhibits B and C." Owing to the imperfect definition of this article, variously continued through the McKinley, Dingley, and Payne-Aldrich tariff bills, paragraph 349, this merchandise has been the subject of a long-continued and costly litigation between the importers and the Government. The contention of the Government's attorneys that it should be considered as lace, imitation of lace, or as embroidery has been repeatedly defeated in the courts by the importers. The present interpretation by the customs authorities, of section 349, as applied to these articles, has been that patterns similar to Exhibit B should be dutiable at 60 per cent, and others, similar to Exhibit C, at 45 per cent. The distinction is a very difficult one to make and in many instances gives rise to differences of opinion.

We would respectfully suggest that this class of articles, "Drawnwork," should be separately provided for in the new law and be subject to one rate of duty only. We recommend as reasonable a rate of 50 per cent, which will be productive of a large amount of revenue.

We furthermore would refer to Exhibits D and E, as attached hereto.

These goods are made of cotton, union, or linen, in all sizes; they are called plain hemstitched goods, Exhibit D, or plain spokestitched goods, Exhibit E. They have heretofore been treated as goods not specially provided for, and, if made of cotton, fell under paragraph 332, if linen, under paragraph 358, both at 45 per cent.

The stitching of the hem, as shown, is produced by first drawing threads so as to create the open space and by thereafter sewing the hem, either by hand or machine. The result is an article not very far advanced in value above that of the cloth itself and which can not be classified as a luxury, but rather as a necessity.

We suggest that the present rate of these articles is too high and should in a new and lower tariff not exceed 35 per cent.

We would in view of the above considerations suggest the following paragraph to be embodied in the new tariff law:

"Plain hemstitched or spokestitched articles, not containing any ornamentation, 35 per cent.

"Machine scalloped or machine scalloped and spokestitched articles containing no other ornamentation whatsoever, 45 per cent.

"Articles ornamented with drawnwork, 50 per cent.

"Articles hand scalloped or ornamented with lace or with embroidery of any kind, 60 per cent.

"*Provided, however,* That none of the articles mentioned in this paragraph shall in any case pay a lower rate of duty than that applying to the cloth whereof same are constructed."

We would further recommend the following two amendments to the customs administrative act:

"Pending the adjudication of any difference in valuation between an importer and the appraiser, the importer shall be permitted to add to subsequent invoices under duress, to make market value as held by the appraiser, and if the final decision is in favor of the importer the amount so paid under duress is to be refunded.

"In all cases where the Government has collected an excessive amount of duty interest shall be allowed the importer, at the rate of 6 per cent per annum, on this excessive amount of duty when refunded to the importer."

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

As long as ad valorem duties are in force, there will be in many cases differences of opinion about the correct market value of merchandise. Under the present law the Government exacts from the importer a fine equal to the amount of the advance. The determination of the correct market value, after the importer has protested against an advance, is apt to take a long time, since very frequently delays are caused through the necessity of procuring evidence, etc. Under the present law, if the importer receives further invoices, he is put before the choice of risking on these invoices additional penalties if he enters the goods at what he considers the correct value, or if he advances values to those previously claimed as correct by the Government he has no remedy for receiving back the duty on such advances, even if subsequently it is ruled by the Government that his original values were correct. This condition results in a great hardship to the importer, which the provisions suggested above will overcome.

Respectfully submitted.

Bernhard Gilmain & Co., 107-113 Grand Street; Campbell, Metzger & Jacobson, 446-448 Broadway; Dwyer & Murphy, 106 Grand Street; Meyer, Martin & Dander, 142-144 Grand Street; N. J. Richman Co., 377 Broadway; O. C. Schmidt & Co., 476 Broadway; J. R. Simon & Co., 53-59 West Twenty-fifth Street; The M. H. Pulaski Co., 124 Fifth Avenue; Otto van Streit Co., 949 Broadway; Max Reichmann Corporation, 220 Fifth Avenue; Wm. Ollendorff, 28 White Street; Samuel Horowitz & Co., 441 Broadway; F. S. Ellenberg & Co.; Scheim Co., 116 East Sixteenth Street; Julius Hernfen; H. H. Frank & Co., 906 Broadway; Salinger & Magnus, 131 Spring Street; Furd Mendelson & Co., 221 Fourth Avenue.

BRIEF OF THE CHARTERED SOCIETY OF AMALGAMATED LACE OPERATIVES OF AMERICA.

WILKES-BARRE, PA., *February 1, 1913.*

Mr. JOHN J. CASEY,
United States Congressman-elect.

DEAR SIR: Assuming that tariff on cotton and cotton goods as it applies to lace curtains will be revised during your term of office, we, the lace makers of Branch No. 2, Wilkes-Barre, take the privilege of laying before you the conditions existing in the lace curtain trade in this vicinity during the past few years.

In February, 1910, the branch membership was 179; to-day it is 153; this decrease, notwithstanding the fact that the number of machines has been greatly increased during that period. To-day, in Wilkes-Barre and vicinity there are 23 competent lace weavers who are following some other occupation, waiting for the trade to take a turn for the better. Two years ago it was deemed advisable to create a fund to assist unemployed members. This fund is only participated in by members who earn nothing between Sunday and Saturday; that means that a man who made a few hours' work during any week was not beneficial therefrom. This fund became operative in July, 1911; and at time of writing with an average membership of 160. Our officials have honored blank pay checks 704 times at an expense of \$3,980. These figures—which can be verified at any time—don't begin to show the number of men who, unfortunately for them, had a few hours' work in one week, which barred them from this out-of-work benefit.

Yet, taking general conditions of our trade in America, we, of No. 2 Branch, Wilkes-Barre, have fared better than our brother craftsmen. Therefore, we think that the condition of trade alone, regardless of the vast difference in wages paid for the same class of goods in Europe, should command whatever influence you may possess in advising that the tariff on this class of goods can stand no reduction. We feel sure you will use your habitual honest endeavor in securing a square deal.

With best wishes for your success.

Fraternally, yours,

HERBERT WEBSTER,
MICHAEL HALPEN,
JAMES WALKER,
Committee.
DAVID WILSON, *Secretary.*

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

To the Hon. John Casey, Congressman:

We beg to submit to you for consideration the following comparison of wages paid in the production of lace curtains in Nottingham, England, and in the United States. (Nottingham prices are the highest. Wages are lower in Scotland and elsewhere in Europe.)

Standard machine 324 inches wide.

DOUBLE-ACTION 4-GAIT CURTAINS.

Gauge.	American price.	English price.
6-point.....	\$8.96	\$6.10
8-point.....	9.40	6.16
10-point.....	9.82	6.92
12-point.....	10.42	7.20
16-point.....	11.61	8.25

COMBINATION.

6-point.....	\$11.17	\$7.60
8-point.....	11.55	7.75
10-point.....	11.91	7.80
14-point.....	13.04	8.44

3-GAIT MADRAS.

6-point.....	\$9.57	\$6.75
8-point.....	10.00	6.87
10-point.....	10.42	6.94
12-point.....	11.10	7.08
14-point.....	11.61	7.60
16-point.....	12.20	8.25

In addition we are paid for all alterations at the rate of 30 cents per hour. Also all main warps are paid for entering machine at the rate of \$2.07 standard (this is not paid for at all in Nottingham.)

Auxiliary help is paid as follows: Threading, 22 cents per thousand (English price, 12 cents); mending, 2½ cents per rack (English price, 2 cents); slip winding, approximately, 100 per cent more here.

Respectfully submitted by

HERBERT WEBSTER,
MICHAEL HALPEN,
JAMES WALKER,

Committee.

FACTS ON EMBROIDERIES.

At present the importation of laces and embroideries produces a yearly revenue second to that of only one commodity. It is safe to say that of all the cotton embroideries and embroidered laces now sold in the United States 80 per cent are imported and only 20 per cent are manufactured in this country.

While, generally speaking, a reduction in the tariff causes an increase in the importation of that article, and therefore a probable increase in the revenue, it is nevertheless a fact that the importation of embroideries is not affected by a higher or a lower rate of duty, but being a luxury, the demand for it is governed by the fashion of the day. This is proven by the fact that during the last 14 years with the duty at 60 per cent ad valorem the imports of embroideries and embroidered laces were far heavier than they were previous to that time when a lower rate of duty prevailed.

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

LABOR.

To show the difference existing in the cost of labor between Europe and the United States in the embroidery and embroidered lace industry, we submit herewith figures to show the wages earned per week by the various hands working 10 hours per day:

	Europe.	United States.
Stitcher.....	\$8.00	\$25.00
Washer.....	4.00	9.50
Shuttler.....	2.75	5.50
Mender.....	4.00	12.00
Total per week.....	18.75	52.00

If you consider that the cost of labor on the average amounts to approximately two-thirds of the cost of the finished article of embroidery or embroidered lace you can readily see that a domestic manufacturer has a hard struggle to keep his machines going, paying nearly three times as much for labor as does the foreign manufacturer. The figures given above are based on an equal production by both the American and foreign workmen. It is obvious that a further reduction in the tariff would deprive the American workingman of a standard American wage or, worse yet, throw him out of work entirely.

It is only by specializing on such articles on which the cost of the material used is greater than the cost of the labor that the American manufacturer has succeeded in developing the domestic industry to its present limited extent; but these articles form a very small percentage of the total amount of embroidery used.

We further call your attention to an improved embroidery machine known as the Automat. This machine is coming into general use in Europe. It eliminates the stitcher or skilled operator, not only saving his wages, but it also increases the output enormously, thereby further reducing the cost of production at least 15 per cent.

The patents for this machine are controlled by one firm, and they refuse to allow it to be sold to the United States.

MACHINERY.

Two years ago the duty on embroidery machines was temporarily removed, and the domestic manufacturers thus encouraged by the Government took advantage of this chance to develop their industry and imported a large number of embroidery machines into the United States. But in spite of this great opportunity to bring their plants free of duty into the United States hardly any American firms manufacturing in Europe brought over embroidery machines. On the contrary, during the time embroidery machines were allowed to enter free of duty American firms operating embroidery factories in Europe installed in their foreign factories more than twice the number of machines brought over by domestic manufacturers during the same period. Inclosed chart shows how much more rapidly the European embroidery industry develops.

About \$1,000,000 was invested by domestic manufacturers in new machines during the period of free entry of embroidery machines, many making sacrifices to take advantage to what they deemed a great opportunity to increase their plant.

The failure to employ these machines would spell ruin for more than one manufacturer.

In conclusion, permit us to say that the American embroidery industry is absolutely free from any monopolistic tendency; that, in fact, competition among the domestic manufacturers is extremely severe, and that the very nature of the industry makes utterly impossible any combination to control prices even were such a thing contemplated. In fact, no article subject to fashion was ever successfully monopolized.

PARAGRAPH 349—LACES, EMBROIDERIES, ETC.

BRIEF OF GALLAND, WECHMAR & CO., NEW YORK CITY.

NEW YORK, N. Y., *January 28, 1913.*

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

We desire to call your attention to a condition existing under the tariff act of 1909, covered by paragraphs 349-350 of Schedule J, which affects 75 per cent of the entire population of the United States.

A very large part of wearing apparel for children, especially hats, caps, dresses, and as well neckwear and handkerchiefs for older persons, all of which are absolute necessities, are in our present stage of civilization trimmed or ornamented with lace, which may be regarded as equally necessary to the composition of the article as are buttons and a lapel upon a coat or a band upon a hat.

In other words, no baby's cap or dress from the child of the poorest laborer to the child of the millionaire but that some lace of some value is used for trimming, and the trade in these goods has grown enormously during the past quarter of a century.

A very large part of the cheaper laces are manufactured upon what is known as the Lever or Gothrough machine, and, until the enactment of the present tariff act, such goods were dutiable at 60 per cent ad valorem.

For some reason not in the record—but which may be speculated upon by carefully reading paragraph 197, and remembering that certain powerful interests connected with the Congress which enacted the act of 1909 were understood to be largely interested in the importation of Lever and Gothrough lace machines—paragraph 350 specifically advanced the ad valorem duty from 60 to 70 per cent upon all laces made upon the Lever and Gothrough machines.

When it is remembered that paragraph 349 contains the following, "that no article composed wholly or in chief value of one or more of the materials or goods specified in this paragraph shall pay a less rate of duty than the highest rate imposed by this section upon any of the materials or goods of which the same is composed," it becomes apparent that the baby's dress or little cap made of cotton or linen dutiable at 30 per cent may have attached to it 10 or 15 cents worth of lace made on a Lever or Gothrough machine, and thus be advanced in duty rate upon the entire garment to the exorbitant rate of 70 per cent ad valorem.

We desire to submit two examples setting forth the inequity and injustice of the present law.

Example 1:

- A hat costing entire 75 cents trimmed with Lever or Gothrough lace; value of lace, 10 cents.
- A dress costing entire \$2 trimmed with Lever or Gothrough lace; value of lace, 30 cents.
- A handkerchief costing entire 15 cents trimmed with Lever or Gothrough lace; value of lace, 3 cents.

The above articles are dutiable at a 70 per cent rate.

Example 2:

- A hat costing entire \$20 trimmed with hand made lace; value of the lace, \$10.
- A dress costing entire \$50 trimmed with hand made lace; value of the lace, \$25.
- A handkerchief costing entire \$3.50 trimmed with hand-made lace; value of the lace, \$2.50.

The above articles are dutiable at a 60 per cent rate.

From the above examples, which might be multiplied indefinitely, it is apparent that the very cheapest hats, dresses, and handkerchiefs are those customarily trimmed with Lever or Gothrough lace of low value, and are the goods used by the great mass of the American people, whereas the finer and more expensive goods trimmed with a far more expensive lace, sold only to the richer classes, appear in the second example.

Notwithstanding these conditions, the present inequitable law imposes a duty of 70 per cent upon the cheaper goods trimmed with the Lever and Gothrough lace, while the more expensive goods pay only 60 per cent.

As a result the American manufacturer, having brought in his Lever and Gothrough machines free of duty, is able to benefit by the 10 per cent advance over the previous law, and by the exorbitant present rate of 70 per cent duty on all articles containing even 3 cents worth of Lever or Gothrough lace in his sales to the American public.

These conditions are most unjust and certainly demand correction at your hands.

PARAGRAPH 349—FEATHERSTITCH BRAID.

A reduction from the 70 per cent rate under this paragraph to 50 per cent could in nowise affect the general industry in this country, and even then the American manufacturer will be most amply protected; but it would place the goods manufactured here more nearly upon a competitive protective basis, and would result in a largely increased importation and a correspondingly increased revenue to the Government.

We respectfully refer to Treasury Decision No. 31672 of February 1, 1912, which covers this entire question, and we quote two paragraphs from the court's decision as clearly exemplifying the injustice of present conditions:

"As the handkerchiefs put in controversy by this appeal are not composed wholly or in chief value of lace made on Lever or Gothrough machines, they do not come within the provisions of paragraph 350 and are not subject to the rate therein prescribed unless there be some other provision of law which makes that rate applicable to the importation. The question in the case is, therefore, reduced to this: Is there any statutory mandate which imposes a duty of 70 per cent ad valorem on goods composed in part, although not in chief value, of Lever or Gothrough laces? Counsel for the importers claim, in effect, that there is not, and their claim in that particular would be unanswerable if paragraph 339 of the tariff act of 1897 had been reenacted in the tariff act of 1909." * * *

"As already stated, the handkerchiefs are composed in chief value either of cotton embroidered linen handkerchiefs or of Gratley lace insertion. All the handkerchiefs are, therefore, articles composed in chief value of one or more of the materials or goods specified in paragraph 349, and under the express terms of the first proviso thereof such articles are required to pay a rate of duty not less than the highest rate imposed by the first section of the act on any of the materials or goods of which the merchandise is composed. Paragraph 350 of the first section of the act of 1909 imposes a duty of 70 per cent ad valorem on laces made on the Lever or Gothrough machine, which is a higher rate than that carried by cotton embroidered linen handkerchiefs or by cotton laces made on the Gratley machine, and the highest rate imposed upon any of the component materials. From all of which it follows that the goods are dutiable at 70 per cent ad valorem under and by virtue of the first proviso of paragraph 349 of the tariff act of 1909."

We therefore request a reduction of the present rate under paragraphs 349-350 to 50 per cent ad valorem.

All of which is respectfully submitted.

GALLAND, WECHMAR & Co.,
New York, N. Y.

By Francis E. Hamilton, counsel, 32 Broadway, New York City. Temporary address in Washington, Hotel New Willard.
NEW YORK, N. Y., January 28, 1913.

FEATHERSTITCH BRAID.**TESTIMONY OF CHARLES SISSON, OF THE HOPE WEBBING CO., PROVIDENCE, R. I.**

The witness was duly affirmed by the chairman.

Mr. Sisson. Mr. Chairman, I represent, as general manager, the Hope Webbing Co., of Providence, R. I., a corporation largely engaged in the manufacture of narrow woven fabrics.

The capitalization of our company is \$1,000,000 and the actual investment is somewhat in excess of that amount. We have never been able to earn any excessive dividends except during the period from 1895 to 1907, when there was a large demand for a particular class of narrow fabrics which we happened to have the machinery to produce, and we manufactured those goods very extensively, both for domestic and foreign consumption, and were able to make a considerable profit, which was divided in the way of stock dividends. Since 1907 our dividends have not averaged 6 per cent, and in paying those dividends the surplus of the company has been reduced to the extent of about \$56,000.

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I make that statement as indicating there are no immediate nor prospective prospects of large profits in the manufacture of the line of narrow fabrics in which we are interested.

The goods we manufacture are enumerated in paragraph 349, Schedule J, and includes such items as braids, featherstitch braids, edgings, insertings, flouncings, galloons, gorings, bands, bandings, belts, beltings, bindings, ribbons, tapes, webs, and webbings. All those are woven fabrics, although some of them are commercially denominated as braids.

I would like to refer particularly to featherstitch braids, which are illustrated by the catalogue I have here and which I will hand to the committee at this time.

Speaking particularly with reference to featherstitch braids, in the year 1897 we began to manufacture this line of goods, which had been previously exclusively imported. The business which we undertook has been followed by others in the same line, and there are now 8 or 10 American manufacturers who are making this particular line of featherstitch braids. The price of the goods since 1897 has not been advanced on account of the 60 per cent rated duty which went into effect at that time, but we have been compelled to abandon the manufacture of some of these goods in the finer grades which we took up at that time, on account of the keen foreign competition.

At the present time, although we are protected to the extent of 60 per cent, we are not able to manufacture profitably many of the finer lines of these goods. In a brief which we have filed with your committee I have prepared a comparison of foreign and domestic costs on some of the finer goods, which indicates a present advantage to the foreign manufacturer of from 10 to 17 per cent after paying a duty of 60 per cent.

During the period from 1897 the importation of these goods has largely continued, and the competition at the present time is quite as keen as it has been at any time during that period. We believe that a continuance of the present rate of duty on this particular line of braids will enable us to develop a reasonably profitable line of manufactures, and at the same time supply the American market without any increase in cost.

The CHAIRMAN. Will you refer me to the paragraph with reference to which you are speaking?

Mr. SISSON. Paragraph 349, Schedule J.

Mr. HARRISON. Would it interrupt you right here if I were to ask you to inform the committee what proportion of the imports covered by this very extensive phraseology refers to featherstitch braids, about which you are now addressing the committee?

The reason I ask that is because we have been under considerable embarrassment several times in trying to determine from the Treasury figures of the articles stated, the bulk of the imports under a basket clause of this sort. Here are probably 15 or 20 different kinds of lace materials, and the imports are lumped covering the whole thing. A 60 per cent rate might be a very competitive rate on certain of these articles, and upon others it might be absolutely prohibitive; so that it becomes of interest, as each manufacturer appears before the committee, for us to ascertain if he can tell whether his rate is a competitive one or not.

PARAGRAPH 349—FEATHERSTITCH BRAID.

Mr. SISSON. I have not been able to obtain any definite statistics as to the amount of this particular article which is imported; but from the best information I have I would suppose that the present consumption is perhaps in value \$600,000 per annum, of which probably 40 per cent is imported.

Mr. HARRISON. So that a very undue proportion of your product is imported as compared to other articles in this basket clause? The figures are only given for laces, lace curtains, and mosquito netting, \$140,000,000, and there are about \$35,000,000 of imports under this whole clause, which is about one-fourth, or 25 per cent, of the imports to production, so far as our figures go; but you think 40 per cent of yours are imported, do you?

Mr. SISSON. To the best of my knowledge it would be approximately that, about 40 per cent on this particular line of feather-stitched braid.

Mr. PETERS. In this connection can you also tell us whether the amount of importations have shown a tendency to increase or decrease in the last few years?

Mr. SISSON. I think there has been no material change in the last year.

Mr. PETERS. Would you say that the proportion of imported products to total consumption has remained about the same?

Mr. SISSON. Substantially the same. The statement I have made in regard to the relative foreign and domestic cost of feather-stitched braids applies substantially to other articles that we manufacture with the exception of the plain tapes and webs and webbing. The duty of 60 per cent upon these plain goods is not demanded in order to give the American manufacturers a fair proportion of the business, but the difficulty arises with regard to classification. The names applied to the articles in this paragraph and the names under which these goods are commercially known is so varied, promiscuous, and complex that I do not know of any method of classification which can be adopted which will differentiate one from the other. It appears to me that the comprehension of all these articles in one paragraph is almost inevitable if proper consideration is given as well to revenue as to a fair protection to the American industries.

The CHAIRMAN. I think this paragraph seems to be quite competitive.

Mr. SISSON. For instance, I have in my hand an article the cheapest of anything that I manufacture, and of which we sold 144 yards for about 25 cents. That article is known commercially as bed lace, and is not any more akin to other laces mentioned in this paragraph than wine is to water; but that illustrates the difficulty of classification.

I have also here two samples of beltings, one of which is a luxury and the other is an article of necessity. Both of them are commercially known as beltings, and there is no way that I know of of properly designating them and separating them.

Mr. LONGWORTH. Do you sell directly to the retailer?

Mr. SISSON. We sell for the most part directly to the manufacturers who consume our goods in other industries.

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Mr. LONGWORTH. Who consume your goods in manufacturing other products?

Mr. SISSON. Yes; with the exception of the feather-stitched braids to which I have alluded quite at length, and those are sold to jobbers and through them to the general consuming public.

Mr. LONGWORTH. None of the products that you manufacture are sold at retail?

Mr. SISSON. Not by our company.

Mr. LONGWORTH. I thought you said they were almost altogether used by manufacturers in making something else; that they were used as a part of another produce.

Mr. SISSON. That is true of a large proportion of our product.

Mr. LONGWORTH. What I wanted to get at if I could was the difference between the factory price of these goods and the retail price to the consumer. Can you give that in any of those cases?

Mr. SISSON. In the brief which I have filed with the committee on the finer lines of goods, including feather stitched braids, I have incorporated a statement, an affidavit taken under oath by our New York selling agent, by which it appears that the retail price of these goods to the consumer is about three times what the manufacturer receives for them.

Mr. LONGWORTH. About three times?

Mr. SISSON. About three times; yes, sir.

Mr. HILL. Do you make elastic fabrics?

Mr. SISSON. We make elastic fabrics to some extent.

Mr. HILL. Taking the ordinary elastic fabric which is used in gorings in shoes, what is the relative proportion of the value of rubber and fiber?

Mr. SISSON. We do not manufacture that kind of elastic fabric.

Mr. HILL. Do you know what the relative proportion is?

Mr. SISSON. Not in that kind of goods.

Mr. HILL. Which has the greater value, the cotton or the rubber?

Mr. SISSON. Usually the rubber.

Mr. HILL. In most elastic fabrics rubber is of the greater value?

Mr. SISSON. In most of those fabrics rubber is the largest item of cost.

Mr. HILL. That is true of suspender material, is it not?

Mr. SISSON. I think it is; yes, sir.

Mr. HILL. Then that would be a safe proposition with regard to the terms "elastic webs and webbing"?

Mr. SISSON. I think it would.

Mr. HILL. That the rubber would be the article of the greatest value?

Mr. SISSON. Yes, sir; I believe that would be a correct statement.

The CHAIRMAN. Your time has expired.

Mr. SISSON. I thank you.

AFFIDAVIT OF CHARLES SISSON.

I, Charles Sisson, of the city of Providence and State of Rhode Island, on affirmation depose and say: I represent the Hope Webbing Co., of which I am general manager, of said city and State, in relation to the tariff act of 1909, Schedule J, paragraph 349. I have been interested in the manufacture of narrow woven fabrics since 1866. Following other business associations in this line in 1883, with a partner, I established the

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aforementioned company, commencing operations with 10 looms. The business was incorporated in 1889, when 65 looms were operated, and has increased from year to year, with occasional interruptions, until at the present time the factories of this company, located at Pawtucket, R. I., have 964 looms and auxiliary machinery, employ about 1,200 persons, and constitute probably the largest plant in the world for the manufacture of narrow woven fabrics.

Since the passage of the tariff act of 1897 the capacity and output of the works has been more than doubled. The value of the plant considerably exceeds the capital—\$1,000,000.

The corporation is not a trust; has no monopoly of the business, and is not allied with any other organization or individuals to maintain prices or regulate production. The average rate of cash dividends has been less than 6 per cent. In the year 1907, and earlier, stock dividends were made from earnings which had accrued chiefly because of large demands, both domestic and foreign, for a line of goods which were profitably manufactured because of special machinery invented by persons in our employ. No patents were taken out on this machinery, and other manufacturers in this line now have equally productive equipment. For the years 1907, 1908, 1909, 1910, and 1911 dividends averaging less than 6 per cent, aggregating \$225,000, were paid, and the net earnings for the same time were \$168,142.05, showing a reduction in surplus of \$56,857.95. The present outlook for our business presents no prospect for unusual returns, and moderate earnings only can be maintained by careful management. Tariff reductions or other important changes in general conditions would be likely to result in restricted and unprofitable business. Of the articles enumerated in Schedule J, paragraph 349, our company manufactures featherstitch braids, edgings, insertings, galloons, bands, banding, belts, belting, bindings, ribbons, tapes, webs, and webbing. In 1897 our company began the manufacture of a line of narrow fabrics commercially known as featherstitch braids, which had previously been produced exclusively by foreign manufacturers. These goods are illustrated by Exhibits A, B, C, and D, hereto attached and made a part of this affidavit. On account of the large item of labor cost in the manufacture of these goods, even under a 60 per cent duty, competition with foreign makers is difficult, and in the finer fabrics in this line is impossible.

The accompanying deposition of Ferdinand Zecha and others sets forth what is believed to be a correct and conservative statement of the relative labor cost of manufacturing featherstitch braids in the United States and Germany. The computations, with exhibits above mentioned, show advantages to foreign manufacturers, viz, A, 15 per cent; B, 15.5 per cent; C, 10.7 per cent; D, 17.2 per cent.

The comparative estimate of the costs of manufacturing cotton yarns required in these goods is based on present market prices, foreign and domestic, which show a nearly uniform advantage of about 33 per cent in labor in favor of the foreign consumer. This estimate seems to be supported by report of the Tariff Board on Schedule I, table 132, on page 424.

Any reduction in the rate of duty on this line of goods must result in a corresponding curtailment of domestic production. Since our company commenced making featherstitch braid, other manufacturers in the United States have taken up this line, and domestic competition has enabled purchasers of these goods to secure their supplies of such goods as can be profitably made in the United States, quickly and at reasonable prices.

Competition with foreign manufacturers has been keen, and large quantities of these goods are still imported for reasons above stated.

If this industry, which is comparatively a new one, can remain undisturbed by adverse legislation, it can be largely developed. In this connection, as showing the apparently excessive cost of distributing manufactured goods to consumers in the United States, attention is invited to the accompanying deposition of Mr. Percy Gardner, of New York City, our selling agent for featherstitch braids.

It appears from this statement in some instances the cost to the consumer is about three times the amount received by the manufacturers. The excessive cost of distributing manufactured goods in the United States is a factor demanding more consideration than it has generally received.

The other articles manufactured by our company as above enumerated, edgings, insertings, galloons, etc., are in large measure subject to the same general conditions and statements as have been applied to the special line of featherstitch braids. Plain tape, webs, and webbings are not imported in any considerable quantity, and might not suffer from a moderate reduction of duty, but for the fact that classification seems

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impossible, and any attempt to discriminate as to the articles of manufacture enumerated in this paragraph, with which I am familiar, must lead in the future, as in the past, to endless controversy and litigation. (See paragraph vol. 1, Rept. of the Tariff Board on Schedule I, p. 157.)

"*Featherstitch braids.*—A comparison of paragraph 349 of the present law with paragraph 339 of the preceding act discloses the fact that there is now besides the provision for 'braids' in general, a provision for a special kind of braid—featherstitch braids. This was for the purpose of putting an end to litigation begun under the act of 1890 and continued under both the succeeding acts, so that at times besides the thousands of protests which the Board of General Appraisers was called upon to consider, there were more than 100 appeals pending before various United States courts, all claiming that featherstitch braids are not in fact braids, but bindings or tapes. The Government was uniformly successful in establishing the fact that although these goods have many subsidiary names, they are in fact braids and dutiable as such. Nevertheless the litigation continued, as may be seen from the principal decisions cited in note 86 to Table III, Appendix C, until the Supreme Court, by a decision rendered on February 19, 1912 (T. D. 32300), put an end to the discussion and upheld the contention of the Government. (T. D. 28579.)"

Except for a change in classification as above indicated, the tariff act of 1909 did not impose any higher duties on narrow woven fabrics than had prevailed under the act of 1897.

For reasons above stated, in behalf of our company, I earnestly protest against any change of classification or reduction of the 60 per cent rate.

Referring to paragraph 349 as a whole, it may be suggested that official statistics show annual importations of goods enumerated to the value of more than \$40,000,000, producing an annual revenue exceeding \$24,000,000.

It may be further suggested that nearly all the items enumerated in this paragraph are in the nature of luxuries, and the resulting revenue does not impose any serious burden on the people of the United States.

CHARLES SISSON.

Subscribed and affirmed at Providence, in said State of Rhode Island, this 22d day of January, A. D. 1913, before me,
[SEAL.]

ROYAL H. GLADDING,
Notary Public.

AFFIDAVIT OF PERCY GARDNER.

I, Percy Gardner, of the city and State of New York, on oath depose and say that I represent the Hope Webbing Co., a corporation doing business in the city of Pawtucket and State of Rhode Island: that as representative of said company, I offer the following exhibits: A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, R, S, T, and W (on file) to show the similarity between the imported cost of the product commercially known as featherstitch braid, and the selling price of a comparative product made in the United States by the Hope Webbing Co., and also to show the vast differences between the selling price of our product and the selling price of the product produced at retail, which will illustrate that the consumer is obliged to pay double the amount received by the manufacturer for this product. (Exhibits on file.)

Exhibit A: Sample of 6-yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail for 10 cents per piece.

Exhibit K: Same pattern as Exhibit A, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 6-yard pieces, at 44 cents per dozen pieces.

Exhibit B: Sample of 6-yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail for 10 cents per piece.

Exhibit L: Same pattern as Exhibit B, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 6-yard pieces, at 43 cents per dozen pieces.

Exhibit C: Sample of 4-yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail at 10 cents per piece.

Exhibit M: Same pattern as Exhibit C, made by the Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 4-yard pieces, at 35 cents per dozen pieces.

Exhibit D: Sample of 6-yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail at 10 cents per piece.

PARAGRAPH 349—FEATHERSTITCH BRAID.

Exhibit N: Same pattern as Exhibit D, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 6-yard pieces, at 32 cents per dozen pieces.

Exhibit E: Sample of 4-yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail at 10 cents per piece.

Exhibit O: Same pattern as Exhibit E, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 6 yard pieces, at 39 cents per dozen pieces.

Exhibit F: Sample of 6-yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail at 10 cents per piece.

Exhibit P: Same pattern as Exhibit F, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 6-yard pieces, at 46 cents per dozen pieces.

Exhibit G: Sample of 4-yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail at 10 cents per piece.

Exhibit R: Same pattern as Exhibit G, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 4-yard pieces, at 37 cents per dozen pieces.

Exhibit H: Sample of 6 yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail at 10 cents per piece.

Exhibit S: Same pattern as Exhibit H, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 6-yard pieces, at 46 cents per dozen pieces.

Exhibit I: Sample of 6-yard piece wound on cardboard, labeled "of foreign manufacture" and purchased by me at retail at 10 cents per piece.

Exhibit T: Same pattern as Exhibit I, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 6-yard pieces, at 33 cents per dozen pieces.

Exhibit J: Sample of 4-yard piece wound on cardboard, labeled "of foreign manufacture," purchased by me at wholesale, governed by the present tariff and landed f. o. b. New York, at 22½ cents per dozen pieces.

Exhibit W: Same pattern as Exhibit J, made by Hope Webbing Co. in the United States, offered for sale and sold by said company in the United States in 4-yard pieces, at 22 cents per dozen pieces.

PERCY GARDNER.

Subscribed and sworn to at Providence, in the State of Rhode Island, this 15th day of January, A. D. 1913, before me.

ROYAL H. GLADDING, *Notary Public.*

 AFFIDAVIT OF FERDINAND ZECHA.

I, Ferdinand Zecha, of the town of Barnstead, State of New Hampshire, on oath depose and say, that I was born in Austria in 1859 and came to America in 1882. In 1904 I started in the manufacture of narrow fabrics, commercially known as featherstitch braids, in Barnstead, N. H., using both American and German looms, and employing for the most part weavers who had previously worked in Germany. In 1907 the business was incorporated and has been continued to date under the name of New Hampshire Artistic Web Co. I am familiar with the processes and costs of manufacture of these goods, both in America and Germany. I visited Germany in 1904 and 1909 to purchase machinery and investigate conditions in the line of manufacture in which I am engaged. During these visits I learned that cost of buildings, machinery, and equipments of a factory in Germany was about 50 per cent of American costs, and that German manufacturers were purchasing their raw material—cotton yarns—at 15 to 25 per cent less than the costs of the same yarns at our factory. I also learned that German manufacturers of featherstitch braids in Barmen and other centers of this industry were paying wages 60 to 70 per cent less than I was paying in New Hampshire for making the same kind of work on machinery of identically the same construction as we were operating.

I further depose and say that the manufacture of featherstitch braids was first established in the United States in 1897; that under the tariff rates which have been enforced since that date the business has greatly increased, and if the present rate of duty is continued the domestic manufacture of these goods can be steadily developed through the skill and experience of American operatives, but that even under the

PARAGRAPH 349—FEATHERSTITCH BRAID.

present rate of duty, on account of the higher costs of equipment and labor, we can not compete with many of the lines of featherstitch braids now imported from German manufacturers.

FERDINAND ZECHA.

Subscribed and sworn to at said Barnstead this 9th day of January, A. D. 1913, before me.

[SEAL.]

THOMAS L. HOITT,
Notary Public.

We, the subscribers, are familiar with the processes and cost of manufacture of these goods made in Germany and in this country, having been engaged in their manufacture in both Germany and America, and can testify that the statement above made by Ferdinand Zecha is true.

DANIEL BLOMBACH, *Foreman.*
OTTO SCHNAUDT, *Weaver.*
HUGO WURM, Sr., *Weaver.*

Subscribed and sworn to this January 9th, 1913.

[SEAL.]

THOMAS L. HOITT,
Notary Public.

EXHIBIT A.

FEATHERSTITCH BRAID.

Comparative cost of raw material and labor, foreign and domestic.

[By "raw material" is meant cotton yarn. The labor is actual cost in our factory. The specimen selected for illustration is our (Hope Webbing Co.) No. L-6308 quality, 39 ends warp, 103 picks filling; which at the present time, and for some time past, has been the largest selling number in featherstitch braid made by us. The material and labor is figured for 1 gross yards. Weight of 1 gross yards, 0.625 pounds.]

	Domestic cost.	Foreign cost.	
MATERIAL.			
Raw cotton, $\frac{3}{8}$ pound, at \$0.15 per pound.....	\$0.0938	\$0.0938	
Warp:			
60/2-0.230 pound, at \$0.53.....			\$0.1219
20/2-0.038 pound, at \$0.24.....			.0091
30/2-0.013 pound, at \$0.29.....			.0038
Filling:			
30/2 mercerized—0.216 pound, at \$0.39.....			.0843
30/1-0.128 pound, at \$0.35.....			.0448
			.2639
Less cost of cotton.....			.0938
	.1701	1.1134	
LABOR.			
Spooling and warping.....	0.051		
Weaving.....	.2213		
General labor and finishing.....	.241		
	.5133	2.2053	
	.7772	.4125	
		2.2475	
		.6600	
Difference in favor of foreign manufacturer.....		4.1172	
		.7772	

¹ Less 33 $\frac{1}{3}$ per cent.

² Less 60 per cent.

³ Add 60 per cent duty.

⁴ Equals 15 per cent.

PARAGRAPH 349—FEATHERSTITCH BRAID.

EXHIBIT B.

FEATHERSTITCH BRAID.

Comparative cost of raw material and labor, foreign and domestic.

[Hope Webbing Co. No. L-4854 quality, 60 ends warp, 184 picks filling. Weight of 1 gross yards, 0.55 pounds.]

	Domestic cost.	Foreign cost.
MATERIAL.		
Warp:		
120/2—0.19 pound at \$1.20.....	\$0.228	\$0.84—\$0.160
16/2 mercerized—0.05 pound at \$0.42.....	.02	.32— .016
Filling:		
150/2—0.09 pound at \$1.68.....	.151	1.23— .111
30/2 mercerized—0.22 pound at \$0.55.....	.121	.44— .097
LABOR.		
Spooling and warping.....	\$0.065	
Weaving.....	.379	
General labor and finishing.....	.4125	
	.8565	1.343
	1.3765	.727 1.436
		1.163 1.2135
Difference in favor of foreign manufacturer.....		1.3765

¹ Less 60 per cent.

² Add 60 per cent duty.

³ Equals 15.5 per cent.

EXHIBIT C.

FEATHERSTITCH BRAID.

Comparative cost of raw material and labor, foreign and domestic.

[Hope Webbing Co. No. L-1944 quality, 42 ends warp 77 picks filling. Weight of 1 gross yards, 0.61 pound.]

	Domestic cost.	Foreign cost.
MATERIAL.		
Raw cotton, 0.61 pound, at \$0.15 per pound.....	\$0.0915	\$0.0915
Warp:		
60/2—0.25 pound, at \$0.53.....	\$0.1325	
12/2—0.06 pound, at \$0.22½.....	.0135	
20/3—0.03 pound, at \$0.24½.....	.0074	
Filling:		
30/1—0.15 pound, at \$0.35.....	.0525	
20/3—0.12 pound, at \$0.24½.....	.0294	
	.2353	
Less cost of cotton.....	.0915	1.0959
LABOR.		
Spooling and warping.....	.0410	
Weaving.....	.1523	
General labor and finishing.....	.1656	
	.3589	1.1435
	.5942	.3309 1.1985
Difference in favor of foreign manufacturer.....		.5294 1.0648 1.5942

¹ Less 33½ per cent.

² Less 60 per cent.

³ Add 60 per cent duty.

⁴ Equals 10.7 per cent.

PARAGRAPH 349—LADIES' WEAR.

EXHIBIT D.

FEATHERSTITCH BRAID.

Comparative cost of raw material and labor, foreign and domestic.

[Hope Webbing Co., No. 1-1298 quality, 25 ends warp, 58 picks filling. Weight of 1 gross yard 0.33 pound.]

	Domestic cost.	Foreign cost.
MATERIAL.		
Raw cotton, $\frac{1}{3}$ pound, at \$0.15 per pound.....	\$0.05	\$0.05
Warp:		
60/2—0.16 pound, at \$0.53.....	\$0.0848	
20/3—0.03 pound, at \$0.24 $\frac{1}{2}$.....	.0074	
Filling:		
30/1—0.08 pound, at \$0.35.....	.028	
20/3—0.06 pound, at \$0.24 $\frac{1}{2}$.....	.0147	
	.1349	
Less cost of cotton.....	.05	
	.0849	1.0586
LABOR.		
Spooling and warping.....	\$0.0240	
Weaving.....	.1208	
General labor and finishing.....	.1312	
	.2760	2.104
	.4109	.2126
		\$1.1276
		.3402
Difference in favor of foreign manufacturer.....		\$1.0707
		.4109

¹ Less 3 $\frac{1}{2}$ per cent.

² Less 60 per cent.

³ Add 60 per cent duty.

⁴ Equals 17.2 per cent.

PROVIDENCE, R. I., January 22, 1913.

LADIES' WEAR.

TESTIMONY OF NATHAN KRAUSKOPF.

Mr. Krauskopf was duly sworn by the chairman.

The CHAIRMAN. Proceed, Mr. Krauskopf.

Mr. KRAUSKOPF. Mr. Chairman and members of the committee, I represent the National Cotton Garment Manufacturers' Association, which association manufactures ladies' muslin underwear and infants' wear, which seem to come under Schedule J, section 349, of the tariff act of 1909.

We have filed a brief with your committee, and I will touch upon that brief as rapidly as I can.

We are not an association for profit. Each manufacturer operates individually. There is no pooling of issues; there is no general salesman; there is nothing of that sort. The association was formed when the Underwood bill was first introduced, because it was believed that that was dangerous to our interests. We have about 80 members, and we represent from 75 to 80 per cent of the production of the country, we believe. The articles manufactured by us are, as I have said, ladies' muslin underwear, "muslin" being a generic term for all underwear made of cotton and linen goods, and infants' outer and inner garments; also the same goods embellished by embroid-

PARAGRAPH 349—LADIES' WEAR.

eries, laces, and various kinds of fancy stitchings and braid. There is only a very small and negligible quantity of muslin underwear and infants' wear made that is entirely unadorned and unembellished.

I suppose it is generally known that about 95 per cent of the employees of this industry are women, being seamstresses performing various parts of the work. Men can not do this part of the work. Men are only employed in preparing it and shipping it and so forth, and they only form about 5 per cent of the people employed.

This industry is unique in that a combination seems absolutely impossible. We believe that there are over 400 manufacturers. We have on our list that we are trying to get into the association some 420 manufacturers, and the reason that there are such a large number is because it is so easy to go into this line of business with a very small capital, with credit enough for a few pieces of embroideries and laces and cotton goods, a kitchen table, and a few sewing machines. That is all that it is necessary for a competitor to have. You gentlemen can readily see that under those circumstances combinations of all kinds are impossible, and, as a matter of fact, have never existed, and in the 30 years of the existence of this trade this is the first association that has ever been formed.

We have also a very peculiar condition of affairs in regard to the labor question. At home there is a general tendency by legislation to force the manufacturers in this line of business to manufacture in factories, and to eliminate almost entirely the home work. In New York State, where the greater part of this product is manufactured, this is almost accomplished, and very little material or very few garments of this kind, relatively speaking, are manufactured in homes. Abroad, the conditions are totally different. Abroad, until very recently, the manufacture of these goods was almost entirely a home industry, and was confined to regions where labor was very cheap, in the northern part of France and in the Alsace-Lorraine district of Germany, as well as in parts of Belgium, and some in Italy, Austria, and Germany. At the present time, Austria, Italy, and principally Germany, are looming up as very serious competitors.

About 15 years ago the Germans commenced to manufacture with sewing machines, and they are rapidly getting to the point where they can supply their own needs, and are reaching out to other countries. Since the election of Mr. Wilson to the presidency I have personal knowledge of two German firms who have established an office in New York, and are beginning to make preparations to capture the trade that they think will come from a possible lowering of the duty which they expect you gentlemen will enact, but which we hope you will not.

We also have a fearsome competitor in Japan. In 1900 there were practically no goods at all imported from Japan along this line. Now there is a considerable amount of it. Quoting from memory, I believe it is \$12,000. This is to be feared because both the German manufacturers and the Singer Sewing Machine Co., through their foreign offices, have sent thousands of machines to Japan within the last two or three years, and teachers are being sent over there to teach the Japanese, who get a very small remuneration, to compete with us. The same applies to the Chinese

PARAGRAPH 349—LADIES' WEAR.

who have not yet appeared upon the scene, but who are great copyists. Garments are being sent over to Japan and China to be copied, and that is done successfully.

Mr. HULL. What kind of machine did you say they are sending to Japan?

Mr. KRAUSKOPF. Sewing machines. All of these things are made with various kinds of sewing machines.

There is considerable difference here and abroad in the hours of labor. The growing tendency is to limit us to 8 hours of labor in this country, while the hours of labor abroad, as you will see by the statistics in our brief, with which I will not weary you, are about 10.

Despite these facts, in the last 10 years the prices of our goods have fallen in this country and are steadily falling, on account of the tremendously fierce competition we have, especially with the class of people whom I have indicated. Operators, who 10 or 11 years ago were content with \$7 to \$7.50 a week, now demand \$9 and \$10, and we have in our workshop operators who make \$12, \$15, and \$18 a week. That is also the case in any of the well-conducted, well-organized shops. The hours of labor have become shorter.

With the permission of your chairman, I would like to show you, gentlemen of the committee, two garments. Have I your permission, Mr. Chairman, to show you these two garments?

The CHAIRMAN. Yes; we would be very glad to see them.

Mr. KRAUSKOPF. I have two garments here to illustrate my point.

This garment [indicating] was bought on Monday at B. Altman's, and the person who bought it was instructed to go out and buy a foreign yoke dress. \$1.50 was paid for that in B. Altman's store. I will take this garment up again in a moment, with your permission.

This garment [indicating another garment] is a garment the concern of which I am president imports. This was made in the Lorraine district. I asked our estimate clerks, and I have verified those estimates, to make a careful and conservative estimate, where these garments are made in the largest number possible, and we find that these garments which we can sell for \$1.50 would cost us to put them on the shelf \$13.17 a dozen. We find that to put them in boxes—

Mr. HAMMOND. How much?

Mr. KRAUSKOPF. \$13.17.

Mr. HAMMOND. A dozen?

Mr. KRAUSKOPF. A dozen.

Mr. HAMMOND. It was bought for how much?

Mr. KRAUSKOPF. \$1.50. We estimate that the cost of packing and delivering that garment, because these garments have to be handled in a way to preserve their good appearance, otherwise the retail concern can not sell them, would be at least \$1; and I want to say to you gentlemen that I believe this estimate is under the actual amount that we could produce that garment for, or that anybody in this country could produce it for, as we are the largest makers of that class of garments in this country, and have the largest organization on that particular class of goods.

Mr. HAMMOND. Where was that made?

Mr. KRAUSKOPF. This was made, I think, in the Lorraine district.

Mr. HAMMOND. And the other was made in the Lorraine district, too?

PARAGRAPH 349—LADIES' WEAR.

Mr. KRAUSKOPF. Yes; I think so; but this may not have been made in the Lorraine district. It is very difficult to tell, because a yoke or embroidery is made in one part and the rest of the garment is made in another section, and whether it was made there or not I could not tell.

You will understand that \$14.70 represents the cost to us when we give it to the express company. There is nothing figured there for overhead charges, nothing in regard to office supervision, nothing in regard to selling, nothing in regard to leakage or maintenance.

This garment consists of a material called nainsook, and we have figured in the nainsook, the hand embroidering, the yokes, the buttons, the ironing, etc., the cutting, the examining, the factory supervision, etc., making the shelf cost \$13.17.

This [indicating] is not what the French call a classical garment. The style of that garment will change slightly from year to year or every two or three years. This other garment [indicating] is a classical garment. Probably since the beginning of time in France they have been making this garment for children.

This garment [indicating] costs us 32 francs 80 centimes in Paris. That is, after we have paid the Paris agent his profit, it costs us 32 francs 80 centimes. For the sake of easy reckoning, I have figured 33½ cents as a franc, landed here—it actually costs nearer 36 cents—making the actual cost of this garment \$10.95 a dozen. We can not put that garment on the shelf for less than \$12.44. We can not put it in the express wagon for less than \$12.94.

Mr. PALMER. What do you say it costs you a dozen imported?

Mr. KRAUSKOPF. \$10.95. I am figuring these goods without profit. When I say "put upon the shelf," I mean the actual price to us to put it on the shelf in our factory.

We can not put this thing on the express wagon at less than \$12.94, and I confidently believe, and I am willing as an expert to say, that there is very great doubt as to whether either of these garments can be made at this price.

Mr. PALMER. Your 60 per cent duty takes care of it pretty well, then? You have a 60 per cent duty, I believe?

Mr. KRAUSKOPF. We have a 60 per cent duty on that article, and we can not make it here. I import them by the hundred dozen.

Mr. PALMER. They are made in this country, are they not?

Mr. KRAUSKOPF. They can not be made in this country. They absolutely are not made in this country. Anything we make in this country will be so inferior in appearance that it can not be sold.

The CHAIRMAN. In your class of goods covered by this paragraph 349, what is the American production?

Mr. KRAUSKOPF. As nearly as I can estimate it, it is about between \$30,000,000 and \$40,000,000, somewhere.

The CHAIRMAN. \$30,000,000 or \$40,000,000 worth of these garments are produced in the United States?

Mr. KRAUSKOPF. Yes.

The CHAIRMAN. What are the importations?

Mr. KRAUSKOPF. The importations, including the duty—that is, putting it on the same basis—are about \$3,000,000; and the consul general's office in Paris told me they believed fully an equal amount

PARAGRAPH 349—LADIES' WEAR.

was brought in by the ladies returning from France, under the exemption law giving them \$100 exemption.

The CHAIRMAN. The total amount of this particular paragraph 349 seems to be quite competitive, but is mostly made up of laces, but if your industry is between \$30,000,000 and \$40,000,000 production, and you say the total importation—we have not had it segregated, you understand—amounts to about 10 per cent—

Mr. KRAUSKOPF (interposing). That is as nearly as we can get at it.

The CHAIRMAN. Does that 10 per cent run all along the line?

Mr. KRAUSKOPF. Practically speaking, yes.

The CHAIRMAN. Is there any block in it?

Mr. KRAUSKOPF. Not as far as I know, not any serious block. It is general. They make goods on the other side which are very high-class goods, and they make these classics, and they make other goods between.

There is another fact in this connection which will perhaps help on this question. I have before me a report of the French Government in the inquiry into this matter, and to show you the condition of labor and how quickly it must respond to any possible chance of raising the price of the workmen or the workwomen in this industry, I should like to give you a translation—the book is here with the original in French, but I have translated it—from “*Enquete Sur le Travail à Domicile Dans L'Industrie de la Lingerie,*” with reference to the situation in the northern district of France.

Pas de Calais (Saint Omer):

Prices very low and workers find it very difficult to make a living. Misery shown in the establishment of the welfare bureau, in the development of prostitution, and general unhealthy conditions.

Rhone (Lyon):

The factory owners recognize the bad conditions here, which is upheld by a letter to the mayor of Lyon in 1904 sent by the united workers.

Sarthe (14 places):

Many here declare that it is impossible for a worker in lingerie to make a living, and most of them live by prostitution.

I have a number of other extracts of the same general tenor, which I will be glad to file with you if you wish; or I will file the entire book.

You can readily see how, with the least encouragement, prices of labor will rise there, and these workers will get more, because many of these extracts say it is impossible now to get more workers on account of the extreme low condition of prices, that the working girls can not live without outside assistance, that the working girls have to have assistance on the farms, and all that sort of thing.

I want to say right here that we ourselves have an embroidery factory in Switzerland; a hand-embroidery factory—not a factory in our sense, because the work is not handled in that way. The highest price hand labor is employed in that factory. They are the most expert workers, the finest needlewomen in the world, and they get paid on the basis of 3 francs a day for the very finest workers among the finest needleworkers in the world.

Mr. FORDNEY. Three francs a day is about 60 cents a day?

Mr. KRAUSKOPF. Sixty cents a day for the finest needlewomen in the finest district in Europe. That I know of my own knowledge.

PARAGRAPH 349—LADIES' WEAR.

None of this is hearsay. I have just returned from Europe. I go there very frequently in our interest.

Mr. PALMER. Were you giving us the foreign price or the price at which you put them on the shelf?

Mr. KRAUSKOPF. In the one that I could I gave the foreign price; that is, on the garment that I import.

Mr. PALMER. When you talk about the price at which you could put it on your shelf, do you mean the price at which you could make it in this country?

Mr. KRAUSKOPF. I could make it in this country under certain conditions.

Mr. PALMER. What do you say is the foreign price?

Mr. KRAUSKOPF. Of the petticoats?

Mr. PALMER. Yes.

Mr. KRAUSKOPF. \$10.95 a dozen. That is something in favor of the foreigner, which really costs more. We can produce it possibly at \$12.44 on the shelf or \$12.94 in the express wagon.

Mr. PALMER. On that article is a 60 per cent duty?

Mr. KRAUSKOPF. Yes, sir.

Mr. PALMER. So the \$10.95, when it comes into this country stands the importer at about \$16 or \$17?

Mr. KRAUSKOPF. No, sir; it is landed here for \$10.95.

Mr. PALMER. That is what I am trying to get at.

Mr. KRAUSKOPF. It is landed in this country duty paid at \$10.95.

Mr. PALMER. Duty paid?

Mr. KRAUSKOPF. Yes, sir.

Mr. PALMER. The present 60 per cent duty?

Mr. KRAUSKOPF. Yes, sir.

Mr. PALMER. You did not say that before, or if you did, that is what I missed.

Mr. KRAUSKOPF. We do a large business in these articles. I have, I venture to say, 50 articles which will figure out within 5 per cent, one way or the other, of this. Some of these articles, on which there is no hand embroidery as there is on this one [indicating], at certain times of the year, if a sufficiently large order is given so they can be made in large quantities, can be bought at unbelievable prices.

Mr. PALMER. What does that sell for over there?

Mr. KRAUSKOPF. I have no knowledge of that. I have no knowledge of the retail conditions over there.

Mr. PALMER. What does it sell for at wholesale over there?

Mr. KRAUSKOPF. It sells for 32 francs 80 centimes.

Mr. PALMER. How much is that in dollars and cents.

Mr. KRAUSKOPF. Roughly, \$10.95. It is really a little more than that.

Mr. PALMER. But that is including the duty on the imported article?

Mr. KRAUSKOPF. Figuring 20 cents to the franc, that is \$6.56.

Mr. PALMER. Is that the foreign price at which it is sold in the foreign market?

Mr. KRAUSKOPF. Yes, sir.

Mr. PALMER. Or the price to the exporter when brought into this market?

Mr. KRAUSKOPF. It is the price I have to pay for it here.

PARAGRAPH 349—LADIES' WEAR.

Mr. PALMER. Do you know whether they sell it to home merchants any cheaper?

Mr. KRAUSKOPF. I believe they sell at exactly the same price. The French merchant gets every cent he can for his garment under existing conditions at the moment.

Mr. PALMER. That is the retailer, but I am talking about the manufacturer.

Mr. KRAUSKOPF. No; he is not the retailer. I pay this to the manufacturer.

Mr. PALMER. But you said the French merchant.

Mr. KRAUSKOPF. I say French merchant; I mean French manufacturer. I assume he is a merchant, too.

Mr. PALMER. There is no such thing as dumping these things into this market, where they are made in such enormous quantities abroad, by selling them here under the home price?

Mr. KRAUSKOPF. No; because you have to wait from three to six months to have a commission executed. You can get them made slightly cheaper in the winter than you can in the summer, because in the winter the girls have nothing else to do. In the summer they find more profitable employment in the fields.

Mr. PALMER. Evidently that is a condition that does not obtain all through the line of goods in which you are interested.

Mr. KRAUSKOPF. It obtains all through the line of what is called the classical goods. I brought these two garments, because you will see they are entirely different, compared to the domestic labor.

Mr. PALMER. I understood you to say the imports amount to about 10 per cent?

Mr. KRAUSKOPF. The official imports amount to 10 per cent.

Mr. PALMER. And, of course, that indicates that, with the present duty, and 90 per cent of the consumption here being produced by you, you can beat the foreigner?

Mr. KRAUSKOPF. We do not beat the foreigner. Wherever he imports stuff, we have to retire. We make a different kind of stuff, but they are coming now to use machines which, until four or five years ago, they did not use, and they are coming in here and copying our styles, and as soon as they begin the manufacture of anything we make we will have to retire. We can not compete with them. That is so absolutely fixed in my mind that I will say to the committee we are personally making arrangements at this moment to open a factory in Germany.

Mr. PALMER. You are going to move out of the country?

Mr. KRAUSKOPF. No, we are not going to move out of the country, but we are going to be ready if necessary to move out of the country, because we have to live.

Mr. PALMER. You said two Germans were coming to New York to take your place?

The CHAIRMAN. Your time has expired, Mr. Krauskopf.

Mr. KRAUSKOPF. May I have five minutes more?

The CHAIRMAN. I think you have made your case very clear. We have a very large number of other witnesses here.

Mr. KRAUSKOPF. I would like just a moment, then, to run over my headings.

PARAGRAPH 349—LADIES' WEAR.

Prices of goods have fallen; wages have risen; hours of labor have become shorter; housing conditions are better; the tendency to abolish home labor in this country and have factory conditions better is noticeable.

Private importations of these goods are estimated by our consul general in Paris to be as large as the regular importation, which would increase the amount to 20 per cent.

I have already dwelt on the Japanese, Austrians, and Italians entering the field in competition.

One of our manufacturers, I want to say here, has already abandoned this market and has gone to Germany.

If the duties are reduced, the experience has been that the prices will fall off for a time, but the foreign manufacturer will have to raise his labor item, and then they will rise very rapidly.

We ask for the segregation of the thing in order that accurate facts and statistics may be found, because there is no segregation now. Under our present schedule part of our goods pay 60 per cent and part of them pay 70 per cent duty. We are asking for segregation of this thing on the basis of 70 per cent duty, because that will bring an increased revenue to the Government. All these goods will be imported just the same, and the country will get a slightly increased revenue, and we will be able in a few years to know just how the situation stands. There are now other articles included with this, and we do not know how the thing stands.

I want to call your attention to some other facts. In America the styles change frequently; in Europe they do not. In America we have abuses in the way of cancellation of goods and others which I am sorry I can not enter into at this time. In many States we have the employers' liability law and taxation, all of which make a discrimination against us as compared with the foreign manufacturer.

We have not a rich man in our trade. Our average profits for the last 10 years have been 7.25 per cent.

We would respectfully ask permission to print six pages from the Daily Consular and Trade Report of July 1, 1912, and some consular letters which, through the activity of Mr. Ryerson, one of our vendors, we have been able to obtain from our consuls abroad, bearing on this question.

The CHAIRMAN. You may file those.

Mr. FORDNEY. This 60-cent labor you have abroad compares in what way with that class of labor here? What does that class of labor get in this country?

Mr. KRAUSKOPF. Our laboring people here average about \$9 a week.

Mr. FORDNEY. \$1.70 a day as against 60 cents a day?

Mr. KRAUSKOPF. 60 cents is the maximum.

Mr. FORDNEY. What portion of the cost of production in your class of goods is labor?

Mr. KRAUSKOPF. About 40 per cent.

The CHAIRMAN. That is all, Mr. Krauskopf; you may be excused.

PARAGRAPH 349—LADIES' WEAR.

BRIEF OF NATIONAL COTTON GARMENT MANUFACTURERS ASSOCIATION RELATING TO THE TARIFF UPON WOMEN'S UNDERWEAR AND INFANTS' WEAR.

Section 349, Schedule J, tariff act of 1909.

I. THE STATUS OF THE NATIONAL COTTON GARMENT MANUFACTURERS ASSOCIATION.

The National Cotton Garment Manufacturers Association is a corporation organized under the membership corporation law of the State of New York. It was organized in the year 1911 and has for its object the bringing about of a closer association and intercourse between its members engaged in the same line of manufacture. It is in no sense a business corporation. On the contrary, the purposes for which it is organized involve merely a desire to bring about that degree of cooperation between the members of the same trade as will be conducive to a better understanding of the conditions surrounding that trade.

The character of the business carried on by the members of this association is somewhat unique. While the title appears to be quite generic, yet the character of the manufacture is confined to the manufacturing of women's cotton underwear and infants' garments made of cotton cloth, embellished with machine embroidery, machine laces, hand-made embroidery, hand-made laces; or embellished with fancy stitches produced by machine and by hand; and furthermore embellished and completed with ribbons and buttons. Within the scope of the manufacturing conducted there is included women's underwear without any embellishment whatsoever. It should be said at the outset, however, that the production of unembellished infants' wear and women's underwear is so slight that it may be considered as negligible. In other words, the association in question represents purely and simply the manufacturers of women's cotton underwear and infants' outer garments and underwear embellished in the manner above described.

So far as concerns the nomenclature of the underwear thus manufactured it is commonly described as "lingerie." It has been estimated that there are about four hundred factories of women's underwear and infants' wear, embellished as aforesaid, in this country. The membership of the National Cotton Garment Manufacturers Association represents very nearly 80 per cent of the entire volume of business done in this trade. There are quite a number of small manufacturers who do their work at home. It does not take any capital worth considering for any one to set himself up in business as a manufacturer of this kind of underwear. He need but have a few sewing machines, some muslin and some embroidery. With the help of a few seamstresses he can at once set to work and enter the competitive field. As a matter of fact, the competition in our trade is intensely keen, this being primarily due to the fact that such a large percentage of the cost of production consists purely of labor. There is not the slightest possibility of any combination or trust in this line. The industry is about 30 years old. For the first 20 years of its life it had a hard struggle—for the past 10 years it has been progressive.

From the statistics that we have gathered from the members of the association we find that the industry does between thirty and forty millions of dollars of business a year. It is further estimated that about \$15,000,000 have been actually invested. By reason of the keen competition that exists it is a well-known fact that no one has ever become wealthy through the production of this work. In fact, it is well known among the trade that but one single manufacturer has ever grown rich enough to retire and that he is only moderately wealthy, as we consider things of this kind in the present day, he having accumulated about \$300,000. It may thus be confidently asserted that, although our trade manufactures what possibly might be termed "comparative luxuries," yet none of us has, as yet, entered the millionaire class. We represent a small but growing industry, and we are men who are hard and earnest workers, building up our reputation and commerce in this country.

So far as concerns the number of laborers employed in the industry, our investigation shows that there are about 20,000 wage earners engaged in our direct trade.

The attention of the committee is here called to a most unique phase of the labor thus employed. Statistics that have been compiled show that 95 per cent of this labor is furnished by women. This is readily understood, in view of the fact that the main work is performed by seamstresses. It is therefore evident that this industry will at once compel a comparison between the wages paid to the women seamstresses of Europe and the women seamstresses of America. This point will be touched upon hereafter.

PARAGRAPH 349—LADIES' WEAR.

II. THE APPLICATION OF THE PRESENT TARIFF ACT TO THE WOMEN'S UNDERWEAR AND INFANTS' WEAR INDUSTRY.

At first sight one would be of the opinion that, in view of the fact that our trade is engaged in the manufacture of cotton garments, the provisions of the tariff law affecting the industry would be found under Schedule I, known as the "Cotton schedule". This however, is not the fact.

Paragraph 324 of Schedule I does provide that clothing ready made and articles of wearing apparel of every description composed of cotton or other vegetable fiber made up or manufactured wholly or in part by the tailor, seamstress, or manufacturer, should pay a duty of 50 per cent ad valorem.

Paragraph 329 of Schedule I refers to shirts, drawers, vests, union suits, etc., made wholly or in part on knitting machines.

Neither one of these sections takes up the subject of cotton underwear or infants' wear embellished in the manner heretofore described, and, indeed, the cotton schedule is entirely silent upon this character of goods.

For the purpose of finding the provision that is applicable we must turn to section 349, which comes under Schedule J, known as the flax, hemp, and jute schedule. This section provides that laces and all other lace articles, wearing apparel, and all other articles made wholly or in part of lace or laces or in imitation of lace, nettings, ruchings, embroideries, etc., wearing apparel and other articles or fabrics embroidered in any manner by hand or machinery, whether a plain or fancy letter, initial or monogram, or otherwise, or tamboured, appliqued, or scalloped by hand or machinery for any purpose, or from which threads have been drawn, cut, or punched to produce open work, ornamented or embroidered in any manner, etc., all of the foregoing composed wholly or in chief value of cotton, flax, or other vegetable fiber, etc., and not elsewhere specially provided for in this section, shall pay a tariff of 60 per cent ad valorem.

It will therefore be readily seen that the section just referred to applies directly to our trade, and that under the present law, imports of women's embellished underwear and infants' wear, must pay a duty of 60 per cent ad valorem.

The entire subject of laces, embroideries, and wearing apparel, including underwear, is treated in the message from the President of the United States, dated March 26, 1912, transmitting a report of the Tariff Board on Schedule I of the tariff law, which message was printed and is known as Document No. 643, Sixty-second Congress, second session.

The matters relating to laces, wearing apparel, etc., are found in Volume I, between pages 113 and 163.

So far as concerns section 324 of the cotton schedule above referred to, and which includes articles of apparel, we should again repeat that this section does not affect our trade, in view of the fact that the quantity of unembellished underwear and infants' wear thus manufactured by members of our association is inconsequential, and it is therefore useless to take up the time of the committee in discussing the importations of the products referred to in this section.

With regard to the imports for the year 1911 of cotton wearing apparel coming under section 349 of Schedule J we find that such importations amounted in value to the sum of \$1,862,489.94, the duties amounting to \$1,117,493.97, calculated on a basis of 60 per cent ad valorem. (Vol. 1 of Tariff Board Report, p. 116.) In this connection it is not amiss to note that it is a well-known fact that our women European tourists bring thousands of dollars of foreign lingerie to America year after year, upon which no duty is paid under the exemption provisions of the law.

Of course it must be remembered that under the above appellation of embellished cotton wearing apparel there is included such articles as corsets ornamented with lace or embroidery.

So far as we have been able to ascertain, there is no table that has ever been published, which shows the importation or the exportation of embellished women's underwear or infants' wear. In other words, by reason of the generic language in section 349 it is absolutely impossible to assert, with any degree of definiteness, what the imports of products in our trade are. In this connection, however, it is interesting to note that Japan, with its frightfully unremunerative labor compensation, exported to the United States ready-made cotton clothing and other wearing apparel of cotton in the year 1911 amounting in value to \$46,928. In the year 1900 Japan only exported \$1,854 of this class of goods.

The significance of this statement can not be too strongly emphasized. It must be evident to every one that Japan is coming to the front as a manufacturing country. Her potentialities are enormous. Our trade knows that she is already commencing to export some lingerie to this country. With a laboring day of 9½ hours, and with

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seamstresses paid from 7½ to 13½ cents a day, it must be evident that with a low duty the future competition in this country in our trade and in kindred trades is greatly to be feared (see 154 Consular Reports, July 1, 1912, p. 6).

III. COST OF PRODUCTION AND PROFITS OF OUR INDUSTRY.

The counsel of the National Cotton Garment Manufacturers' Association requested the various members to send to him information regarding various items that enter into the cost of production and expense account of their business. The information thus furnished was regarded by him as confidential for the reason that the competition in the trade is so emphatic, that it was deemed improper that any one member of the association should be given all of the details of the business of any other member. Among the questions asked of all of the members were inquiries regarding the amount of capital invested; the amount of such capital representing machinery, lands, and buildings; the amount representing materials, unfinished and finished products; the amount representing cash plus operating accounts and bills receivable, the number of salaried officers or superintendents, the number of clerks, stenographers, salesmen, and other salaried employees; the number of wage earners, the average number of wage earners employed per day; the amounts paid to salaried officers, superintendents, stenographers, clerks, salesmen, and other employees; the amount of salaries paid to wage earners; total cost of all materials and supplies, including cost of fuel and rent; the amount of miscellaneous expenses, including taxes, insurance, traveling expenses, advertising, etc.; the volume of products manufactured during the past year, and the approximate net profits made upon the amount of business done.

From the tabulations that were made with these statistics furnished as a basis, the following conclusions will be of interest:

The average factory engages hands during 292 days of the year. It has an average capital of \$150,500. The average number of superintendents and managers that work in a factory amount to 2; the average number of clerks, 4; the average number of stenographers, 2; the average number of salesmen, 6; other salaried employees, 10; making a total number of average employees, 24. The average number of wage earners employed in a factory is 205, of which 194 are women and 11 are men. The average salary paid to the wage earners is \$9 per week; the average net profit made upon the volume of business done is 7¼ per cent; the highest profit shown by any given factory is 12 per cent.

With regard to the nature of the material that goes to make up the finished product known as lingerie, or embellished infants' wear, it consists principally of trimmings, buttons, boxes, thread, and ribbons. It is to be remembered that 85 per cent of the laces and embroideries used by our trade for the embellishments of our product is purchased from manufacturers abroad and that but a small percentage of our product is embellished by our own hand embroidery or by embroidery made by machines in imitation of hand embroidery. Furthermore, the cost of the domestic material that enters into the cost of production is substantially equal to the cost of foreign material with import duty, landing charges, etc, added.

Bearing this in mind, the association caused its members to furnish to it statements showing the comparative value of foreign and domestic cost of the constituent elements that go to make up the finished product. For the purpose of getting this information statements were sent out calling for answers on the items as follows:

Statement.

Percentage of trimmings used:	
Domestic value.....	.....
Foreign value.....	.....
Percentage of buttons used:	
Domestic value.....	.....
Foreign value.....	.....
Percentage of boxes used:	
Domestic value.....	.....
Foreign value.....	.....
Percentage of thread used:	
Domestic value.....	.....
Foreign value.....
Percentage of ribbons used:	
Domestic value.....
Foreign value.....

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Other materials used:	
Domestic value.....
Foreign value.....
Direct labor:	
Domestic value.....
Foreign value.....	.....

These tabulations were made upon the basis that the total domestic values, as above, were figured at 100 per cent. In converting the percentages under the column of domestic values to percentages under the column of foreign values the present tariff rates were applied, with a small amount figured for landing charges and charges of commissionaire. Thus, for the purpose of converting the percentage of trimmings from domestic value to foreign value such trimmings were figured at 70 per cent. Duties on laces and embroideries pay between 60 and 70 per cent. Most of the laces used by us do pay 70 per cent, laces being now used much more than embroideries. When it is considered that the importer must pay a commission, freight, and landing charge, the estimate of 70 per cent is manifestly fair.

The same course has been followed in converting the domestic values into foreign values on the other articles used in the above statement, with the exception of boxes and "other materials used," which were figured the same in both values.

A typical illustration of the answers received calling for the above information is found in the statement furnished by the Standard Manufacturing Co., of Jackson, Mich., which is set forth with the permission of this company. It is as follows:

Statement.

Percentage of trimmings used:	
Domestic value.....	0.23
Foreign value.....	.1314
Percentage of buttons used:	
Domestic value.....	.085
Foreign value.....	.055
Percentage of boxes used:	
Domestic value.....	.03
Foreign value.....	.03
Percentage of thread used:	
Domestic value.....	.02
Foreign value.....	.011
Percentage of ribbons used:	
Domestic value.....	\$0.03
Foreign value.....	.018
Other materials used:	
Domestic value.....	.235
Foreign value.....	.235
Direct labor:	
Domestic value.....	.37
Foreign value.....	.1233
Total:	
Domestic value.....	per cent. .100
Foreign value.....	do .6037

Subtracting 0.6037 from 1 we have 0.3963, and dividing the last figure by 0.6037 we obtain 0.656, meaning that the percentage of domestic value is 65.6 per cent more than the foreign value.

From the above statement, as a fair sample, it will be seen that in order to arrive at a basis of mere equality with the foreign product, the minimum tariff should be 65.6 per cent ad valorem. As a matter of fact, when all the statements thus furnished were averaged, we found the following to be the result:

Statement as averaged.

Percentage of trimmings used:	
Domestic value.....	0.24
Foreign value.....	.141
Percentage of buttons used:	
Domestic value.....	.052
Foreign value.....	.0346

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Percentage of boxes used:	
Domestic value.....	0.019
Foreign value.....	.019
Percentage of thread used:	
Domestic value.....	.023
Foreign value.....	.012
Percentage of ribbons used:	
Domestic value.....	.034
Foreign value.....	.0206
Other materials used:	
Domestic value.....	.242
Foreign value.....	.242
Direct labor:	
Domestic value.....	.39
Foreign value.....	.13

The above domestic values add up to 100. The foreign values add up to 0.5992. Subtracting the latter from the former, we have 0.4008. Dividing this last sum by 0.5992, we have 0.6689, showing that for the purposes of mere technical equality, without considering the factors hereinafter set forth, the minimum tariff should be 66.89 per cent ad valorem.

From the foregoing it will be seen that 39 per cent of the cost of production is direct labor. In computing the foreign value of labor as compared with domestic value we have taken the domestic value at an average of \$9 per week and the foreign value at an average of \$3 per week.

We have already set forth above that our statistics show that we do pay our seamstresses \$9 per week. For the purpose of ascertaining the exact value of woman labor engaged in our trade in Europe we have caused, through our committee, headed by the Standard Manufacturing Co., inquiries to be made of many American consulates throughout various cities in Europe for the purpose of ascertaining the value of this character of labor in various localities. A blank form was sent to these American consuls calling for information, not only in our trade, but also in the waist, embroidery, and lace trade. We believed that this information would be interesting as bearing upon kindred matters.

The following is a copy of the form which we requested the said consuls to fill out and return to us:

STANDARD MANUFACTURING CO.,
Jackson, Mich.

GENTLEMEN: The hours of labor per day, also average wages per day (quoted in United States money) for women working at the following trades in this district are:

	Wages.	Hours of labor.
Lingerie underwear, handwork, seamstresses.....		
Machine work.....		
Lingerie waists, handwork, seamstresses.....		
Machine work.....		
Embroidery, handwork, seamstresses.....		
Machine work.....		
Lace, handwork, seamstresses.....		
Machine work.....		

UNITED STATES CONSUL.

Many responses were received from various parts of the world in answer to this request, and we herewith beg to file with this committee such original responses, and, if the committee deem it proper, we request that such responses be printed with this brief as an appendix thereto. We believe that this would be manifestly proper for the reason that said responses furnish very interesting statistics in connection with woman labor in Europe.

As the committee will readily see, it is the absolute fact that the average wage paid a seamstress in our line of industry in Europe is about \$3 per week. It is true that some expert women workers in some of the countries obtain slightly more, so that the wage of some of the women runs as high as \$5 per week.

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It is also to be observed that the average working day in Europe is 10 hours. The average working day in this country is less than nine hours, and in this connection it is to be observed that various States of the Union are gradually, through legislation, reducing this day to eight hours. This fact can not be too strongly dwelt upon for the purpose of making an accurate comparison between the woman workers of America and those of Europe. In this connection the bureau of labor of the French Government in the year 1911 published the result of an inquiry made in regard to the conditions of labor in the lingerie industry. From a perusal of this interesting volume it will be found that in many of the districts of France seamstresses are paid only 1½ francs, or 30 cents per day. The bureau of labor states that by reason of the frightful conditions that exist, due to a great extent to these small wages, many of the girls are perforce driven to prostitution. A copy of the fifth volume of this investigation containing all of the statistics will be filed with this brief.

As a matter of further interesting information and for the purpose of making a little deeper analysis of these consular reports the following conclusions have been drawn from a study of the figures presented:

Taking Europe as a whole seamstresses are paid 4.2 cents per hour for handwork on underwear and 5.3 cents per hour for machine work.

On embroidery the machine workers are paid 5.5 cents per hour on the average, and on lacework the machine operator is paid 6.1 cents per hour.

An accurate tabulation of the European working day for women shows that it consists of 10 hours and a few minutes.

Referring to various of the prominent countries, we find that in England the average working day is nine hours, and the seamstress on hand underwear is paid 6.5 cents per hour and on machine underwear 7.1 cents per hour.

In Russia the average working day is 11 hours, and the seamstress is paid 4 cents an hour for handwork on underwear and 5.7 cents an hour for machine work on underwear.

In France the average working day is nine and one-half hours, and the seamstress is paid 6.3 cents an hour for handwork on underwear and 5 cents an hour for machine work on underwear.

In Germany the average working day is 10 hours, and the seamstress is paid 4.5 cents an hour for handwork on underwear and 6.5 cents an hour for machine work on underwear.

In Italy the average working day is 10 hours, and the seamstress is paid 3.9 cents an hour for handwork on underwear and 3.6 cents an hour for machine work on underwear.

It must be evident from the statistics herein furnished that by reason of the frightfully underpaid condition of the woman labor in Europe the American manufacturer is entitled to receive fair and adequate protection in this line of industry so as to prevent foreign goods, wherein labor forms a most substantial fraction of the cost of production, to be imported into this country, where the same character of labor is paid for on a basis of three times as much as such foreign labor.

Up to within a few years ago the American manufacturer has been able to compete with foreign goods on our present duty by reason of the fact that foreign lingerie was produced up to that time by hand sewing and was of a very high class and could be used, as a rule, only by people of wealth. Recently, however, European manufacturers, especially in Germany, have introduced machines to manufacture lingerie along the lines developed by the American manufacturer and in addition have copied American ideas of styles, thus becoming active competitors in the American trade. In considering this competition it must be borne in mind that, aside from the fact that the European seamstress receives but one-third of the wage that we pay, the laces and embroideries used in Europe are purchased on the basis of the foreign value, and that, aside from real laces, we use to the extent of 85 per cent these very same laces upon our goods, paying a duty of 70 per cent, plus a buying commission, landing charges, and freight. We also in the same degree use the same embroideries that the foreign manufacturer uses, upon which we pay not only the nominal duty of 60 per cent, but also the arbitrary charge fixed by the United States regulations for overhead expenses of over 13 per cent on said duty, which makes the real duty about 68 per cent aside from landing charges, etc.

In conjunction with the subject of the lingerie industry as carried on in foreign countries the attention of the Committee on Ways and Means is earnestly called to No. 154 of the fifteenth year of the Daily Consular and Trade Reports, issued by the Bureau of Manufactures, Department of Commerce and Labor, on July 1, 1912. This report shows the wages paid to women engaged in this industry in Italy, France, Germany,

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Russia, Spain, Turkey, China, Japan, Belgium, Greece, Hungary, Holland, and Norway. The figures therein set forth absolutely accord with those we have above set forth, demonstrating that the foreign seamstress works more than 10 hours a day for about \$3 per week. The said report is made part hereof, and permission is asked to have the first seven pages thereof printed as part of the record of the committee. Attention is called to the fact that it appears from said report that in China expert seamstresses receive \$5.75 per month. It is a well-known fact that a campaign is now being successfully conducted popularizing the sewing machine in China.

IV. OTHER FACTS TO BE TAKEN INTO CONSIDERATION IN THE FORMULATING OF THE TARIFF ON OUR INDUSTRY.

Aside from the facts hereinabove set forth, we earnestly beg to call attention to the following matters which have a material bearing upon our industry and kindred industries:

1. *Taxation at home and abroad.*—In regard to this matter it is to be noted that in England, for example, an income tax is paid dependent upon the actual gains of business, whereas here we have a flat tax assessed on all kinds of property independently of the proposition of whether or not the taxpayer is engaged in a profitable business. Furthermore, we have corporation taxes to pay not only to the Federal Government but to the State government.

2. *Hours of labor at home and abroad.*—We have already called attention to this vital matter. While the average hours of labor in America are nine per day, yet the time will not be long before the working day for women will unquestionably be reduced, in most States of the Union, to eight hours. The percentage of loss of labor compared with the European working day will, therefore, be a substantial one. Nor should it be forgotten that the trend of modern legislation is to establish a minimum wage for women.

3. *Expense occasioned by change of styles.*—In the lingerie business there is a constant shifting of styles. This is demanded by the women who purchase from us in this country. Of course, we refer now to the particular line that we are engaged in manufacturing, namely, lingerie embellished with laces and embroideries. There is always a serious loss incurred whenever the styles shift, by reason of the fact that there remains on hand large quantities of goods of the old style which can not be disposed of.

4. *The abuses of American merchants in canceling orders and returning goods.*—There has grown up in this country a custom among a large number of merchants to cancel orders and return goods thus ordered. There is infinite difficulty in meeting this abuse for the reason that we are all in sharp competition with each other, and the merchants, knowing this, hold this competition over our heads as a club. If we do not accept cancellations and a return of the goods, we are very apt to lose a customer. The loss occasioned by this custom is most substantial for the reason that we must close out these goods at a decreased sales price.

5. *Selling and other expenses.*—It is unquestionably true that the selling expenses incurred by us are infinitely larger than those incurred in by the foreign manufacturer. The commercial traveler's field in Europe is most circumscribed. The lingerie manufacturer, as a rule, has his home in the same place that he manufactures. Usually his wife is his superintendent. People come to him for the purpose of purchasing goods. He does not have to send out men as salesmen. It is, of course, needless to dwell upon the patent fact that our charges for rent, real estate, power, salaries of employees, and overhead charges are larger than in Europe.

6. *Undervaluations.*—It can be safely asserted from our observation that the undervaluation of imported lingerie articles into this country amounts to about 15 per cent. By reason of the excessive embellishment in this class of goods, it is difficult, even for one experienced in this kind of manufacture, to appraise the value of production of lingerie imported within 10 per cent or 15 per cent. This is also due to the fact of the great variation in the cost of labor and materials in the different geographical divisions abroad.

7. *Employers' liability laws.*—The trend of the times shows that we are rapidly approaching the enactment of laws relating to the liability of employers in far more drastic fashion than they exist in any European countries. This will also be a factor to be taken into consideration in the cost of manufacture.

8. *Abolition of household work.*—There is a decided tendency to compel labor of our kind to perform its functions solely in our factories. Indeed, the attacks on labor abuses, so far as concerns the seamstress, are due entirely to the fact that contract work performed at home exists. The manufacturer is blamed for this, and yet the

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women agitators who bemoan the conditions of many seamstresses eagerly buy the product of these very laboring women, never dreaming of inquiring how and where the purchased product is made. Indeed, many large stores prohibit manufacturers from indicating by labels that their goods are really factory made. Legislation along these lines will naturally add to the cost of production.

V. CONCLUSION.

Taking all of the matters hereinabove set forth into consideration, we earnestly and fully believe that the present tariff of 60 per cent ad valorem is inadequate, particularly when we look to the future and to the rapidly shifting conditions of labor in this country, and that, in point of fact, the duty should be raised to 70 per cent.

It is further suggested that in order that our industry, by reason of its unique character, may have a standing of its own in the tariff laws to be enacted, a separate section should be inserted having reference solely to our product. The following is suggested as such an amendment:

"All women's underwear and infants' under and outer garments made wholly or in chief value of cotton, flax or other vegetable fiber, or of cotton, linen, flax or other vegetable fiber, and india rubber, when embellished with laces or imitations of laces, nets, ruchings, tuckings, flutings, embroideries, braids, featherstitch braids, edgings, ribbons, tapes, and other articles or fabrics embroidered in any manner by hand or machine with a plain or fancy letter, initial, monogram, or otherwise, or tamboured, appliquéd, scalloped by hand or machine, or from which threads have been cut out or punctured to produce open work, ornamented or embroidered in any manner herein described in any part thereof however small; hemstitched or tucked flouncings or skirtings, shall pay a duty of 70 per cent ad valorem."

Respectfully submitted,

NATIONAL COTTON GARMENT MANUFACTURERS ASSOCIATION.

By JOSEPH L. HOLLANDER, *Chairman*.

E. J. RYERSON,

NATHAN KRAUSKOPF,

A. B. MEYER, *Committee*.

(Charles O. Maas, counsel, 87 Nassau Street, New York.)

LETTERS FROM UNITED STATES CONSULAR OFFICERS, WRITTEN IN JANUARY AND FEBRUARY, 1912, SUBMITTED BY THE NATIONAL COTTON GARMENT MANUFACTURERS' ASSOCIATION.

BERLIN, GERMANY.

In the Berlin consular district most of the ladies' underwear and blouse work is done by home workers, who supply it generally in lots of a dozen garments to the dealers. The work is essentially piecework, and payment for it varies according to the degree of its elaborateness. Thus a blousemaker receives anywhere from 3 to 30 marks (\$0.714 to \$7.14) per dozen blouses.

Seamstresses working on linen average 15 marks (\$3.57) a week. The nominal wage is 18 marks (\$4.28), but 3 marks (\$0.714) is deducted for needles, thread, and other findings. A working day consists of 9½ hours.

Where wages are paid by the day they vary from 2 marks to 3.50 marks (\$0.476 to \$0.833), according to the kind of work. Some work is done on an hourly basis, when the wage is 40 pfennigs (\$0.095), having been raised recently from one-half that amount.

Wages paid for embroidery work are as follows:

Male machine workers, 70 pfennigs (16.6 cents) per hour, 6 marks (\$1.43) per day, 36 marks (\$8.58) per week. This is the average. The extremes are 30 marks (\$7.14) and 40 marks (\$9.52) a week.

Female assistants to male machine workers, between 30 and 40 pfennigs (7.14 and 9.52 cents) an hour. The average daily wage is 2.50 marks (59.5 cents) and the average weekly wage 15 marks (\$3.57).

Female workers on sewing machines making so-called Singer embroidery earn about 24 marks (\$5.71) a week.

For hand embroidery female workers only are employed. Most of this work is done by contract, and yields to the worker between 14 marks and 23 marks (\$3.33 and \$5.47) a week, the average being about 18 marks (\$4.28).

A. M. THACKARA,
American Consul General.

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PLAUEN, GERMANY.

In the textile factories here girls earn from 11 marks (\$2.61) to 22 marks (\$5.23) a week, with the average wage falling about 14 marks (\$3.33) per week. Seamstresses are, in general, paid by the piece and average about 12 marks (\$2.85) per week. Factory hours are from 8 a. m. to 8 in the evening in winter and begin and close an hour earlier in summer. The working day is 10 hours long. Many women and girls work for the factories at home.

R. B. MOSHER, *American Consul.*

LEIPZIG, GERMANY.

The hours of labor per day, also average wages per day (quoted in United States money), for women working at the following trades in this district are:

Lingerie underwear:

Handwork.....	36 to 48 cents, 10 hours.
Machine work.....	48 to 60 cents, 10 hours.

Lingerie waists:

Handwork.....	36 to 48 cents, 10 hours.
Machine work.....	48 to 60 cents, 10 hours.

Laces and embroidery by hand and machine are made as a specialty in the districts of the Saxon Erzgebirge, at the cities of Plauen, Adorf, Aue, Annaberg, Eibenstock, Schneeberg, etc.

Leipzig has two lace factories. The wages are 18 to 20 marks a week (71 to 79 cents per day).

RUDOLPH FRICKE, *Vice Consul.*

FRANKFORT ON THE MAIN, GERMANY.

Women's muslin underwear of ordinary grades is made in factories, chiefly in Berlin. Average wages for female labor in these as well as in other kinds of factories range from 2.20 to 3 marks (52.4 to 71.4 cents) per day of nine working hours.

Finer grades of muslin underwear are made by home labor and paid for by the piece. This office is advised that a skillful worker can earn 2, 2.50, and 3 marks a day or even more (47.6, 59.5, and 71.4 cents).

FRANK D. HILL, *Consul General.*

BREMEN, GERMANY.

I have made inquiry at the trades chamber (Gewerbekammer) of Bremen in regard to wages paid to girls in women's muslin underwear factories with the following result: Apprentices (two to three years) receive from 80 pfennigs to 1.25 marks per day; later on good hands earn up to 3.50 marks per day, while the average wages are 1.25 to 1.50 marks per day.

For embroidery work 50 to 60 marks per month are paid.

FR. HOYERMANN, *Vice Consul.*

AIX LA CHAPELLE, GERMANY.

The wages earned per day by working girls are from 2 marks to 3.50 marks without board.

PENDLETON KING, *American Consul.*

NUREMBERG, GERMANY.

Women's muslin and linen underwear, lingerie waists, etc., is chiefly made in Berlin and suburbs. Several firms here, the larger of which are J. Erlenbach, Kaiserstr. 5, and Sigmund Levinger & Co., Kaiserstr. 15, deal especially in all kinds of goods of this kind and employ from 15 to 25 girls and women on their premises, especially for making up this sort of article. These girls work 10½ hours in summer and 10 hours in winter and are paid from \$2 to \$4 per week, according to experience and skill. The manufacturing end of these businesses is, however, only incidental, as the ready-made or partly finished goods are mostly purchased from Berlin factories.

GEORGE NICOLAS IFFT, *American Consul.*

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CHEMNITZ, SAXONY.

Male operators obtain from 20 to 28 marks per week.

Female operators, from 12 to 18 marks per week.

Menders and sewers under 16 years of age obtain from 6 to 8 marks per week. Wages paid weekly, every Saturday.

The hours in winter are from 7 a. m. to 7 p. m., and in summer from 6 a. m. to 6 p. m. In the morning 20 minutes is allowed for lunch; at noon, 1½ hours for dinner; in the afternoon, 25 minutes for coffee. On Saturdays the factory generally closes at 5 p. m.

WM. WASHINGTON BRUNSWICK,
American Vice Consul in Charge.

MOSCOW, RUSSIA.

	Wages.	Hours of labor.
Lingerie-underwear seamstress:		
Handwork	\$0. 25-\$0. 40	12
Machine work	20- 30	12
Lingerie-waist seamstress:		
Handwork	25- 40	12
Machine work	20- 30	12
Embroidery made by hand	20- 25	1 Up to 14
Embroidery made by machine	15- 20	12
Lace made by hand	20- 30	1 Up to 14
Lace made by machine	20- 25	12

¹ Working in their village homes. The farther away from points of industry the cheaper is the daily wage and the hours are longer.

JOHN H. SNODGRASS,
United States Consul General.

ST. PETERSBURG, RUSSIA.

	Wages.	Hours of labor.
Lingerie-underwear seamstress:	<i>Roubles.</i>	
Handwork	1	10
Machine work	1. 20-1. 75	10
Lingerie-waist seamstress:		
Handwork	1	10
Machine work	1. 20-1. 75	10
Embroidery made by hand	1 -3	10
Embroidery made by machine .....	. 60-2. 50	10
Lace made by hand	1 -3	10
Lace made by machine .....	. 80-1. 50	10

H. CUSTIS VEZEY,
United States Vice Consul.

ODESSA, RUSSIA.

Seamstresses doing hand embroidery are paid as much as \$12.87 per month, including food, and often as high as 51 cents per day. Those working by machine earn from \$6.13 to \$9.27 per month, the amount depending upon the shop or class of work. A great deal of embroidery is done by piecework at home. Lace in this district is nearly all made at home. Machine-made lace nearly all comes from abroad. Handwork labor on lingerie waists is paid according to piecework rates, while machine lingerie underwear and waists are paid for at from 37½ to 64 cents per day.

JOHN H. GROUT, *American Consul.*

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ATHENS, GREECE.

	Wages.	Hours of labor.
Lingerie-underwear seamstress:		
Handwork	\$0.39	10
Machine work .....	.39	10
Lingerie-waist seamstress:		
Handwork .....	.39	10
Machine work .....	.39	10

WM. H. GALE, *United States Consul General.*

MILAN, ITALY.

	Wages.	Hours of labor.
Lingerie-underwear seamstress, machine work	\$0.38	8
Lingerie-waist seamstress:		8
Handwork .....	.57	8
Machine work .....	.47	8
Embroidery made by hand .....	.78	8
Embroidery made by machine .....	.57	8
Lace made by hand .....	.96	8
Lace made by machine .....	.78	8

AMERICAN CONSUL.

VENICE, ITALY.

	Wages.	Hours of labor.
Lingerie-underwear seamstress:		
Handwork	\$0.20-\$0.50	.....
Machine work .....	.20- .30	8-9
Lingerie-waist seamstress:		
Handwork .....	.20- .45	8-9
Machine work .....	.20- .35	8-9
Embroidery made by hand .....	.20- .45	8-9
Embroidery made by machine .....	.20- .30	8-9
Lace made by hand .....	.30- .50	8-9
Lace made by machine .....	.20- .40	8-9

JAMES VERNER LONG, *United States Consul.*

GENOA, ITALY.

As to wages paid women who work in muslin-underwear and lingerie-waist factories, the consulate general is informed by the principal dealer, also a manufacturer here, that the women employed by him in his factory at Perugia are paid about 2.50 lire per day. Girls from 1.25 to 2.00 lire. Considerable piecework is done at home and the earnings average about the same as the wages. The usual hours of labor a day are 10.

JAS. W. SMITH, *Consul General.*

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TURIN, ITALY.

The daily wages for women and girls working in dressmaking factories, establishments, or workshops of this city are as follows per day of from 10½ to 11 hours:

Tailors (women).

Corset makers.....	\$0.522
Helpers.....	.225
Skirt makers.....	.495
Helpers.....	.225
Finishers.....	.575
Helpers.....	.280
Apprentices.....	.067

Women and girls working as spinners or weavers in local cotton mills receive from \$0.340 to \$0.390 as spinners and from \$0.360 to \$0.460 as weavers per day of from 10½ to 11 hours.

ALBERT H. MICHELSON, *Consul.*

PALERMO, ITALY.

One of the leading manufacturers in Palermo of ladies' muslin garments estimates the total number of girls employed in the various factories in this city at from 800 to 1,000. The principal factories are 10 in number, each employing 70 to 80 girls. The population of this city is 350,000.

The wages paid for an 8 to 9 hour day's work are from 0.60 to 1.25 lire (12 to 25 cents) and from 1.50 to 3 lire (30 to 60 cents) for skilled labor.

While the workers in the factories in Palermo are almost exclusively young girls, the home labor is generally performed by women. This class of labor, it is stated, costs about the same as in factories. For example, the workmanship of a woman's plain shirt selling at from 5 to 6 lire (\$1 to \$1.20), requiring fully a whole day's work, is paid 1 to 1.25 lire (20 to 25 cents).

During 1910 \$80,576 worth of sewing machines were imported in Palermo, which city practically supplies the above-named Provinces with this article. The sales in the Province of Palermo average 300 machines per month, and in the Provinces of Trapani and Girgenti 100 each. Prices for the machines vary from \$29 to \$96. The type largely sold is the small domestic size, at \$29.

HERNANDO DE SOTO, *Consul.*

FLORENCE, ITALY.

The scale of wages is given below:

	Wages.	Hours of labor.
Lingerie-underwear seamstress:		
Handwork.....	\$0.40-\$0.50	10
Machine.....	.30- .40	10
Lingerie-waist seamstress:		
Handwork.....	.40- .50	10
Machine.....	.30- .40	10
Embroidery made by hand.....	.40- .50	10
Lace made by hand.....	.45- .55	10

The working day is established by law as 10 hours.

L. J. KEENA, *American Consul.*

PARAGRAPH 349—LADIES' WEAR.

PARIS, FRANCE.

	Wages per day.	Hours of labor.
Lingerie-underwear seamstress:		
Machine work.....	<i>Cents.</i> 58-77	18
Lingerie-waist seamstress:		
Handwork.....	58-77	18
Machine work.....	58-77	18

¹ With 8 cents per hour for extra time.

FRANK H. MASON,
United States Consul General.

CALAIS, FRANCE.

	Wages.	Hours of labor.
Lingerie-underwear (machine work) seamstress.....	\$0.48	10
Lingerie-waist (machine work) seamstress.....	.58	10

J. B. MILNER, *United States Consul.*

HAVRE, FRANCE.

In the Havre consular district the sewing of underwear and lingerie for ladies' wear is mainly carried on in the workers' own homes. Large shops supply the material and pay the workers by the piece when brought back at the end of each week.

Factories, in the true sense of the word, are unknown, although there are one or two establishments where the women and girls work on the premises.

Of these establishments all but one are managed by Sisters of Charity of the well-known order of St. Vincent de Paul. In addition to taking work to be performed on the premises of the establishment, the sisters teach the younger girls how to sew, embroider, etc., and most of the home workers have passed through the schools of sewing above mentioned.

Capable women and girls in these establishments receive up to a maximum of 2 francs per day, the working hours being generally from 8 a. m. to midday, and from 1.30 to 7.30 p. m. They are not fed.

Most girls, however, when they have learned all that the sisters can teach them prefer obtaining work from the shops which they can do at home, as not only by increasing their hours can they earn more money, but in addition they are freer. The consulate is informed that a girl working at home can earn as much as 3 francs per day, whereas the sisters only pay 2 francs.

The only establishment outside those managed by the sisters and where the workers are at all numerous is that of the Maison Meriel, 23 Rue Jacques Louer, Havre, and we are informed that there are seldom more than a dozen women employed there. The work performed is not of an ordinary nature, consisting chiefly of embroidery and the making of trousseaux for brides.

With the exception of the establishments mentioned, all the sewing of underwear and lingerie is done by the workers in their own homes, and not for the account of a factory but for the shops themselves.

JAMES E. DUNNING, *Consul.*

PARAGRAPH 349—LADIES' WEAR.

LYON, FRANCE.

	Average wages.	Hours of labor.
Lingerie-underwear seamstress:		
Handwork.....per day..	\$0.48-\$0.96	10
Machine work.....per day..	.34-.68	10
Lingerie-waist seamstress:		
Handwork.....per day..	.48-.96	10
Machine work.....per day..	.58-.87	10
Embroidery made by hand.....per day..	.20-.30	10
Embroidery made by machine.....per week..	3.86-5.79	.....
Lace made by hand.....per day..	.20-.30	10
Lace made by machine.....per week..	3.86-5.79	.....

CARL BAILEY HURST, *United States Consul.*

BORDEAUX, FRANCE.

The lingerie work of Bordeaux is done mostly in the homes of the workers themselves, or in small workshops, but not in factories.

Prices vary from 1.50 francs to 2 francs for a day's work of 9 to 10 hours.

J. D. WISE, *Vice Consul.*

NICE, FRANCE.

In regard to the wages paid to women engaged in the manufacture of muslin underwear and lingerie waists in this consular district, I have to state that I learn upon inquiry that women earn for hand needlework and lace insertion 3.50 francs per diem; for fine machine work, 2.50 francs to 3 francs; for ordinary machine work, from 2 francs to 2.50 francs; and for very common and cheap work, 1.75 francs, which represents the minimum wages paid here. The home labor is paid for by the piece, and the prices vary according to the work on each article and to its quality. A woman working at home earns about the same as one working in a factory.

WILLIAM DULANY HUNTER, *Consul.*

GRENOBLE, FRANCE.

	Wages.	Hours of labor.
Lingerie-underwear seamstress:		
Handwork.....	\$0.57	10
Machine work.....	.39	10
Lingerie-waist seamstress:		
Handwork.....	.57	10
Machine work.....	.39	10
Embroidery made by hand.....	.60	10
Embroidery made by machine.....	.40-.45	10
Lace made by hand.....	.60	10
Lace made by machine.....	.40-.45	10

C. P. H. NASON, *United States Consul.*

ROUBAIX, FRANCE.

The three adjoining cities of Lille, Roubaix, and Tourcoing are the center of the textile industry, to which industry this Department is mainly devoted. Hand labor is therefore easy to obtain.

Women's underwear and lingerie is manufactured to a considerable extent by both factory and hand labor. The price of labor differs naturally in accordance with the quality of the work. I am informed that women employed in factories earn from 1.25 francs to 3 francs per day, while those working at home are paid by the piece, each firm establishing its own wage scale.

Those engaged on piecework at home must supply the thread, needles, machine, etc., and call for and deliver the work. They earn from 2.50 francs to 3 francs per day, the average prices received being: Aprons, 10 centimes; chemise, 20 to 25 centimes; drawers, 20 to 25 centimes; waist bodices, 40 to 50 centimes. For finer work, embroidery, etc., the prices are arranged by special agreement.

PARAGRAPH 349—LADIES' WEAR.

The 10-hour day is the rule in the local factories, but the more experienced employees are allowed to take work home with them, for which extra work they are paid at the end of the week.

JOSEPH EMERSON HAVEN,
American Consul.

GENEVA, SWITZERLAND.

Relative to the average wages earned per day by seamstresses in Geneva, I beg to say that 3 francs (\$0.579) is considered to be the average price paid to girls working on fine lingerie.

There are no factories, in the American sense of the word, of such garments and manufactures in my consular district, but there are several shops where women's underwear and lingerie waists are made chiefly on order.

The secretary of the *Chambre du Travail* told me yesterday that the wages paid to seamstresses for 10 and 11 hours' work per day vary between 2 francs and 3.50 francs (\$0.386 and \$0.675) for lingerie work, whereas women working on women's garments of cloth receive between 3 and 5 francs (\$0.579 and \$0.965) a day for the same number of hours' work.

FRANCIS R. KEENE,
American Consul.

BASEL, SWITZERLAND.

Underwear and waists are made for the local trade by seamstresses employed by the manufacturers and sellers of those articles in their own shops. They are known as "Weissnäherinnen," work from 10 to 10½ hours a day, and earn, according to their experience and capacity, from 50 cents to \$1 a day. The women earning the latter sum are only a few persons of exceptional skill, capable of directing the business. The average wages of girls who have made their apprenticeship and have been for a year or two in regular employment is not more than 60 cents a day.

GEO. GIFFORD, *Consul.*

ZURICH, SWITZERLAND.

	Wages.	Hours of labor.
Lingerie-underwear seamstress:	<i>Cents.</i>	
House labor	58	} 10½
Factory work	68	
Lingerie-waists seamstress:		
House work	68	} 10½
Factory work	78	

R. E. MANSFIELD,
United States Consul General.

MADRID, SPAIN.

	Wages.	Hours of labor.
Lingerie-underwear seamstress:	<i>Cents.</i>	
Handwork	45	9
Machine work	54	9
Lingerie-waists seamstress:		
Handwork	45	9
Machine work	54	9
Embroidery made by hand	63	9
Embroidery made by machine	54	9
Lace made by hand	54	9
Lace made by machine	(¹)	.....

¹ No workers.

CHAS. L. HOOVER, *United States Consul.*

PARAGRAPH 349—LADIES' WEAR.

BARCELONA, SPAIN.

The goods are manufactured by machine largely in the factories in and around Barcelona, while the hand work is mostly done in so-called "ateliers" or workshops. The girls working in the factories earn from \$0.36 to \$0.41 per day of 10½ hours, working from 7 a. m. till 12 noon, and from 1.30 p. m. till 7 p. m. The girls in the workshops earn on the average \$0.36 to \$0.54 per day for 10 hours' work, from 8 to 1 p. m. and from 3 till 8 p. m. Overseers in these workshops get an average salary of \$3.60 to \$4.50 per week.

HENRY H. MORGAN, *Consul General.*

SEVILLE, SPAIN.

Seamstresses who do this class of work in private families are paid about 35 cents a day, with food, whether they sew by hand or machine. Embroidering is usually done at home by workers who are paid at the rate of about 50 cents per day.

CHARLES S. WINANS, *American Consul.*

MALAGA, SPAIN.

The labor hours are from 7 o'clock in the morning to 7 o'clock in the evening in summer, and from 8 to 6 in winter. The wages are from 75 centimes to 2 pesetas per day (peseta=\$0.17).

THOMAS R. GEARY, *American Vice Consul.*

JEREZ DE LA FRONTERA, SPAIN.

While there are no factories of that kind in Jerez, one dry-goods firm employs 6 or 8 women and girls who work together in a room under the charge of a forewoman or maestra. Their hours of labor are from 8 a. m. to dusk, about 10 hours, with an hour off in the middle of the day. Wages are, with food, maestra, 1 peseta (18 cents) per day; girls, 50 centimos (9 cents). Without food, maestra, 2 pesetas (36 cents) per day; girls, 1 peseta; apprentices, 1 peseta per week.

The last as a rule get no salary at all until they are able to do some work.

With this exception, all work of this kind here is done by the piece, by home labor, prices for which are:

Chemises, ordinary, 1.25 to 1.50 pesetas (22 to 27 cents), with higher price according to delicacy of the work.

Drawers, from 1 to 1.25 pesetas (18 to 22 cents).

Waists, 1.25 pesetas (22 cents).

Underwaists, from 50 to 70 centimos (9 to 13 cents).

It should be stated that a great deal of fine work of this kind is done by nuns in the convents here. They have no fixed price for their work, but leave that to the generosity of the person employing them, and in that way usually get more than they otherwise would.

PERCIVAL GASSETT, *American Consul.*

STOCKHOLM, SWEDEN.

	Wages (per week).	Hours of labor.
Lingerie-underwear seamstress:		
Handwork.....	\$4	9-10
Machine work.....	4	9-10
Lingerie-waists seamstress:		
Handwork.....	4	9-10
Machine work.....	4	9-10
Embroidery made by hand.....	4	9-10
Embroidery made by machine.....	4	9-10
Lace made by hand.....	4	9-10
Lace made by machine.....	4	9-10

ERNEST L. HARRIS,
United States Consul General.

PARAGRAPH 349—LADIES' WEAR.

CHRISTIANIA, NORWAY.

	Wages.	Hours of labor (per week).
Lingerie-underwear seamstress:	<i>Cents.</i>	
Handwork	50	56
Machine work	50	56
Lingerie-waists seamstress:		
Handwork	50	56
Machine work	50	56

HENRY BORDEWICH,
United States Consul General.

BERGEN, NORWAY.

	Wages.	Hours of labor.
Lingerie-underwear seamstress:	<i>Cents.</i>	
Handwork		
Machine work	30	9½
Lingerie-waists seamstress:		
Handwork	65	9½
Machine work	40	9½

B. M. RASMUSEN,
United States Consul.

BRUSSELS, BELGIUM.

It is very difficult to give the cost of labor in the making of these articles by hand, as the housewife frequently does this work in connection with her domestic duties; but, generally speaking, good seamstresses receive in the Provinces, where the cost of living is not so high as in the large cities, from 2 to 2½ francs per day (1 franc=19.3 cents) and in the larger cities about 3 francs per day. From another source I learn that laborers making embroideries and lace by machine receive from 3 to 5 francs per day of about 11 hours, or 63 hours per week (Sundays excluded).

ETHELBERT WATTS, *Consul General.*

VIENNA, AUSTRIA.

The most reliable figures available indicate that the hours of labor in Vienna for women in such industries as you indicate are 6 days per week, 10 hours per day, with wages of \$2.64 to \$2.90 per week, this including all gratuities. A large proportion of this character of work is piecework done at home. In such cases the wages differ with the character of the work, the time of delivery, and the locality, city or country, where done.

Accurate statistics as to wages of labor are hard to obtain in this country. You may form some idea, however, from the printed report of the Austrian Tobacco Monopoly, which employs 33,296 employees, of whom six-sevenths are women, at an average wage of \$70 per annum. Much of this labor, however, is employed in factories in rural districts.

CHAS. DENBY, *Consul General.*

TRIESTE, AUSTRIA.

There seem to be very few establishments for the manufacture of lingerie and ladies' wear in this city. Most work of this kind is done by women in their homes, but I am led to believe that abundant labor could be had at from 40 to 60 cents per day. This means the labor of women fairly skilled in the different branches of needle work, machine sewing, embroidery and lace making of the simpler kinds.

RALPH J. TOTTEN, *American Consul.*

PARAGRAPH 349—LADIES' WEAR.

PRAGUE, BOHEMIA, AUSTRIA.

Seamstresses making ladies' underclothing, cotton, and some wool, are paid \$1.62 to \$3.24 a week. The cutter is paid about \$6.09 a week. Girls are apprenticed for two years, and are paid the first year 41 cents a week, and in some instances more. Much of the work is done at home as piecework. Working time is 9½ hours a day. Blouse makers get \$2.44 to \$4.06 a week, and in some cases less. These also make skirts and morning gowns.

J. I. BRITAIN, *Consul*.

REICHENBERG, AUSTRIA.

I am giving you herewith the pertinent parts of a letter just received from the Reichenberg Chamber of Commerce, relative to the matter:

"The wages in this territory are for women and girls in this line, at a 10 hours daily labor, generally between 1.60 crs. (33 cents) to 2.40 crs. (49 cents) per day.

"In cases of the specially skilled the wages reach 20 crs. (\$4.06) a week. The production of the goods under consideration is done only by home workers."

WILLIAM J. PIKE, *American Consul*.

FIUME, HUNGARY.

Hours of labor per day, average wages per day (in crowns and dollars), paid to women working at the following trades in this district are:

	Average wages per day.	Hours of labor.
Lingerie underwear:		
Handwork (seamstress).....	C. 2 (\$0.41) to C. 2.50 (\$0.52).....	10
Machine work (seamstress).....	C. 2 (\$0.41) to C. 2.50 (\$0.52).....	10
Lingerie waists:		
Handwork (seamstress).....	C. 2 (\$0.41).....	10
Machine work (seamstress).....	C. 2 (\$0.41) to C. 2.50 (\$0.52).....	10
Embroidery made by hand.....	C. 2 (\$0.41) to C. 2.50 (\$0.52).....	11
Embroidery made by machine.....	C. 2 (\$0.41) to C. 2.50 (\$0.52).....	11
Lace made by hand.....	C. 2 (\$0.41) to C. 2.50 (\$0.52).....	11
Lace made by machine.....	C. 2 (\$0.41) to C. 2.50 (\$0.52).....	11

CLARENCE RICE SLOCUM, *Consul*.

AMSTERDAM, NETHERLANDS.

The hours of labor in the industries in question average 9½ per day. Wages vary from 3 to 7 florins per week. The work is principally done in large factories employing from 300 to 400 girls. There is only a little of such work performed by home labor.

FRANK W. MAHIN, *American Consul*.

ROTTERDAM, NETHERLANDS.

Women's muslin underwear is produced partly in factories and partly by home labor.

The ordinary cheaper kind is made in factories, where wages for the employees range from 5 florins (\$2) to 8 florins (\$3.20) per week, the hours of labor being from 8 to 12 and from 1.30 to 7 o'clock.

The better class of work is done mostly by girls at their homes; these work by the piece and are, as a rule, capable of earning a somewhat higher income than the factory hands.

S. LISTOE,
American Consul General.

ANTWERP, BELGIUM.

Lingerie, embroidery, and lace are made by the piece and the seamstress, embroideress, and lace maker work at home.

Seamstresses employed by the day by stores and private individuals are paid from 2 to 3 francs (39 to 58 cents) per diem, and the average hours would be 10 to 11 each day, with allowances for meals.

HENRY A. DIEDERICH, *Consul General*.

PARAGRAPH 349—LADIES' WEAR.

EDINBURGH, SCOTLAND.

Lingerie underwear and waists are not produced in factories in this district. To a limited extent they are machine-made in the leading dry goods stores. Neither embroidery nor lace is manufactured here.

The wages of seamstresses (machine) are from 2s. (48 cents) to 2s. 6d. (60 cents) a day, according to experience; the hours are from 8.30 a. m. to 7 p. m., with one and one-half hours for dinner (1 to 2.30). On Saturday the hours are 8.30 to 1.30.

RUFUS FLEMING, *Consul*.

GLASGOW, SCOTLAND.

The hours of labor per day, also average wages per day, for women working at the following trades, in this district, are as follows:

	Wages.	Hours of labor.
Lingerie underwear:		
Hand work (seamstress).....	\$0.30 to \$1.05	8.30 a. m. to 6.30 p. m.
Machine (seamstress).....	.30 to 1.05	8.30 a. m. to 6.30 p. m.
Lingerie waists:		
Hand work (seamstress).....	.60 to 1.05	8.30 a. m. to 6.00 p. m.
Machine (seamstress).....	.30 to 1.05	8.30 a. m. to 6.30 p. m.

Embroidery made by hand: Irish cottage industry, 24 cents per day of 10 hours.

Embroidery made by machine: Swiss, 44 cents to 56 cents per day of from 9 to 10 hours.

Lace made by hand: Belgium, 24 cents to 30 cents per day of 10 hours.

Lace made by machine: Nottingham, 60 cents; Plauen, 72 cents; St. Gaul, 60 cents; all per day of 10 hours.

JOHN N. McCUNN, *American Consul*.

DUNDEE, SCOTLAND.

In regard to wages, etc., girls engaged in work of this kind would probably earn from \$2.50 to \$3.50 per week. In the jute mills an adult female worker earns about \$5 a week. Hours of labor are from 6 a. m. to 6 p. m., with an hour's intermission from 9 to 10 and another from 2 to 3. Work of the nature you are inquiring about would be paid for by the piece and not by the day; that is, when performed at home.

HALDERMAN DENNISON, *Consul*.

MANCHESTER, ENGLAND.

I have pleasure in giving you below representative prices paid for making the various garments mentioned:

Machining: Ladies' chemise, 1s. 2d. to 1s. 6d. per dozen; children's chemise, about 9d. per dozen.

Ladies' knickers, from 1s. 2d. to 1s. 6d. per dozen; children's knickers, 9d. per dozen.

Ladies' skirts, from 1s. 4d. to 1s. 9d. per dozen.

Ladies' white skirts: Machining, 12 rows for 1d.; pressing, about 4d. per dozen.

The majority of the above-named work is done inside the factories, and the average weekly earnings would be in the region of 15s.

CHURCH HOWE, *Consul*.

LEEDS, ENGLAND.

Wages for beginners are from 8s. to 10s. (\$2 to \$2.45) per week and for skilled workers 15s. to 22s. (\$3.65 to \$5.36) per week. All labor has to be trained. Hours, 52 per week. The factory act limits hours for women's work to 55½ hours a week.

BENJAMIN F. CHASE, *American Consul*.

BRISTOL, ENGLAND.

Wages to be paid here would be: Beginners, 4s. to 5s. per week; experienced hands, 10s. to 12s. per week; and forewomen, 20s. to 25s. per week.

HOMER M. BYINGTON, *American Consul*.

PARAGRAPH 349—TYPEWRITER RIBBONS.

HANKOW, CHINA.

In general, Chinese seamstresses here are paid by the piece and earn the equivalent of about 10 cents gold per day. The hours of actual labor depend on the ambition and needs of the worker and are probably from 8 to 10 hours a day. Seamstresses employed in foreign families sometimes make 20 cents gold per day. The women are engaged mostly in handwork at present.

Lace is all handmade and the greater part is produced in schools and convents. As for the rest of the lace making and the embroidery they are practically all home industries, for which it is almost impossible to calculate hours of labor and wages, as it is all piecework. The women make a few cents more on embroidery than on ordinary sewing. The use of machines for embroidery is being slowly introduced through schools opened by sewing-machine dealers, but has not yet influenced commercial production.

ROGER S. GREENE, *Consul General.*

KOBE, JAPAN.

The Japanese generally do not wear foreign style clothes, and the foreign population of this district (outside of Chinese) is only some 1,500, of whom much the larger proportion is men. Ladies have their dresses, underclothing, etc., made at their houses with sewing machines, by seamstresses, who go from one house to another and earn about 37½ to 40 cents (United States) a day, with their meals. The ladies furnish the patterns.

There are a few shops in Kobe that do embroidery, employing their own hands, but nearly all the work is given out by the large stores, mostly in Kyoto, to be done by the work people at their own homes by hand.

Their earnings vary a great deal, according to skill and the difficulty of the work. Women earn from 8½ cents (United States) to 40 or 45 cents per day and men from 40 cents to 75 or 80 cents. The usual hours of work in stores are 8 or 9.

GEO. N. WEST, *American Consul.*

TYPEWRITER RIBBONS.

BRIEF OF MANUFACTURERS OF TYPEWRITER RIBBONS
AND CARBON PAPERS.

NEIDICH PROCESS Co.,
Burlington, N. J., January 10, 1913.

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: At a meeting of the manufacturers of typewriter ribbons and carbon papers, representing a large majority of the industry in the United States, it was decided that a protest be made against the present rate of duty on cotton tapes imported for the manufacture of typewriter ribbons. A committee was appointed to lay the facts before you, and we beg to do so as follows:

The cotton tapes used in the manufacture of typewriter ribbons are at present classified as tape or ribbon under Schedule J, paragraph 349, and pay 60 per cent duty. This schedule compels American manufacturers of typewriter ribbons to pay 60 per cent duty on raw material, while foreign manufacturers of typewriter ribbons can send their goods into the United States as manufactures of cotton, not specially provided for, under Schedule I, paragraph 332 (T. D. 18149), paying only 45 per cent duty on the finished product. Considering a shipment of typewriter ribbons which contains \$100 worth of tape material, the American manufacturer will pay \$60 duty on the raw material, while the foreign manufacturers will pay only \$45. This enables the English or German manufacturer of typewriter ribbons to compete with us in the United States, with the advantage of 33½ per cent in duty on tape material, to say nothing of color and other raw materials, on which we pay a separate duty.

We further call your attention to the fact that typewriter ribbon tape is neither bleached nor dyed, and that there is no possibility of its being imported for use as an ordinary tape or ribbon owing to its high price. It is essentially a raw material necessary for the production of high-grade typewriter ribbons, and we would appreciate its being placed in a class by itself at as low a rate of duty as possible.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

If consistent with your policy, we would appreciate an opportunity to be represented when you consider Schedule J on Friday, January 24.

Hoping you will give this your attention and make the necessary changes to adjust this inequality, we are

Yours, respectfully,

S. A. NEIDICH,
H. B. VANNOTE,
E. A. BRECKER,
Committee.

PARAGRAPH 350.

Laces, embroideries, edgings, insertings, galloons, flouncings, nets, nettings, trimmings, and veils, composed of cotton, silk, artificial silk, or other material (except wool), made on the Lever or Gothrough machine, seventy per centum ad valorem: Provided, That no wearing apparel, handkerchiefs, or articles of any description, composed wholly or in chief value of any of the foregoing, shall pay a less rate of duty than that imposed upon the articles or the materials of which the same are composed.

LEVER OR GOTHROUGH LACES.

TESTIMONY OF HON. WILLIAM S. BENNET.

The witness was duly sworn by the chairman.

Mr. BENNET. Mr. Chairman and gentlemen of the committee, I appear to speak exclusively in connection with paragraph 350, which relates to laces made on the Lever and Gothrough machines, and inasmuch as while I was still in Congress the Lever and Gothrough machine was an absolute stranger to me, I am going to assume that you gentlemen are still as much a stranger to the machine as I was then; but I want to ask the members of the committee to look at a picture of what the machine really is. You will see from the photograph the complicated nature of the machine, which will, I think, assist in the apprehension of why the industry depends so largely on the machine.

These machines, prior to the machinery reduction under paragraph 197 of the Payne bill, cost, landed in this country, somewhere around \$10,000. I want right at the outset to say that the manufacturers in the lace business did not ask for that reduction on machinery and did not know it was coming, and it was in the nature of a Christmas present to them. They were to some extent unprepared. Nevertheless, inasmuch as the opportunity was given them, they imported in the period between the 5th of August, 1909, and the 1st of January, 1911, machinery of the entered value of \$2,946,919. There is a little difference of opinion as to exactly how many machines were imported. The Government is unable to give us the figures, as of course the only thing they were interested in was the entered values in the manifests, and they did not keep track of the number of machines for statistical purposes, but I rather think, as near as we can figure it out, there is an agreement on the number of machines in this country. It does not exceed 527. Some experts say there are 525. There is only a difference of two.

The experts who come from the State of Rhode Island say that the number of machines in this country at the time of the reduction, and machinery was put on the free list, was 83. That was the figure that Mr. Richmond gave day before yesterday, as I understand. But the increase in machinery would be the difference between whatever was here, which, as previously stated, was from 83 to, I think, 134, as was

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

stated this morning, and 527. At any rate, there is a substantial agreement that the result, the immediate result, of that putting these machines on the free list was to increase the machines in this country from either 83 to 527 or 134 to 527, and the manufacturers in that very small line, nettings and beading industries, have invested in that industry about \$7,000,000.

Mr. PETERS. If I understand you right, there have been no machines imported since January 1, 1911?

Mr. BENNET. I have not been informed of any. I see the gentleman from the Richmond works said he guessed there might be 20. My own best information I can get is that the importations practically ceased when the duty automatically went on again on the 1st of January, 1911. At any rate, I can see no reason why there should have been, because the condition of the industry is such that the skilled labor having all to be imported from either France or England the manufacturers of this country have not as yet gotten enough labor in this country to run the 527 machines that there are here.

I do not want to be unfair or misunderstood. The lace manufacturers, while they did not ask for the free-list machinery, did ask for the increase, as the chairman will doubtless recollect, from 60 per cent to 70 per cent, and it was the chairman, then a member of the committee, who asked them when they asked for the increase from 60 per cent to 70 per cent if they got that increase could they establish an industry in the United States, and it was to him that the reply was made that if they got the increase to 70 per cent the endeavor would be made. They have very faithfully kept that part of the contract, and there has been a result which can not fail to be of interest to the committee, and that is this:

I will not go into the disputed question as to whether or not laces are luxuries; that they are all articles worn by women, therefore that is the best criterion as to whether they are luxuries or not; they are all luxuries. But I think that all of us will have an absolute sympathy with the poorer among us, who have just as much a desire for finery as the richer among us, and much less money with which to purchase it, and so I am going to divide my argument as to what has happened in connection with this industry into two parts.

The higher-priced laces are certainly luxuries, and under the rule of this committee, as repeatedly announced as the Democratic policy, the article being a luxury, this paragraph being a highly competitive paragraph, and the duties collected being large—they being in 1912, \$5,830,508.26—there would seem to be no use of presenting any additional argument relative to the higher-priced laces.

As to the lower-priced laces, it is evident that prior to the commencement of this American industry through the increase in the tariff and the taking of the duty off of machinery, the foreign manufacturer had what I call a territorial, geographical monopoly, made up largely because they had had nearly 100 years of training, and because the basis of the industry was these very high-priced machines, none of which were made in the United States, and it is very evident that they used that advantage in connection with the cheaper grades of lace to compel the American public to pay a higher price for those laces than they really ought. I can perhaps absolutely prove that by reading a few letters. I will not read all that I

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

have, which have been sent to some of the gentlemen whom I represent by the consumers of the cheaper grades of laces, and by that I do not mean the women on whose underwear they are used, because we can not get at that any more than the importer.

Mr. HAMMOND. I would like to ask you whether these machines produce the higher priced or cheaper grades of laces?

Mr. BENNET. Both.

Mr. HAMMOND. Which in the larger quantity?

Mr. BENNET. That depends entirely on the demand in relation to the particular style.

Mr. HAMMOND. Suppose there is only a small portion of it made by these machines. Would it come under this 70 per cent clause?

Mr. BENNET. It would not. This only relates to the product of the Lever and Gothrough machines.

Mr. HAMMOND. You mean based entirely on the machine products?

Mr. BENNET. No, sir. They are based entirely on the Lever and Gothrough machine, all these articles of which the largest value was of the Lever and Gothrough products. Say, for instance, if you turn to the linen schedule you will find that there are some handkerchiefs that come under the 70 per cent duty, because the larger amount of value is the net or netting, whatever they call it, in connection with the handkerchiefs.

Mr. HAMMOND. The provision does not state that. It says all those articles or other material made on the Lever or Gothrough machines.

Mr. BENNET. As a matter of fact, in the interpretation of the tariff law the canon of interpretation is this: Take, for instance, a dress, a silk dress, which would come in under a lower rate of duty, and it would have on it some Lever and Gothrough lace; that article being the most valuable article, it would come in under the lower rate of duty; so that the real importations of Lever and Gothrough laces which come into this country are larger than the figures before you, because there are Lever and Gothrough articles which come on in articles the principal value of which is something else.

For instance, silk Lever and Gothrough articles come in at a lower rate of duty than this—60 or less.

Mr. HAMMOND. Do you think this duty should be higher on this lace than it should be on hand lace, or other high-priced laces?

Mr. BENNET. I do not think there is any necessary relation between the two. I think that there are a great many reasons why at the moment the exact rate should continue. In the first place, we are endeavoring to construct our business in relation to that rate. We know, also, speaking frankly now, that the party which is to come into power after the 4th of March is absolutely pledged against upward revision. As I said here before, it would be almost an insult to your committee for us to argue anything else than the policy which the people put before us.

I shall in a moment return to some of these other reasons, but for the moment I want to address myself to the effect that the commencement of this new industry has had upon the cheaper grades of laces.

I read a sample letter from a gentleman who heads his letterhead—and I understand that they are—"The largest producers of muslin

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

underwear in the world, established 1872. D. E. Sicher & Co., 45, 47, 49, 51 West Twenty-first Street, New York, January 9, 1913”:

VARI LACE MANUFACTURING CO.,
149 Fifth Avenue.

GENTLEMEN: We have your inquiry of recent date, and in reply would say that the prices of laces have been reduced to a considerable extent since the inauguration of lace manufacturing in this country. The quality of lace made by the American manufacturers is constantly improving and has a natural influence toward the reduction in price of the imported article with which our American manufacturers compete. There is no doubt that the ultimate consumer derives a benefit of a very considerable amount through the development of this industry.

Very truly, yours,

D. E. SICHER & Co.

That is from the largest manufacturer of muslin underwear, in this country, at least.

In a brief which I shall ask to have printed a part of my remarks I have printed two tables showing as between Calais, France, which is the principal competitor of the American manufacturer, a marked difference in labor cost, something over 100 per cent. The first table which appears in my brief is one prepared by Mr. William H. Smith, the leading expert in the line; and the second table is one prepared by Mr. Ozanne, also an expert.

Mr. Ozanne's figures are a trifle higher than Mr. Smith's, I presume, for the reason that his are based upon the wages paid in New York, which, on account of reasons with which your New York City member is familiar, are somewhat higher than wages paid outside of that city on account of rent and other considerations. Naturally it would seem that the committee would ask anyone making a statement like that, that the difference in labor cost was over 100 per cent, how it is with 70 per cent tariff we could exist at all, and I think in all fairness I ought to give the reasons. In the first place, the American manufacturer is nearer to his market, probably knows more about his market. In the second place, he takes advantage of specialties which he thinks would appeal to the American market. He can make larger deliveries, and also, to fill out a line, he can make smaller deliveries; and those reasons come along the whole line, and to some extent make up for the lack of protection which would equal the difference between his cost of production and the foreign cost of production.

Then, I think that the committee ought to bear in mind that on cotton laces made on the Lever and Gothrough machine the manufacturer is not now getting 70 per cent, because he has to pay the duty on cotton yarns, and all the manufacturers agree that under the prevailing styles, which fix the demand, that the demand now is largest for cotton laces.

I do not like to have to admit it, but this very sudden increase in the business imposed on these manufacturers caused them to lay out an amount of capital which perhaps was more than they were warranted in laying out, and the result of that has been that they are not yet in a position where they are making any profit. I have already alluded to the fact that our paragraph produces an extremely large revenue, and that there is great competition and no American monopoly.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

I shall ask leave to put into the printed record, without going into it at length, unless the committee desires me to, what the effect of our increased production has been on the French industry. I can indicate it in two or three sentences, and that is this, that in order to meet the new American competition the French manufacturers have put their prices down to a price below what they ever were before.

The French industry in Calais is divided into two classes, one the wealthier class of manufacturers, who control all the different kinds of production within their line, and one the smaller manufacturers, who possibly own one machine and which the man who owns the machine works himself.

Those in control of the French industry, by the American competition which has driven their prices down, have had to drive the prices of the smaller people down, not being able to drive the larger ones have driven the prices of the smaller people down until the smaller people of Calais have formed an association which they call a combination for the purpose of keeping the prices paid to labor from going any lower than they are now.

I desire also to read, in connection with that, and as a part of the proof under the head of the benefit that they have been to the industry, to the consumer in this country owing to the lower prices of the cheaper laces, a statement from an importer. Mr. Harrison will know, of course, the wholesale firm of Frederick Vietor & Achelis and recognize them instantly as one of the largest importing firms of New York City. Mr. E. A. Freeman was head of the lace department of that firm and went over and was interviewed as to what the result of this 70 per cent had been and the effect of the importation of machinery, and he told what I think was approximately the exact truth. He was reported in a paper known as *Le Phare de Calais*, under date of January 1, 1911, and he said:

The manufacturers of Calais, Caudry, and Nottingham, in order to stand their ground, need important orders from us. They have therefore lowered their prices to an extent unprecedented in years. Hence, so long as these tariffs shall be maintained the American industry, even with the added protection of the present duty, will be unable to compete with them.

To substantiate this statement, I will mention the recent visit to the United States of a Calais manufacturer who wished to transfer there his entire plant. To carry out this plan he had begun negotiations with an American firm and the transaction was to be concluded, of course, before the new year, the last date for the free transportation of machines.

After having studied the question on the ground, however, he changed his mind. He found here former operatives of his own mills who earned in France 20 francs weekly, while here they made \$20.

I want to say that that is an exceptional instance, and when he says he found the operatives who in his own mills had made 20 francs a week what he probably referred to was operatives who owned their own machines and who under the competition which was induced by this new American industry had been driven down to a point where they actually were and are to-day earning only \$4 and \$5 a week, while here they made \$20.

Being in more comfortable circumstances, operatives work less assiduously than in their own country. Moreover, cottons of good quality have to be imported, and cost 12½ to 15 per cent more than in France. Further, all general expenses are higher in the United States. Consequently, the prices of lace are increased.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

The result is that with all these drawbacks the 70 per cent duty does not make up for the advantages of foreign manufacture, especially since the price of cotton is higher than ever. It should also be remembered that the American market prefers imported goods.

Therefore I think that we have an absolute condition in our industry which requires the maintenance of the present tariff. A reduction of the tariff would drive several mills out of business. They are doing business on about the smallest margin that they can, and if enough of the mills were driven out so that the American industry ceased to be a regulating, competing industry, the foreigner would put back his prices on the cheaper laces especially, not only to the point where they were before the tariff, but to a point higher, in fact, so that he could recoup himself for the lean years that he has had.

Our industry does not control very much of the market. The best estimate that I have been able to get is that it controls about 15 per cent of these lever and gothrough goods; and that is borne out by the statistics about machines. There are about 3,500 lever and go-through machines abroad that are making goods for the American market. We have 527 machines in this country, and that is about 15 per cent of the machines, and therefore it seems to me that a calculation of 15 per cent ought to be about right.

Mr. Harrison asked, the other day, if there are any machines that came into New York State under this. There are a few. They are the Liberty Lace & Netting Works, in the Bronx; the Vari Works, in the Bronx; there are E. & Z. Van Ralty, who have a large store at Fifteenth Street and Fifth Avenue, whose works are in Paterson, N. J.

The machines have been distributed all over the United States. I know there was that newspaper article that these machines had only gone to Rhode Island. That was not correct.

The CHAIRMAN. Your time has now expired, Mr. Bennet.

Mr. HAMMOND. I have looked at the picture you gave us. That is representative of a Goththrough machine?

Mr. BENNET. A Goththrough machine—a Lever and Goththrough machine.

Mr. HAMMOND. The word "lever" is not given.

Mr. BENNET. I beg pardon.

Mr. HAMMOND. I notice in the tariff law it is "Lever or Goththrough machine." I want to get that clear in my own mind. There is just one machine, called the Lever and Goththrough machine?

Mr. BENNET. One machine.

Mr. HAMMOND. It is a Lever and Goththrough?

Mr. BENNET. Yes, sir. The original lever machine was invented by a man named Heatchcote in England nearly a hundred years ago. It was kept in England for many years, and finally some Englishman surreptitiously got some over in France. Of course the machine had been improved. The words "Lever and Goththrough," although capitalized, indicate the operations of the machine. They are operated on the lever principle and the gothrough indicates something in the operation of the machine. Mr. Hughes, who started in life as a silk weaver, went out and looked at some of these machines which were in his district, and with all his expert knowledge he said they did not mean anything more to him than a grand piano.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

Mr. HAMMOND. I notice in this paragraph 350 it speaks of it as "Lever or Gothrough." That should be "Lever and Gothrough"?

Mr. BENNET. There is no necessity for changing it because it is a well-recognized description and nobody is complaining in relation to that.

I am glad you have reminded me. As long as you have the tariff here before you, there is one change that ought to be made. I would have forgotten it, although I have it in my brief. Whoever drew this paragraph failed to make the very important distinction between "veils" and "veiling." A veil is a few yards of veiling either with embroidery on both ends or hemstitched on both ends, while veiling is a very different article, and the consequence is that the industry has not been given the protection the people who drew this paragraph really intended, because while veils, of which there are not many imported, come in under the 70 per cent duty, veilings come in under either the silk or cotton or fiber, or whatever schedule the product is in, and we do suggest to the committee, in connection with this absolutely new industry, that the word "veilings" be inserted, so that that particular clause will read "veils and veilings," and therefore carry out the intentions of the persons who drew this bill.

Mr. HAMMOND. Just to recapitulate, the Lever machine and Gothrough machine and Lever and Gothrough machine are all one?

Mr. BENNET. I understand that those three descriptions cover the one machine. I never heard anything different.

Mr. Chairman and gentlemen, in answering Mr. James's question, I answered it correctly enough from the machinery standpoint; but I overlooked the real reason why the words "Levers or Gothrough" are in that paragraph, and that is this: As I explained, the Levers are the old original machines and the Gothrough part is an improvement. Now, there are still in Nottingham and Coudry and Calais a lot of machines which are Levers and not Gothrough. The product of the two machines is identical. They can be made a little better on the machines which have the Gothrough attachment; so that the paragraph has to read, "Lever or Gothrough," because the paragraph has to do with the production and not the machine. We had been talking just previously to that about the machine, and I did transfer my thought rapidly enough from the machine to the product.

NEW YORK, *January 29, 1913.*

HON. CORDELL HULL,
House of Representatives, Washington, D. C.

MY DEAR HULL: I find on investigation that I gave an incorrect answer to the question which you asked me, and which on page 3405 of the hearings is attributed to Mr. Hammond, the question being: "Suppose there is only a small portion of it made by these machines, would it come under this 70 per cent clause?" to which I answered, "It would not." This only related to the product of the Lever and Gothrough machines. My clients are all manufacturers, and that was the information they had given me.

I find, however, that under the decision of the United States Court of Customs Appeals, February 1, 1912 (*Stein & Co. v. U. S.*, T. D. 32250), it was held that where goods were imported under paragraph 349, which contained Lever-machine product, the entire article was dutiable at 70 per cent, because of this provision under paragraph 349—

"*Provided*, That no article composed wholly or in chief value of one or more of the materials or goods specified in this paragraph shall pay a less rate of duty than the

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

highest rate imposed by this section upon any of the materials or goods of which the same is composed."

The court held that the phrase "materials or goods" embraced products of the Lever or Gothrough machine, and therefore assessed the duty at 70 per cent.

I have consulted my clients and they advise me that they have no interest in the limitation inserted in paragraph 349. It does not affect them materially as the great bulk of the foreign product of the Lever and Gothrough machines is imported into this country as the product of such machines, and the amount of Lever product which would be affected by the omission or retention of the provision is inconsiderable. In the reports of imports entered for consumption during the year ending June 30, 1912, it would seem that the following were all that had been affected by the decision: Handkerchiefs or mufflers composed of cotton in the piece or otherwise, finished or unfinished, \$425; possibly some of the wearing apparel item on page 21, value \$3,532.72; the similar item on page 25, value \$132; silk handkerchiefs, page 50, value \$223; and the wearing apparel item on page 53, value \$12,842.50.

Some of these may be affected by the Treasury decision and some portion of the larger items which are headed "laces," but it is not a considerable question so far as value goes, and from that standpoint we take no interest in it one way or the other. Doubtless the provision was intended to prevent undervaluation.

I felt that I owed a duty to you and to the committee to rectify this error in my testimony at the earliest opportunity. I am sending a copy of the letter to all the members of the committee.

Yours, very truly,

WILLIAM S. BENNET.

LEVER AND GOTHROUGH MACHINE PRODUCTION.

Brief on behalf of the Hall Lace Co., E. & Z. Van Raalte, Vari Lace Manufacturing Co., Liberty Lace & Netting Works, American Textile Co., Taylor Textile Manufacturing Co., Sekonk Lace Co., Redfern Lace Works, Leighton Lace Co., J. A. Dunham, Dresden Lace Works, Phoenix Lace Mills, and Cadoza Lace Co.

The attitude of the foregoing is that in their opinion the rate ought to be at least 80 per cent, but as they can to some extent compete with the foreign manufacturer under the present rate they will be content, recognizing that this Congress is pledged against upward revision, if the rate remains unchanged.

Recent importations and duties under paragraph 350 have been as follows:

	1910	1911	1912
Imports:			
Value.....	\$7,019,285.02	\$6,793,464.97	\$8,332,806.22
Duties.....	4,913,499.34	4,685,495.12	5,830,508.26

A suggestion as to a change in the phraseology of the present tariff law is to insert the word "veilings," so that that particular phrase will read "veils and veilings." The omission of the word "veilings" from the paragraph was evidently an inadvertence. A veil is a completed length of veiling, either embroidered at the ends or hemstitched. Veiling is the material by the yard, from which veils are made. The result of the omission of the word "veilings" from this paragraph has been that veilings made on the lever and gothrough machines came in, not under 70 per cent, but under the rates imposed by the paragraph relating to flax, fiber, hemp, cotton, and silk. This is extremely unjust to the manufacturer as, though his labor rate is the same and the same machine is used, the product on that machine by that labor meets competition coming under various rates, most of which are lower, and as veiling is certainly a luxury the Government loses the difference in duty between the lower rate and 70 per cent.

It is believed that this omission has but to be called to the attention of the committee to be corrected.

FOREWORD.

The situation in relation to paragraph 350 is unusual. The paragraph should be read in connection with paragraph 197, under which all embroidery machines and lever and gothrough lace-making machines were admitted free of duty if imported prior to January 1, 1931. This free importation of machinery was not asked for by the

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

few manufacturers of lace who at that time were doing business in the United States. It forced upon them expenditure for which they had made no preparation and a competition, both amongst themselves and with the foreign manufacturer, for which they were not prepared. Nevertheless they strained every nerve to meet the new conditions which arose under the bill and prior to January 1, 1911, had imported lace machines of the value of \$2,946,919. (Bureau of Foreign and Domestic Commerce.)

In addition they erected new buildings and otherwise expended money until the total outlay of this small industry had arisen, as nearly as can be estimated, to somewhere in the neighborhood of \$7,000,000. The result has been that not one single manufacturer of the entire 25 or 26 who has so imported machinery has as yet made one single dollar upon this branch of his business. The result to the consumer, however, has been that the valiant effort of the American manufacturer to introduce competition with the foreign manufacturer has reduced the price of the product to the consumer, and this largely on the cheaper grades of goods. At the outset, therefore, the manufacturers feel that a new element having been introduced into their business without their request, but intended for their benefit and which they have complied with by an enormous proportionate expansion of their industry, they are entitled, under present conditions, to retain the 70 per cent duty which they did ask and which they did need for the purpose of permitting them to continue their industry; certainly until it has reached a point where there is at least a trifling profit, particularly as while this is being done the rigorous competition to which they are being subjected will keep down the price of this product to the American consumer. If the rate is reduced it will result, so bad are conditions in the industry, in the almost immediate closing of several of the plants and the cessation of the existence of the American industry as a competing or regulating industry.

THE FOREIGN INDUSTRY.

The chief competitor of the United States under this paragraph is the city of Calais, a city of about 67,000 people, of whom approximately 50 per cent are engaged in the lace-making industry and which, until the recent increase in the American manufacturing industry, following the Payne law, had what might be termed a territorial monopoly; that is, the city had 7,000 lace machines; it had, in the most complete fashion, all the necessary plants for the doing of the accessory and auxiliary work, and as it had control of the American market, which was a constant one, it was under no duty to reduce its prices, and consequently maintained them at a high rate against the United States, particularly on the cheaper grades of laces which are used by the poorer people. The difference in labor cost was so great that when the American manufacturer had in addition to pay a 45 per cent duty on his lace machines it was impossible for him to institute regulative competition, and the old competition prior to the Payne bill was a competition confined to specialties, in which the American manufacturer could compete because of the superiority of design and closeness to the market. The sudden rise of the American industry, although now it produces not to exceed 15 per cent of the total product under this paragraph consumed in the United States, has broken up to some extent the French territorial monopoly, with the result that the Frenchmen are now selling their laces in this country much cheaper than they did prior to the act of August 5, 1909, and the American consumer is getting the benefit of that competition.

REASONS FOR MAINTAINING THE PRESENT RATE OF DUTY.

First. Because the American manufacturer is still so close to his time of tremendous expenditure, compelled by the change in the condition of the industry through the importation of foreign machinery, that he is still entitled to the existing rate.

Second. Because the products under this paragraph are all articles of voluntary consumption and, therefore, luxuries, and the manufacturers represented on this brief understand it to be the purpose of the Democratic Party to continue the tariff on luxuries where it now exists, and to remove it from necessities.

Third. Because the present rate produces a large revenue.

Fourth. Because, under the present rate, there is great competition and no American monopoly.

Fifth. Because the result of the beginning of an American industry, made possible only by the increased rate and the free importation of machinery, has been to reduce the price of the product to the American consumer.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

Sixth. Because the decrease of the rate to a point which would eliminate the domestic manufacturer as a competitor would enable the French territorial monopoly of Calais to reestablish prices at the old higher figure and at a figure higher enough than that to recoup them for their lost profits during the last two or three years.

Seventh. The enormous difference in the cost of production.

Taking up these reasons in order, we find:

First. In addition to what has already been said as to expenditures, the manufacturers have had to import all the skilled labor of this new industry because there was none of a like character unemployed in this country, but the employment of every skilled French or English skilled laborer has given employment, in connection with the same machine, to seven Americans. Naturally, however, the imported laborer and American laborer, the former working under new conditions and environments and at greatly higher wages, have not as yet come to the highest degree of efficiency in connection with production, and thus the American manufacturer is working under an additional handicap of a force which, as compared with the French manufacturer's force, is not of the same high degree of shop efficiency. It is hoped, and indeed the indications are, that in the course of a few years this particular handicap will disappear; but at the present it exists.

Second. Under this head no further argument is needed except the statement of the proposition and to call the attention of the committee to the fact that no part of the product under paragraph 350 is necessary for the health, comfort, or cleanliness of anyone, and that a woman can be perfectly, comfortably, and even beautifully clothed without the utilization of a single yard of lace. Therefore this entire product is one of voluntary consumption and, therefore, a luxury.

Third. The figures speak for themselves. The duties collected under this paragraph in 1912 were \$5,830,508.26. The great bulk of this was paid by the wealthier and better-to-do people among us.

Fourth. The fact that the imports under this paragraph amounted in 1912 to \$8,332,806.22 indicates the extent of the foreign competition, and no one claims that the American production exceeds 15 per cent of the value of American consumption.

Fifth. This fact we prove in three ways: First, by the admissions of an American importer; second, by the admissions of the foreign industry as found in the Calais papers; and, third, by the testimony of American consumers of the cheaper grades of laces, which are inserted in this brief.

The American importer was Mr. E. A. Freeman, head of the lace department of the wholesale firm of Frederick Viator & Achelis, who, as reported in *Le Phare de Calais* of January 21, 1911, said:

"The manufacturers of Calais, Caudry, and Nottingham, in order to stand their ground, need important orders from us. They have therefore lowered their prices to an extent unprecedented in years. Hence, so long as these tariffs shall be maintained, the American industry, even with the added protection of the present duty, will be unable to compete with them.

"To substantiate this statement I will mention the recent visit to the United States of a Calais manufacturer, who wished to transfer there his entire plant. To carry out this plan he had begun negotiations with an American firm, and the transaction was to be concluded, of course, before the new year, the last date for the free transportation of machines.

"After having studied the question on the ground, however, he changed his mind. He found here former operatives of his own mills, who earned in France 20 francs weekly, while here they made \$20. Being in more comfortable circumstances, operatives work less assiduously than in their own country. Moreover, cottons of good quality have to be imported, and cost 12½ to 15 per cent more than in France. Further, all general expenses are higher in the United States. Consequently the prices of lace are increased.

"The result is that, with all these drawbacks, the 70 per cent duty does not make up for the advantages of foreign manufacture, especially since the price of cotton is higher than ever. It should also be remembered that the American market prefers imported goods."

As to the third point, the obvious method of proof is to present the testimony of the American consumer. We insert seven letters from large manufacturers of underwear, who are the American consumers, to whom both French and American manufacturers of lever and gothrough laces sell their cheaper product, which is used by these manufacturers almost exclusively in the manufacture of knit goods and muslin underwear.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

NEW YORK, *January 9, 1913.*

VARI LACE MANUFACTURING Co.,
149 Fifth Avenue, City.

GENTLEMEN: We have your inquiry of recent date and in reply would say that the prices of laces have been reduced to a considerable extent since the inauguration of lace manufacturing in this country. The quality of lace made by the American manufacturers is constantly improving and has a natural influence toward the reduction in price of the imported article with which our American manufacturers compete. There is no doubt that the ultimate consumer derives a benefit of a very considerable amount through the development of this industry.

Very truly, yours,

D. E. SICHER & Co.

NEW YORK, *January 6, 1913.*

VARI LACE MANUFACTURING Co.,
149 Fifth Avenue, New York City.

GENTLEMEN: In answer to your inquiry we are glad to give expression to our opinion that in the coming revision of tariff on laces it is highly desirable that the duties should not be reduced beyond the point at which the domestic manufacturer can successfully keep up the competition with the foreign products. This competition has been useful to the manufacturer and certainly beneficial to the ultimate consumer inasmuch as, in many instances, the prices of laces of like qualities have been lowered by the domestic industry.

Yours, very truly,

BRILL & KRIEGSMAN.

NEW YORK, *January 3, 1913.*

VARI LACE MANUFACTURING Co.,
149 Fifth Avenue, City.

GENTLEMEN: In reply to your inquiry, we beg to state that since the introduction of American-made laces and nets we have been able to buy these articles for the same grades cheaper than before their introduction.

Yours, very truly,

M. STERN & Co.

NEW YORK, *January 3, 1913.*

VARI LACE MANUFACTURING Co.,
149 Fifth Avenue, City.

GENTLEMEN: In answer to your inquiry regarding whether the cost of lace has been materially decreased since the development of the domestic industry, we beg to state that we have been able to purchase lace considerably cheaper during the past few years, and ascribe the cause to the development of this industry by the American manufacturer, who has forced the importer to lower his prices; and the bringing down of prices has naturally been of great direct benefit to the consumer.

We are only too glad to confirm this, and beg to remain,

Yours, very truly,

S. FLOERSHEIMER.

NEW YORK, *January 14, 1913.*

LIBERTY LACE AND NETTING WORKS,
79 Fifth Avenue, New York City.

GENTLEMEN: Referring to the inquiry of recent date, we can cheerfully say that since we have been buying American made laces the price level on goods of this character has come down from 15 to 25 per cent. We find that the importers have reduced and are still reducing their prices in order to meet the American competition and we certainly feel that the establishment of the lace manufacturing industries in this country has had the effect of establishing lower prices to the consumer on goods of this character.

Yours, very truly,

ENGEL & KRAUS,
Per KRAUS

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

LIBERTY LACE AND NETTING Co.,
79 Fifth Avenue, City.

NEW YORK, *January 13, 1913.*

GENTLEMEN: In reference to your communication of recent date we can heartily say the prices we have paid for laces since the American manufacturers have come into the market have been 15 to 25 per cent less than before that time. We find that the importers have materially reduced their prices to meet the competition and there is every evidence that they seem further inclined to do so this season. This would certainly not have been the case in former years when the importers were competing merely against each other. We trust that your attitude in this matter will be as broad in the future as it has been in the past, and that your success in overcoming the foreign competition will continue, as it has certainly given the American manufacturers a much broader, more equitable, and cheaper market. Trusting that our relations will continue as in the past, we remain,

Very truly, yours,

SYDNEY M. SCHWARTZ & Co.

LIBERTY LACE AND NETTING WORKS,
79 Fifth Avenue, City.

NEW YORK, *January 21, 1913.*

GENTLEMEN: In answer to your inquiry of the 18th instant, we will say that by comparing the price paid by us for laces to-day and the price paid for similar goods two years ago, we find that the price is now from 15 per cent to 25 per cent lower than prices paid for these similar goods then. This we will attribute to the fact that we buy these goods from the domestic manufacturer on a large scale, whereas formerly we were compelled to buy all this merchandise from the importers only.

In connection with this, we will say that the importers in order to hold the business, which is drifting into the hands of the domestic manufacturers, are offering the goods at a much lower price than they did before they had this competition.

Yours, very truly,

OFFENHEIM & BARUCH.

It will doubtless be gratifying to the committee to learn that the establishment of the American industry has resulted in lower prices on that part of the product which goes to those who, desiring luxuries as much as any one, have the least means with which to purchase them.

Sixth. This is, of course, simply a prophecy, but it is in line with all human experience on the subject and there is this much of proof, the letters already published show that the foreign manufacturer could have made his prices to the American consumer much lower than he actually did during the time that he dominated competition. If he kept his prices unnecessarily high when we could not prevent him from doing so, is it not reasonable to conclude that if we permit him to destroy American competition he will again increase his price to a point high enough, not only to re-establish his old-time profit, but to recoup him for the lost profits of these lean years.

Seventh. Fortunately there is very little dispute as to the figures as to the difference in labor cost. A conservative table is the following.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

Wages in American and foreign lace factories.

Occupation.	American weekly wages.	Foreign weekly wages.
Drafting room:		
Learners.....	\$7.00-\$8.00	\$2.00-\$3.00
Improving.....	15.00-17.00	5.00- 8.00
Draftsmen.....	30.00	10.00-20.00
Card punchers.....	18.00-20.00	6.00-10.00
Lacer.....	6.00	2.00- 3.00
Spooling, piecework.....	5.50-14.00	3.00- 3.60
Beaming.....	5.00-12.00	2.40- 3.60
Warpers.....	15.00-20.00	-----
Bobbin winders.....	9.00-16.00	3.60- 8.00
Presser.....	10.00	3.50- 5.00
Lookovers (inspectors).....	5.00-10.00	3.00- 4.00
Foreman.....	14.00	-----
Strippers.....	5.00- 7.00	2.00- 3.00
Searchers.....	5.00- 7.00	2.00- 3.00
Foreman, day or night.....	20.00	6.00- 7.00
Jacking off.....	5.00-10.00	1.60- 3.00
Threading, piecework.....	5.00-15.00	3.00- 6.00
Weavers.....	16.00-42.00	6.00-25.00
Boys, learners.....	8.00-10.00	2.40- 5.00
Shop boys, apprentices.....	5.00- 8.00	2.00- 4.00
Foremen.....	30.00-35.00	15.00-18.00
Brown mending.....	5.00-12.00	3.00- 3.60
Home work.....	1.00- 8.00	.60- 3.00
Forelady.....	14.00	-----
Dressing.....	5.00-11.00	3.60- 5.00
Foreman.....	19.00	-----
Finishing and marking.....	5.00-10.50	3.00- 3.60
Forelady.....	14.00	-----
Shipping-room help.....	5.50-11.00	2.60- 5.00
Boss.....	30.00	-----
MISCELLANEOUS.		
Night engineer.....	15.00	5.00- 6.00
Day engineer.....	18.00	5.00- 6.00
Day watchmen.....	14.00	(1)
Night watchmen.....	12.00	(1)
Sample-room girls.....	6.00- 9.00	2.60- 6.00
Sweepers.....	8.00- 9.00	3.00- 4.00
Measuring webs.....	12.00	5.00- 6.00
Machinists.....	15.00-25.00	5.00- 8.00
Helpers.....	7.00-15.00	3.00- 3.60
Home workers.....	1.25- 4.00	.60- 3.00
Office help.....	6.00-25.00	3.00- 8.00

¹ Engineers act also as watchmen.

There has also been prepared a comparison based on the difference of labor cost on a unit of production. The expert who prepared this has had many years of experience both in Calais and in the United States. It will be seen from this that the difference in labor cost on a unit of production exceeds 100 per cent.

	United States.	Total.	France.	Total.
3 drafting learners.....	10.00	30.00	3.00	9.00
1 drafting improver.....	18.00	18.00	6.00	6.00
1 draftsman.....	45.00	45.00	30.00	30.00
1 card puncher.....	18.00	18.00	7.00	7.00
1 lacer.....	10.00	10.00	3.00	3.00
4 spooling.....	10.00	40.00	3.60	14.40
1 beamer.....	10.00	10.00	3.60	3.60
1 warper.....	20.00	20.00	10.00	10.00
1 brass bobbin.....	26.00	26.00	7.00	7.00
1 apprentice.....	12.00	12.00	5.00	5.00
2 pressers.....	14.00	28.00	6.00	12.00
1 stripper.....	7.00	7.00	3.00	3.00
1 searcher.....	6.00	6.00	3.00	3.00
8 threaders, average.....	9.00	72.00	4.00	32.00
25 weavers, average.....	29.00	725.00	16.00	380.00
1 foreman.....	32.00	32.00	20.00	20.00
20 menders.....	8.00	160.00	3.60	72.00
Forelady.....	17.00	17.00	8.00	8.00
4 dressers.....	6.00	24.00	4.00	16.00
1 dyer.....	35.00	35.00	18.00	18.00
Total.....		1,335.00		658.00

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It would be possible to multiply these illustrations of difference in labor cost, but it is thought that these two will suffice. There has been deposited with the clerk of the committee, for the use of the committee during the preparation of the bill, the foreign documents upon which are based the figures from which these tables as to the foreign wages are made up.

THE REAL REASON WHY, IN SPITE OF ALL HIS HANDICAPS, THE AMERICAN MANUFACTURER STILL EXISTS.

The question naturally occurs, why the American manufacturer can even exist if he has to pay at least 100 per cent more for his labor and draws his skilled labor from the same source and finds it not yet as efficient, because of lack of coordination between it and the American unskilled labor, and his tariff protection only 70 per cent?

The answer is that the mere existence of the American manufacturer, which is all that he can claim, continues for the following reasons: To some extent he gets a market for specialties; he has the advantage of a closeness to his market and possibly a better understanding of it; he can make quicker deliveries, which is important in an industry which to some extent is a seasonal one and one which depends absolutely upon changing fashions and styles; he can both deliver larger quantities more quickly when desired and smaller quantities to fill out a line at the end of a season.

These advantages which any manufacturer possesses in his own country enable the American manufacturer to cling to his 15 per cent of the value of the American consumption of his product. His existence, while not a very great pecuniary benefit to himself, shields the whole American consuming market from the evils of the French territorial monopoly unrestrained by American competition.

THE RATE IS NOT 70 PER CENT ON ALL OF THE PRODUCT.

Just at present the popular demand is for cotton laces. This does not at all mean that it is for cheap laces, as many of the machine-made cotton laces are expensive. The cotton-warp yarn is imported and in the higher grades the duties rise as high as 37½ per cent; in such grades the protection of a 70 per cent rate is but 32½ per cent, but the revenue produced from the competing laces in these higher grades remains at the full 70 per cent.

For all these reasons, which it has been the endeavor to state briefly and succinctly, it is the hope of the American manufacturer that the present rate of 70 per cent on these articles of luxury may be permitted to continue.

Drawn and submitted by William S. Bennet, 60 Wall Street, New York City.

THE LACE INDUSTRY OF THE NOTTINGHAM DISTRICT.

[From report of Henry Studniczka, special agent of the Department of Commerce and Labor.]

The prominent industries of Nottingham are lace and hosiery knitting.

EMPLOYEES OF VARIOUS INDUSTRIES.

The most striking feature of the industrial life of Nottingham is the large number of women and children employed in its industries. The streets at noon hour give a striking illustration of this when the women and girls go to their noon meals from lace warehouses, factories, and hosiery plants. Some 18,000 of these are employed in all the branches of the lace industry, and no less than 10,000 in the hosiery mills, while skirt factories, tobacco factories, laundries, and dressmaking and millinery establishments employ several thousand more. Statistics show that Nottingham employs 115 females to every 100 men, while the proportion in England and Wales is only 107 women to each 100 men.

DEPRESSED CONDITION OF THE LACE INDUSTRY.

The lace manufacturers of Nottingham are apparently losing ground as exporters, and France, Switzerland, Germany, and the United States are gaining. This may be partly due to the fact that some of the older manufacturers are conservative and do not install modern machinery, and these no doubt will be replaced by more progressive

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firms. According to the statement of Consul Frank W. Mahin, the total exports of lace from Nottingham for 1909 amounted to some \$25,000,000, and of this the United States received only \$6,000,000.

Such of the lace manufacturers as I conferred with seem dissatisfied with the late change in the American tariff, claiming that the free importation of lace-making machinery into the United States will in time prove detrimental to the lace industry of this city. A great deal of this machinery has been shipped to the United States during the last six months. While it is expected that some of these new ventures will prove a failure, the British manufacturers feel that those conducted on a successful basis will develop serious competition.

WAGES OF NOTTINGHAM LACE WORKERS.

The Amalgamated Society of Operative Lace Makers is a prosperous and strong organization. The lace workers are all working under a piece contract agreement which was awarded by a representative of the board of trade, in 1905, for the levers and curtain-machine branches. The board of conciliation fixed, in April, 1907, the price list on piece contracts for net curtains and for plain net branch.

There is great diversity in the earning capacity of the workers in the lace industry, depending principally upon the skill of the operatives and the class of work upon which they are engaged. The actual minimum and maximum weekly wages that the different lace operatives can earn at steady work are shown in the following statements, based on conferences with the secretaries of the different trade societies.

The levers branch of the trade employs men only, including curtain and silk work. These operatives can earn from 35s. (\$8.52) to 40s. (\$9.73) per week working on the scale adopted. An exceptionally skilled operative can make higher wages. The male operatives on curtain work and plain net earn the same as those in the levers branch.

The female workers in the lace factories have no union, and their wages were ascertained partially from manufacturers and superintendents and partially from the foreladies. The brass bobbin winders earn 20s. (\$4.86) to 25s. (\$6.08) weekly; lace menders 13s. (\$3.16) to 15s. (\$3.65) per week; slip winders, 9s. (\$2.19) to 10s. (\$2.43) per week. In the other branches of the factories, such as drawing the threads and scalloping with scissors, the last two named schedules will apply. Much of this work is done by girls who do not seem to be over 12 years of age, while the law provides a school limit of 13 years. In the warehouses the pattern girls receive 20s. (\$4.86) to 30s. (\$7.30) per week, and some exceptional women in this branch can earn higher wages. The balance of the work done around the warehouses by the girls can be safely placed at an average of 10s. (\$2.43) to 16s. (\$3.89) per week. The following statistics, published by the board of trade, show the earning capacity of male and female lace workers for one week's full time, also the percentage of employees out of each 100 that are capable of earning these wages:

Earning capacity.	Per cent.	Earning capacity.	Per cent.
MALE.		FEMALE.	
60s. (\$14.59).....	13.2	25s. (\$6.08) to 30s. (\$7.30).....	1.8
50s. (\$12.16) and under 60s.....	11.9	20s. (\$4.86) and under 25s.....	5.7
40s. (\$9.73) and under 50s.....	19.0	15s. (\$3.65) and under 20s.....	25.1
30s. (\$7.30) and under 40s.....	24.4	10s. (\$2.43) and under 15s.....	49.3
20s. (\$4.86) and under 30s.....	25.3	Under 10s.....	18.1
Under 20s.....	6.2		

The average weekly earning capacity of male lace operatives is \$8.62 and of female lace workers \$3.26. The average weekly earning capacity of girls under 18 years and boys under 20 years in the lace industry is \$3.08 for boys and \$1.72 for girls. The average annual earning capacity for all classes of employees in the lace industry in 1906 was £54 10s. (\$265.22).

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

[Extract from the French newspaper entitled "La Vie Calaisienne" (The Life of Calais), dated Sunday, Nov. 10, 1912.]

SYNDICATE OF THE SMALL MANUFACTURERS AND CONTRACTORS—THE END OF A NIGHTMARE.

To all small manufacturers and contractors of Calais:

For a long time the syndicate chamber of the manufacturers has devoted itself to its rôle of expansion of our industry growing further and further.

Later has come the associations of manufacturers in its exclusive mission of social cooperation.

At no time had it been possible so far to succeed to organize in the defense of the wages for manufacturing.

But before the great audacity of the exploiters without scruples, the great fore-runners of famine commissions, one was momentarily powerless; one was forced to lower one's head and to wait. New elements having joined the old committee and valuable help having been offered spontaneously, the devoted and persisting comrades who took the initiative of the present convocation are in a position to guarantee during all the time that such will be necessary a moral support and, better yet, pecuniary aid to all those who may have to suffer by the rapacity of the exploiters of this place.

The object of such a solidarity is to safeguard your bread and the tranquillity of your old days. All that is lacking now is your unanimous adhesion.

That is the reason why you are asked to the gathering which will take place Monday next, the 11th of this month, at 8 o'clock precisely, at Omer Hall, 15 Rue de Vic.

It will be in your interest to respond in masses so as to give the syndicate the authority which it must have to lead to a successful end its work in the defense of our city in the taking care of our splendid industry.

THE COMMITTEE.

But it remains to safeguard the price of manufacturing. That is the rôle that the syndicate of small manufacturers and contractors will assume.

Large manufacturers, the houses which make the reputation throughout the lace world of Calais, always paid the wages prescribed by the tariff. Being sufficiently rich to be able to impose their selling price upon their customers, too powerful and too proud to obtain or solicit any concession in regard to the price of manufacturing, they have never gone back on the engagements which they have agreed to.

There remained the modest ones, the small ones, among whom the exploiters carefully kept up an unfortunate suspicion of the one against the other. For these it was inevitable enslavement or the road toward ruin. Here was the end of the intelligent initiative which had hatched for two centuries under the blue Calaisian shirt, which resulted in making out of the once humble workingman the creator and chief of powerful concerns.

The syndicate of small manufacturers and contractors does not desire this, and it means to preserve the tradition which alone has made of Calais the queen of manufactured lace, the tradition which alone can preserve to Calais this supremacy.

It will be objected that the manufacturers are too numerous, that the crisis is inevitable, that it will have to be stood, with its unfortunate consequences for those who lack foresight and whom competition forces to create price reduction.

These arguments have real value when they are expressed only for one personality. But let us come to this syndicate. Do not expect to get to the syndicate when there will be no more remedy open to us. You will learn there that if really sacrifices have to be made in order to retain customers, in order to battle against foreign rivals greatly favored, such matters should not be decided by individuals under suspicion, but by a society of professional men who know how to appreciate what had better be done in the interest of all.

Let small manufacturers and contractors not labor under any illusion.

The present situation, with the increasing number of exploiters, spells ruin for the isolated; it means safeguarding of the existence of syndicates.

AN OLD SMALL MANUFACTURER.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

[Extract from the *La Vie Calaisienne* (The Calais Life) of Sunday, November 24, 1912.]

SYNDICATE OF THE SMALL MANUFACTURERS AND CONTRACTORS OF CALAIS, MONDAY, THE 25TH OF NOVEMBER, 1912—GENERAL MEETING—ORDER OF THE DAY—REPORT AS TO THE WORK OF THE COMMITTEE—NOMINATIONS FOR THE COMMITTEE—MODIFICATION OF THE STATUTES—VARIOUS QUESTIONS.

We count upon the presence not only of all the small manufacturers and contractors who desire to put an end to the ridiculous prices of manufacturing but also upon the presence of all manufacturers who suffer through cheap goods and depressed prices.

This question is of the greatest interest to all the elements who work and sacrifice themselves to preserve for Calais its supremacy on the market for tulle and manufactured laces. By coming in great numbers to listen to and approve of the committee of small manufacturers and contractors who will give a first account of their work and their projects one will give the committee a moral support which is indispensable and furthermore vest the committee with the authority which it needs to continue its work to raise the actual prices of manufacturing by mutual assistance and solidarity. The committee is an employer to be incriminated on account of insufficient remuneration. Does not commercial liberty allow to profit by the stupidity of others?

Manufacturers have often told us, We gladly pay the tariff. If we at any time have not observed it, the reason is that the contractor of his own free will has proposed to us a lower price.

Are we to reject that which he gives up to us or are we to force him to take what seems to him unnecessary? And the contractor, in his turn, when he considers that he has worked as much as two of his workmen, that he has used his own material, that he must pay all his expenses, all this only to be able to give his family on Saturday evening the salary of an ordinary workman, 1 louis or 2 (the equivalent of a louis is \$4)—the contractor, realizing all this, commences to hate himself, to curse his employer, the boss, the rich manufacturer who enriches himself by his sweat and at his expense.

How can one fail to admit in the midst of such a recession in prices and so deep an antagonism between the two categories of producers of laces, the great increase of the contractors of cheap merchandise of the so-called manufacturers who run to distinct business without risk and without outlay, contracting at the lowest price and the selling of the material at a good price.

As the contractor can not obtain work without purchasing the material from the merchant-manufacturer who gives him the orders, as he becomes at the same time creditor and debtor, the operation creates for him a situation more and more oppressing and complicated.

It is thus that we now have circumstances brought home to us at the meeting of the syndicate that are really harrowing.

Whatever one may say, it is certainly mortifying for a small employer of yesterday, who by strict economy has succeeded in elevating himself a little in the industrial scale, to see the fruits of his vigils and of his long privations disappear into the pocket of a trader who has nothing remarkable but his low cunning and his trickery.

Are we to see the development in Calais under the guidance and with the support of the large houses, of a class of selling manufacturers exploiting without scruples the very much more interesting class of producing manufacturers? That will rest with the last-named ones.

The syndicate offers them a real and appreciable support; they can count on it to stand up for them in the settlement of their differences and arrears. Let them come to the syndicate without hesitation and with frankness. Let them raise, without waiting any longer, the tariff beyond what is now paid them.

Considering it impossible to apply the full integral tariff, the committee thinks that it would serve best the interests of all, to demand a partial increase only, by instance, on the basis of a loom of 146 inches, 9 points, 1 franc for the rack, instead of franc 0.70 or at 0.80 paid now. Let all contractors apply it at once; the extra money which they will receive will permit them to pay their arrears, and they will put the means into the hands of the manufacturer to dispose of their articles without being copied or undersold.

AN OLD SMALL MANUFACTURER.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

THE ACTION OF THE SYNDICATE.

Numerous manufacturers confound often the actions of the association of manufacturers with that of the syndicate of small manufacturers and contractors. Useless, they say, for this latter to look for funds; we have gathered a cash fund of 300,000 francs, which can not remain without effect.

It seems necessary to come back to this question and to fix the action of the association and the syndicate.

The association, if our information is correct, has been founded to raise a cash fund for the purpose of assistance between all the associated manufacturers in case of a strike of the tulle workers.

The association is to prevent a strike by all means by trying to solve amicably the differences which arise between the associated employers and their men and in demanding of all their members the full integral application of the tariff of 1890.

What penalty has it for those of its members (and they are numerous and conspicuous) who do not observe the tariff? None. What indemnities has it at its disposal to sustain a movement in favor of a raise of the tariff? None, since its cash fund must remain as a reserve.

It has seemed to a few devoted ones under such circumstances that a syndicate of small manufacturers and contractors, composed of those who suffer first by depression of prices, might attempt a movement.

At this stage of the crisis it was impossible to demand the integral application of the tariff without causing immediately a sudden stop of transactions and a profound disturbance in the relations between producers and buyers.

The actual tariff is so much below the official tariff that the jump that must take place, while it has been rapidly effected in the direction of lower prices, offers unheard-of difficulties in the direction of higher rates.

The possible movement is to ask of all contractors who work at a loss to stop work immediately, or to continue only if granted an increase between the price they now receive and the full price of the tariff, the increase to permit them not to make money, but to come out even.

Several contractors have already consented to treat with the committee of the syndicate on this basis, the committee having guaranteed a stipulated sum per week and per loom during a fixed period for the time they do not work, on the condition that they will never again go below a price established by common accord.

This movement will only be really efficient if the action includes a certain number of contractors. Toward this end all our efforts tend. At any rate, solidarity and mutual assistance will create for the syndicate more cohesion and affection between its members and more sympathy amongst corporations of manufacturing circles of Calais than if it had advocated violent means, a boycott, or a strike.

The committee has already resources, but they are limited in view of immense needs. Whatever some manufacturers may say, it is neither the business of the syndicate chamber nor of the association taken collectively to cooperate in our work, but it is the business of each member individually. Our aim is very different from that of these two groups.

Each industrial individuality is interested in not having prices slashed. Each manufacturer who assumes courageously his many responsibilities should help through a personal effort to stop the development of the merchant-manufacturer who exploits the place by accepting orders at senseless prices to have them executed at a loss by unfortunate starving contractors.

How many are there of these latter who, induced through stress to accept such work to fill up a hole, find with terror that they have only opened a larger one?

How many of these unfortunates have we seen this week who not only worked for 0.75 or 0.80 centimes for the rack for 15 racks on 9 points, 146 inches, but have been obliged, in order to obtain famine work, to buy exclusively from their contractors (their vultures) material at a loss?

And what is to be done?

The good graces of buyers and often of certain commission merchants are naturally reserved to those producers of articles copied and sold at cut rates, who consent, in order to obtain larger orders, to an enormous reduction.

An honorable manufacturer has related to us this week the case of one of these industrial robbers who, called before a buyer one day, was asked to give his price for 200 boxes.

This order was evidently not sufficient to obtain the very lowest terms in use for orders of several thousand boxes. Nevertheless, he asked time to think it over and returned home.

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Which unfortunate contractor did he select in advance for the execution of the pending order?

No one knows.

It is certain, however, that, returning to see the buyer, the conditions he made were so unexpectedly low that the other, who was staggered for a moment, recovering from his surprise, said to him, "Oh, well, at that price I can take the responsibility upon myself to pass you an order for 500 boxes."

We must not be told that it is commercial adroitness to consent (without risk) to such a sacrifice to make a customer.

On one hand the buyer carries away the very clear impression that he has up till now been exploited by the manufacturers of Calais and that the sale price can be changed to suit. The contractor, on the other hand, who has executed the order at the price fixed, finds himself in a bad way.

The trafficker congratulates himself and can divide profits with his low companions, as follows: I. 0.25 or 0.50 per piece. II. He has sold his material at a large profit.

Before such facts one can not remain indifferent. All articles will be affected. One does not limit oneself to the classic articles; one has gone into the metal articles and into silk; they will certainly try to pull down novelties and other important articles.

For this reason the initiative of the syndicate of small manufacturers and contractors who receive ridiculous prices will be more effective and more general. And the result will be prompt from the moment that adhesion to the movement is unanimous.

The committee is very grateful to those who spontaneously have enabled it to commence its work. It expects that honest and serious manufacturers will not fail to support it.

[Extract from *La Vie Calaisienne* (The Calais Life) Nov. 17, 1912.]

The competition of manufacturers as to the prices at which they manufacture, together with the competition in selling, plunges us into misery.

A good many of us see before them within a short time financial difficulties and dishonor and accept work at incredibly low prices in order to delay the catastrophe as long as possible. Are they the ones to whom we shall extol the remedy, tender good advice, lead them out to revolt? They will answer very quickly: We must have work at any price for our looms, because we need bread for our families.

It is here, gentlemen, that our action should really come into play. Let us give to those among us who receive the least pay the normal week's pay which they should receive when they work, at stipulated tariff rates, and let us make haste to get them work so that they do not longer burden our budget.

You may object that to do this money is necessary. Calm yourselves; the committee has found funds; it will find more; have entire confidence in us. All we ask of you is to show to us by your vote whether you like our proposition of mutual assistance.

Do we have to state that those present approved unanimously of these propositions?

As stated by other members of the committee who had attentive listeners in the manufacturers present at the meeting, such action, even if carried on in a modest way, but a way beyond criticism, can not but have the most happy and comforting results.

JULIUS A. HAUER.

Sworn to before me this 20th January, 1913.

[SEAL.]

J. P. GANNON,

Notary Public No. 93, County of New York.

[Extracts from *La Vie Calaisienne* (The Calais Life) Sunday, Dec. 1, 1912.]

SYNDICATE OF SMALL MANUFACTURERS AND CONTRACTORS—GENERAL MEETING OF NOVEMBER 25, 1912—THE HEAVENS DO NOT FAVOR THE SYNDICATE.

Not satisfied with the many obstacles which its distressed adversaries put in its ascending path, the heavens did reserve for Monday night's meeting (which a great many members of manufacturing circles of Calais intended to attend) the most frightful tempest which the Channel has ever brought to Calais in this month of November.

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Nevertheless an important group of manufacturers, contractors, as well as some notables in Calaisian lace circles, came to listen with the greatest attention to the information which was given about the work of the committee during 15 days.

They approved unanimously of the work accomplished in so short a time, and which exemplifies a perfect cohesion and understanding contrasting with former meetings, where recriminations of all kinds were exchanged without restraint. Those at the meeting signified their well-considered intention to follow the committee in its program, having for object the raising of the prices of manufacturing.

As one of the largest manufacturers, a man of standing, stated to us when the meeting came to an end, "It is not only the interest of the small manufacturers and contractors which is involved, but the interest of all manufacturers who have at heart not to contribute toward degrading Calaisian lace to the rank of cheap, worthless merchandise."

And yet these are people who consider themselves very intelligent in producing this trash, and in depreciating prices systematically, because they apply all their intelligence toward filling their own pockets.

"We become rich, we make money, the others lose, we are consequently very able."

Thus runs their reasoning.

Was this not also the way the stupid peasant reasoned who opened the bellies of his chickens to find there golden eggs?

These great brains will certainly not hinder the syndicate of small manufacturers and contractors from continuing its work.

During the course of the meeting the president moved to name four more members to complete the committee and at 10.15 the meeting dissolved, those attending being convinced of the utility of the syndicate above all where it has the aim of mutual help during a crisis or during a difficult situation.

EXPLOITATION OF THE CONTRACTORS BY THOSE WHO FURNISH THE RAW MATERIAL.

One of the sores that have been revealed to the syndicate since it started to operate is the exploitation of the small manufacturers and contractors in reference to the compulsory furnishing of the raw material by certain finishers.

While the decent manufacturer who gives out contract work furnishes raw material to his contractor strictly at cost and pays the normal rate for the manufactured merchandise as well as for the raw material that is left over, the exploiter, to whom the raw material costs less as he buys it as a merchant and not as a manufacturer, bills, when the manufactured goods are ready, the raw material which he has to take back at a lower figure than the price he sold it at, and inevitably puts the unfortunate contractor before the alternative to either work at a loss or to be left without resources to subsist from week to week.

Our object to-day is to show to those who have no clear conception of it how precarious the lot of the contractor becomes when he deals with one of these unscrupulous traders.

Let us take, for instance, a piece of ordinary Valenciennes, loom 9 points, weighing finished 2 kilo 100, into which would enter 700 spools of cotton and 400 rollers of cotton—value of the material at the price billed by the employer:

0 K. 700, at 14 francs.....	9.80
1 K. 400, at 9 francs.....	12.60
5 per cent waste.....	1.10

Total of the material.....	23.50
The piece has 15 racks, at 0.80 (the price agreed to by the furnisher after many difficulties).....	12.00

Cost price to the contractor..... 35.50

On this price the contractor has to pay:

I. To the laborer, 15 racks, at 0.40 plus 3 fractions of the yield.....	8.75
II. Winding, wapage, wheelage.....	2.00
III. General expense, depreciation, rent, insurance, etc., 25 per cent.....	9.00

19.75

Net remains 35.50 - 19.75 = 15.75 francs.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

At the settlement of the account of the material furnished by the employer he receives for the manufactured article 8.50 francs for the kilo and reasons are not lacking to justify such a contempt for the laws of honesty.

I made you work to help you out of a difficulty. I had no need of this lace; it will remain on my hands. I will be obliged to dispose of it at a loss, etc. To make a long story short, I can not pay you more than 8.50 francs per kilo; that is, 20.35 francs in all.

As there remains to the contractor, after paying the cost of manufacturing and all other expense, only the sum above mentioned, 15.75 francs, the difference between the price of the material on 20.35 francs, the manufactured goods, and the sum which is left over net to the contractor is 15.75 francs.

$20.35 - 15.75 = 4.60$ francs.

The contractor has thus a deficit of 4.60 francs per piece which he owes his employer, or on six pieces, about 27.60 a week.

There is nothing like figures to draw conclusions from; and this reasoning explains clearly how many contractors are tied hand and foot to their exploiters, and what serious efforts the manufacturing circles of Calais will be called upon to make to draw them from their predicament.

To systematically throw stones at the needy, at the disinherited of the community of Calais, for whom chance has never had any of her enchanting smiles, means to ignore the solidarity which should unite the whole manufacturing industries of Calais in its relation to the markets of the world.

We will say more. It is the duty of every responsible and honest manufacturer to rid Calais as soon as possible of those greedy individuals who wish to enslave this community to some international aspirations which we do not clearly comprehend.

AN OLD SMALL MANUFACTURER.

SOUTH NORWALK, CONN., *January 9, 1913.*

KARL NEUHOFF,

30-32 East Twenty-first Street, New York City.

DEAR SIR: Answering your favor of the 8th, we beg to say that since you have established your domestic mill, we have been able to purchase our laces at a lower price in every instance than you formerly sold us the imported laces for, and the laces themselves are much more satisfactory, and, as we stated before, in every instance cheaper than the same article imported, and we should dislike very much to return to the old method.

Yours truly,

R. & G. CORSET CO.

BRIDGEPORT, CONN., *January 9, 1913.*

KARL NEUHOFF,

30-32 East Twenty-first Street, New York City.

DEAR SIR: We find in going over our records since we have been buying laces through your domestic mill, that we have bought them at a much lower price than we bought when they were imported.

We also find that in domestic manufacturing, we get the goods two or three weeks sooner than if these same goods were placed on import.

We simply would like to call the above matter to your attention, as we thought it might be of interest to you.

We inclose you order 193/28 which we would ask you to ship as soon as possible.

Yours truly,

BIRDSEY SOMERS CO.
H. W. CLARK.

SPRINGFIELD, MASS., *January 9, 1913.*

Mr. KARL NEUHOFF,

30 East Twenty-first Street, New York City.

DEAR SIR: We wish to take this opportunity of stating to you that the laces which we bought from you, manufactured by your domestic mill, the Dresden Lace Works, have been very satisfactory indeed, being fully equal in quality to the laces we have imported in the past.

We also wish to state that one of the most satisfactory points in connection with your domestic manufacture is that we have purchased these laces in every case at a considerably lower price than we have been able to import them.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

We trust that nothing will occur to prevent the continuance of the good work you are doing.

Yours, very truly,

BAY STATE CORSET CO.,
WILLIAM M. TITUS, *President.*

AURORA, ILL., *January 10, 1913.*

KARL NEUHOFF,

30 East Twenty-first Street, New York City.

DEAR SIR: We have just finished our inventory and find we are rather low on some lace numbers. We do not use a very large quantity of lace at the present time, but might be interested in a few attractive numbers at about \$6 to \$8 a gross, width 3 inches to 3½ inches.

In reviewing the price of lace for the last year or two we note an improvement in prices since you have been furnishing us lace from your domestic mill. This is rather encouraging, and we are frank to state that the lace appears to be fully an equal.

We hope you have finished a very satisfactory year, and with best wishes for the new year, beg to remain,

Very truly, yours,

AURORA CORSET CO.,
F. A. HOLLISTER, *Superintendent.*

JACKSON, MICH., *January 10, 1913.*

Mr. KARL NEUHOFF,

30-32 East Twenty-first Street, New York City.

DEAR SIR: We expect to be in New York the week of the 19th, and at that time will be looking up the lace question.

We would say that the domestic lace which you have been furnishing us from the Dresden Lace Works (Inc.) we have found to be entirely satisfactory from every point of view, particularly so in the matter of prices. As you know, we have found it to our interest to place domestic orders with you as against the imported goods.

We merely mention this in view of our contemplating placing an order at the time we are in New York, and we hope that you will be able to successfully compete with other quotations, as you have in the past, and remain,

Yours, respectfully,

JACKSON CORSET CO.
C. H. TOMPKINS, *Manager.*

KALAMAZOO CORSET CO.,
Kalamazoo, Mich., January 10, 1913.

Mr. KARL NEUHOFF,

30 East Twenty-first Street, New York City.

DEAR MR. NEUHOFF: Replying to your favor 8th:

As you certainly must be aware, from our long dealings each with the other, we are among the large users of medium and low-priced lace and trimmings in the United States, and, in common with all other users of such goods, we consider that we are largely concerned in connection with tariff affecting these matters.

Since it became possible to manufacture within the borders of the United States lace of the character we use, we find—to our great satisfaction—that we have been able to purchase our requirements from domestic mills at prices substantially lower than for which we were formerly able to obtain the same identical goods by import. Furthermore, these goods manufactured in this country have been of a more uniform quality and more satisfactory to use in every way. Medium-priced and cheap laces constitute an article of merchandise which is more largely used by the lines of manufacture in this country who are in absolute competition, one with the other, than any other one article formerly imported which we have in mind; consequently the ability of the various interests using such goods to purchase them at a reduced price over formerly stimulates such competition for the benefit of the consuming public. We believe that any action on the part of the Government tending to operate against the present condition as it affects the manufacturers of these laces and trimmings within the United States would seriously affect the best interests of all manufacturing interests buying these laces for their products, and consequently, without question, affect the best interests and operate against the public who buy the goods of which said referred-to laces comprise a part.

Consequently you may count on us in whatever way we are able to be of assistance in properly bringing before the attention of the Ways and Means Committee of Congress

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

the facts shown by our previous experiences relating to the subject of tariff on goods of this class. If any data is desired, and you will let us know, we will proceed promptly to furnish same in whatever way seems to be desired.

Joining you in the hope that Congress will see fit in its wisdom to do no act or thing which will in any way interfere with the legitimate, growing industry, viz, the manufacture of machine-made laces in this country, and conveying our kindest regards, we are,

Yours, very truly,

J. C. HATFIELD, *Treasurer.*

WORCESTER, MASS., *January 11, 1913.*

KARL NEUHOFF, Esq.,

30 East Twenty-first Street, New York City, N. Y.

DEAR SIR: Up to the time of the installation in this country of lace-manufacturing establishments we were purchasing all laces abroad.

Shortly after laces began to be manufactured in this country we found that we were able to purchase many patterns of laces, in the majority of the qualities required in corset manufacturing, at prices better than the prices of importers.

The domestic manufacturers have continued to grow in efficiency, until at the present time we are buying tens of thousands of dollars' worth of domestic laces each year. In addition to the economy of it there is the immense advantage of having American factories that can deliver goods in a few weeks, instead of having to wait two or three months for foreign deliveries.

Very respectfully, yours,

ROYAL WORCESTER CORSET CO.

CHICAGO, *January 10, 1913.*

Mr. KARL NEUHOFF,

30 East Twenty-first Street, New York, N. Y.

DEAR SIR: Your letter of the 8th instant at hand, and I take pleasure in answering it.

You ask me what my impression is of the domestic laces produced by your mill, the Dresden Lace Works, as compared with foreign. They have been very satisfactory, and we have been unable thus far to note any great difference between the domestic lace and the imported lace of the same character.

My impression is that the prices of the domestic lace generally have been lower than the imported lace. We feel that to be able to place our orders in this country and get the service which we do is a great advantage over the importing from foreign countries, a saving usually of from two to four weeks in time. So far as we have been able to judge there is no choice between the domestic and the foreign on the grades of lace which we have purchased, and I think that, generally speaking, the domestic laces have been cheaper.

Very truly, yours,

KABO CORSET CO.
By A. V. BROWN.

**TESTIMONY OF CLINTON ROGERS WOODRUFF, ON BEHALF OF
AMALGAMATED ASSOCIATION OF LACE OPERATIVES, NORTH
AMERICAN BUILDING, PHILADELPHIA.**

The witness was duly sworn by the chairman.

Mr. WOODRUFF. Mr. Chairman, I appear on behalf of the Amalgamated Association of Lace Curtain Operatives. I think I am the first man to appear before your committee to-day in behalf of the employees of an industry affected by this schedule.

The particular union or association for which I have been the attorney for some 20 years includes in its membership practically all the skilled workmen, but upon the work of these skilled workmen depends the work of from 8,000 to 10,000 men and women. In other words, the work that these skilled workmen are doing upon the machines which Mr. Bennet has described represents an industry employing between 8,000 and 10,000, and I am here at their request to say that they hope that the present rates of duty for the Nottingham lace curtains and for the Lever or Goththrough machine products

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will not be changed; and I might say in this connection that the briefs which they themselves have prepared and filed—I did not prepare them—run parallel with the briefs which Mr. Turner and others, on behalf of these particular schedules, have already filed or presented to you. In other words, upon this particular point there is no difference between the employers and the employees. At this rather late hour I do not know that I need take much of your time, further than to call attention to the fact that these men and women who are interested in this industry and who are at work at it are of the highest type of workmen. They are the sort of men that we think of when we think of the sturdy American workmen who are making a good, fair, living wage; who are sending their children to the schools and educating them; who are getting up the average of wages to that level which social workers tell us is essential.

In other words, taking the skilled men with the unskilled and the comparatively unskilled, taking those who run the machines, which is the hard and difficult part, with those who attend to the various portions of the work that are incident to it—the average wage is at present between \$9 and \$10, and taking into consideration the fact that the industry is not now employing all its resources in the way of machinery and plant, if all the plants are being utilized the rate would be in excess of that, you will recognize, sir, that \$9 and over is a reasonably high rate. Social workers, I believe, make \$10 the average to which they think it is right and proper that the laboring men should look, and toward which legislation should be directed.

These men have come from abroad and brought with them that skill which they acquired there; and I want to say this, that if the rates with regard to these two classes of manufactures—the Nottingham lace curtains and the products of the Lever or Gothrough machine—should be jeopardized by a change which would increase the foreign importation, these men would be thrown out of a position and unable to go back to the old country from which they came first, because they are now naturalized American citizens, and, secondly, because of the prejudice which exists there against them; therefore they would be obliged to stay here, either at a very greatly reduced rate or would have to go into other lines of industry and compete with other lines of labor and so reduce the wage. The throwing out of employment of these men who run the machines would of course carry with it the throwing out of all the attendants and others.

I want to emphasize this fact, that these men who are interested with us are sufficiently interested, first, to prepare briefs, and, secondly, to ask me to come here and say to you that they sincerely hope that you will continue this industry upon its present basis, for the reasons that have already been pointed out by the manufacturers and for the reasons which they have themselves pointed out.

Let me point out also this fact, that the briefs which have been filed here show that the standard of wages in these two lines of industry has materially increased to the extent of from 62 per cent to 75 per cent at the same time that the hours of labor have been reduced until they are now at a very reasonable number of hours per day and per

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week, both for those who work by day and for those who work by night; the night shift working a less number of hours than those who work by day.

Mr. RAINEY. How many hours?

Mr. WOODRUFF. I can tell you in just a moment.

In addition to this increase in money, working hours have been reduced from 58 to 51 hours per week on the day shift, and from 50 to 45 hours on the night shift. I happen to have in my hand the brief presented by the employers, but the same facts are set out in the brief which the Amalgamated Association filed.

Mr. HILL. Is that in the State of Pennsylvania?

Mr. WOODRUFF. Yes, sir; and in the four states in which this industry happens to be, including your own State of New York.

Mr. HILL. I was referring to the Nottingham industry.

Mr. WOODRUFF. Those are the Nottingham figures.

Mr. HILL. It is a great deal higher than in the Gothrough machines.

Mr. WOODRUFF. It is a still more complicated machine and requires a still higher degree of skill. I may say that the Lever or Gothrough men are affiliated with the lace curtain men as a general affiliation rather than because they are doing precisely the same kind of work.

Mr. KITCHIN. How many factories are using this machine all over the United States?

Mr. WOODRUFF. Of the Nottingham lace curtains, there are in Philadelphia the Bromley Manufacturing Co., 77 machines; in Chester, Pa., the Chester Lace Mills, 17 machines; Columbia, Pa., the Columbia Lace Mills, 14 machines; the North American Lace Co., Philadelphia, 58 machines; the Quaker Lace Co., Philadelphia, 116 machines; Scranton Lace Curtain Co., Scranton, Pa., 29 machines; Wilkes-Barre Lace Co., Wilkes-Barre, Pa., 71 machines; Wyoming Valley Lace Mills, Wilkes-Barre, Pa., 23 machines; International Lace Co., Gouverneur, N. Y., 15 machines; United States Lace Co., Kingston, N. Y., 10 machines; Patchogue Lace Manufacturing Co., Patchogue, Long Island, 41 machines; Zion Lace Industries, Zion City, Ill., 15 machines.

Mr. KITCHIN. Are they the companies that use the Lever and Gothrough machines?

Mr. WOODRUFF. No, sir; the Nottingham. I was just going to give you the Lever and Gothrough. The Lever or Gothrough, Rhode Island, 192; Pennsylvania, 136; New York, 65; New Jersey, 47; Illinois, 30; Connecticut, 26; Ohio, 24; Iowa, 7.

Mr. KITCHIN. You mean that many machines, not factories?

Mr. WOODRUFF. I beg pardon?

Mr. KITCHIN. I asked for the number of factories.

Mr. WOODRUFF. Twenty-six, Mr. Bennet says.

Mr. KITCHIN. This industry has grown up very largely since 1909?

Mr. WOODRUFF. Yes; as Mr. Bennet pointed out this morning, it has precisely doubled. That is, the Lever or Gothrough industry.

Mr. KITCHIN. The tariff was reduced temporarily for a period of time on these machines?

Mr. WOODRUFF. Yes.

Mr. KITCHIN. Do you think it would be a good idea to extend that for, say, a period of a year or two years?

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Mr. WOODRUFF. If it has worked well in the past, there is nothing to indicate that it would not work equally well in the future. If it is the policy of the committee to continue the experiment of thoroughly establishing Lever or Gothrough machines in the lace industry, it would seem to be a wise provision to continue it.

Mr. KITCHIN. You think other factories would spring up?

Mr. WOODRUFF. Yes. Of course you must remember that I speak as a lawyer, and not as a practical man in this matter; but I have represented these people for 20 years, and seen them through their various stages of development, and it has been a steady one—a steady one in the way of improving their conditions, a steady one in the improvement of their citizenship in all that that means. It has been a most interesting thing to see how these men have realized their duties as American citizens, and it has been one, I think, of the most striking instances of its kind.

I just want, not unduly to take your time, to say that notwithstanding these improvements in the conditions, it has been a generally known fact that the prices of Nottingham lace curtains have been reduced.

Mr. KITCHIN. About 90 per cent of the labor are foreigners, are they not?

Mr. WOODRUFF. Yes, sir; they are of foreign birth. They come from England, largely; England, Scotland, and Ireland.

Mr. KITCHIN. None of them can speak and read English?

Mr. WOODRUFF. Oh, no, sir; the great bulk of them. Mr. Gould, the secretary, won't you come here? How many of them can speak and read English?

Mr. KITCHIN. I understood they came in since 1909, for the most part.

Mr. WOODRUFF (addressing Mr. Gould). Are there any of the members whom you represent that do not speak the English language, of whom you have any knowledge?

Mr. GOULD. There are about 25 Frenchmen.

Mr. KITCHIN. Just in your establishment?

Mr. GOULD. No; in the whole union.

Mr. WOODRUFF. They are mostly men who came from England, Scotland, and Ireland, are they not?

Mr. GOULD. Most of the men came from England and Scotland.

Mr. WOODRUFF. It is a pretty nearly uniformly English-speaking immigration, and, as I said a moment ago, a most desirable one. I do not think I will add anything more to what I have said. The industry, as Mr. Turner pointed out this morning, is a highly competitive one, both on this side of the water and as between American and foreign manufacturers, and, in the second place, as regards the question of revenue, the maintenance of the present rate on the Lever or Gothrough products would be a very considerable one, for the reasons which have already been pointed out.

I may say that both Mr. Gould, the secretary, and Mr. Miller, the treasurer of the union, are here, should you want to ask them any questions. They, however, have set forth their views in the briefs already filed with the committee.

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I just want to leave with you and file, by the request of the association, a request that your committee look into the question of establishing the bobbin-net industry, which is an allied industry. I will not, unless you request, read it now. I will file it with you for your further consideration, and will be glad to give you such further data as you may request in the matter.

Mr. PALMER. The wages in the Nottingham industry are lower than in the Lever or Gothrough?

Mr. WOODRUFF. Yes, sir; I believe that is so, Mr. Palmer, slightly.

Mr. PALMER. And that the Nottingham industry is protected so as to keep out very much of its competition, apparently.

Mr. WOODRUFF. I did not get the question.

Mr. PALMER. There is really more competition in the Lever's lace making than in the Nottingham industry?

Mr. WOODRUFF. Yes, sir. That is quite true, because of the fact that the great mass of the Lever's products is made in Calais, France. As I pointed out in our brief, one reason why there has been so complete an absorption of the American market in the Nottingham industry is because the things manufactured are governed by the styles of curtains. In other words, it is a question of style, rather than a question of price.

Mr. PALMER. Why is it that the wages are not better in the highly protected branch of the industry than in that which must face all this competition?

Mr. WOODRUFF. The average wage, sir, is about the same in both. The average is about \$9. To men like Mr. Gould and Mr. Miller, who are here, who represent the highly technical mechanical work, the wage is higher for the Levers or Gothrough than it is in the lace-curtain industry, but taking the wages all through, all the various attendants, twisters, and binders, and so forth, men and women, the average is pretty close.

Mr. PALMER. From what I have just heard, I understand that the wages in the Nottingham industry are considerably higher.

Mr. WOODRUFF. The wages of the men who actually manipulate the machine, which is a small proportion, about 8 per cent of the total number engaged in the industry. If the lace-curtain operatives were fully employed he would be able to come up to the average of the Lever operative.

Mr. PALMER. You have practically a prohibitive tariff for that industry, which is highly competitive.

Mr. WOODRUFF. It is a highly competitive industry on this side of the water, sir. That is a case where I think the laboring men are really protected in both, and they fear, and that is the reason I am here to represent them, that a change of the duties, in the way of lowering them, would be disadvantageous to them.

THE CHARTERED SOCIETY OF
AMALGAMATED LACE OPERATORS OF AMERICA,
Philadelphia, January 20, 1913.

Hon. OSCAR W. UNDERWOOD,

*Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We respectfully petition your honorable committee to investigate the bobbin net industry in this country, as we know that American labor is standing idle while an enormous amount of this class of goods is being imported from Europe.

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The manufacturers in this line of business contend that these goods can be imported from Europe cheaper than the cost of production in this country.

The United States Government consumes a considerable amount of this class of goods which is used for canopies. At the present time there is a New York manufacturer who is fulfilling a Government contract for these canopies and is importing net from France, while American labor is standing idle because of a dispute over the price paid for the production of this particular net on what is termed as a spot-net machine.

Bobbin net, as the goods are termed, is used extensively in this country, and there is no reason why the American operator should not produce the goods used by our Government at least. Therefore we petition your honorable committee to fully investigate this industry, and we feel sure that you will not only retain the present duties but will favor an increase in the tariff thereon.

Respectfully submitted on behalf of the executive board, I am,

Very truly, yours,

D. L. GOULD, *Secretary.*

 SCHEDULE J, PARAGRAPH 351.

Providing for lace window curtains, nets, nettings, etc., made on the Nottingham lace curtain machine.

We petition that the present duties provided for in this paragraph be not reduced for the following reasons:

The Nottingham lace curtain industry had its start in this country in 1890 under the 60 per cent ad valorem duty provided for by the act of 1890. Under the act of 1894 providing for an ad valorem duty of 50 per cent no progress was made, but under the act of 1897 providing for the present compound duties, the industry grew rapidly reaching its maximum development in 1903, since which date no new plants have been started.

There are now 12 companies with 487 machines. (See Exhibit No. 1.)

Since 1907 these 487 machines have not been fully employed, as plain window fabrics such as scrimms have come into style, and with such fabrics the nets made on a Nottingham lace curtain machine can not compete, as the difference in cost of production is so great.

There are 900 men employed in operating these 487 machines on the double-shift system, and each machine is reckoned to be able to produce a sufficient number of window curtains, nets, or nettings to furnish employment for 20 people in the auxiliary departments. Therefore, plus the number of men employed, there would be approximately 12,000 people affected by the reduction of the present tariff rates on the product of these machines.

Since 1907 the 12,000 skilled operatives of the Nottingham lace-curtain trade have only been employed one-half to two-thirds of their full time, thereby causing a depreciation in their earning capacity of 35 per cent.

Recently there was held at New York a conference with the lace-curtain manufacturers with reference to an advance in wages throughout the trade, which resulted in a slight readjustment of certain prices; the additional compensation received thereby only affected a very small percentage of the operatives. The question pertaining to a general advance in wages was held in abeyance until after election, when the manufacturers contended that they would then be in a better position to foresee what the future contained. However, since that time letters have been received intimating that if there was a downward revision in tariff rates on the product of the Nottingham lace-curtain machine, there would also be a downward revision in wages. Therefore, under such conditions we earnestly request your honorable committee to support the retention of the present tariff rates.

We also claim that every pair of Nottingham lace curtains imported in this country is an injustice to American labor.

Government figures show that the imports for the year 1912 were \$278,837.50, paying a duty of \$145,102.72, or a landed value of \$423,940.29. The highest duty of 56.80 per cent came on fine 14-point curtains, where the percentage of labor is the highest. The average duty was 52 per cent.

These importations seem small, but they are equivalent in amount to one-twentieth of the domestic production for 1912, and are an injustice to American labor for the following reasons:

First. American skilled labor was standing idle while these imported Nottingham curtains were being made with the cheaper labor of other countries.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

Second. The average duty of 52 per cent does not cover the difference in labor cost between the United States and the foreign countries. This we have proven by investigation through the different societies of operative lace makers throughout the world.

Third. The United States manufacturer can not export and his production capacity is greater than the needs of his domestic market. Such a condition means a restriction of production or the keenest domestic competition.

We know the latter condition exists, as, notwithstanding advances in wages and shorter hours of employment, the price of Nottingham lace curtains has declined and they are sold to the dealer to-day at lower prices than they were several years ago.

If the United States manufacturers are in unrestricted competition with each other and are in keen competition with cheaper window fabrics, such as scrim, which has the call at present, and the cost of Nottingham lace curtains to the dealer is lower than when such curtains were all imported, we can not see any reason for reducing the duties except the need of revenue.

Fourth. Any revenue so raised would ultimately have to be paid for by us. We therefore respectfully protest against any reduction of the present duties on Nottingham lace curtains, and would draw your attention to Lever's lace and laces, generally, as an article of luxury that should be highly taxed for adequate revenue.

The facts of the Lever's lace industry we are presenting in a separate brief, as its products are specifically provided for under paragraph 350 of Schedule J.

Respectfully submitted,

D. L. GOULD,
*Secretary, the Chartered Society of
Amalgamated Lace Operatives of America.*

Pennsylvania:	Machines.
Bromley Manufacturing Co., Philadelphia.....	77
Chester Lace Mills, Chester.....	17
Columbia Lace Mills, Columbia.....	14
North American Lace Co., Philadelphia.....	53
Quaker Lace Co., Philadelphia.....	116
Scranton Lace Curtain Co., Scranton.....	29
Wilkes-Barre Lace Co., Wilkes-Barre.....	71
Wyoming Valley Lace Mills, Wilkes-Barre.....	23
New York:	
International Lace Co., Gouverneur.....	16
United States Lace Mills, Kingston.....	10
Patchogue Lace Manufacturing Co., Patchogue, L. I.....	41
Illinois: Zion Lace Industries, Zion City.....	15
Total.....	487

SCHEDULE J, PARAGRAPH 350.

Providing for an ad valorem duty of 70 per cent on laces, etc., made on the lever or gothrough lace machine.

We respectfully petition that this duty be not reduced.

The manufacture of Lever's lace in the United States is a new industry. Since 1866 there have been attempts that were sporadic, spectacular, and selfish, but it has only been since the tariff act of 1909, advancing the duty to 70 per cent ad valorem and admitting lace machinery free to January 1, 1911, that adequate and self-sacrificing efforts have been made to develop a lace industry in this country.

The wisdom of the 1909 tariff provision has been proven by the results. There are now 26 plants, having a total of 527 machines, distributed as follows:

Rhode Island.....	192	Illinois.....	30
Pennsylvania.....	136	Connecticut.....	26
New York.....	65	Ohio.....	24
New Jersey.....	47	Iowa.....	7

The new machines are of the most up-to-date type, equipped to make all varieties, and the finest grades of Lever's lace. Factories of the most modern type have been erected, designers assembled, related processes amply provided for.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

A distinctive lace industry having been started, we can not believe that a duty of 70 per cent which made this possible is going to be reduced before the American industry has been established.

We have had and probably always will have a few small plants making staple goods of the cheapest class, but this is not a lace industry, diversified to meet all demands and with creative resources that will meet American needs. Notwithstanding the strenuous efforts that are being made to establish quickly the American Lever's lace industry, it will be several years before its present capacity of 527 machines will be fully employed and give employment to its full quota of 15,600 people.

There are 898 men employed in operating these 527 machines on the double shift system and each machine is reckoned to produce sufficient lace to employ 26 people in the auxiliary departments.

Because of so much machinery coming into this country in such a short time, and the advance in duty, the foreign manufacturer has sought to cripple progress by selling close, with the result that under the 70 per cent ad valorem duty lace values have been lower than when the duty was at 60 per cent. This is a condition that will continue.

There are more than 7,000 Lever's lace machines in France and England, and Government reports show that more than half of their production is for the American market. The 527 machines in this country, in competition with the large number of machines abroad, are sufficient in number to establish the American industry by ample protection without the loss of the revenue which should be collected on this article of luxury.

We therefore ask that the 70 per cent duty be retained for the following reasons:

First. It is necessary that the American industry be established by conserving the value of the machinery imported and plants erected under inducements offered by the tariff act of 1909.

Second. Skilled labor has come from abroad under contract to teach American labor, which could not return for employment on account of the prejudice toward the American effort.

Third. America should have as one of its industries what Calais seeks for its monopoly. Between 1906 and 1909 there were more lace machines erected in France than are now in the United States. This is the reason why the foreign manufacturer through their trade association and the press have waged a campaign of misrepresentation toward the American industry.

Fourth. Laces are a luxury, afford a large revenue in proportion to value. Laces are used largely and are in the reach of everybody, being sold by the 5-cent stores as low as two yards for 5 cents. They are nevertheless a luxury, as everybody can do without them without any inconvenience, and a woman can be correctly attired for fashion without the use of any lace. The present duty has not advanced the cost of the goods to the consumer, is essential to safeguarding the most promising American industry, and is vital to an adequate earning of American operatives who desire to labor under conditions that are American and therefore humane.

Respectfully submitted.

D. L. GOULD, *Secretary.*

STATEMENT OF HENRY N. BERRY, ESQ., REPRESENTING THE RICHMOND LACE WORKS.

[Hearing of Jan. 11, on Cotton Schedule.]

The witness was duly sworn by the chairman.

Mr. BERRY. Mr. Chairman and gentlemen, I am here on behalf of the Richmond Lace Works to ask the retention of the present existing duty on manufactured lace, as specified in section 350 of the tariff act of August 5, 1909.

The Richmond Lace Works has an invested capital at the present time of \$460,000, approximately. It is located at Alton in the State of Rhode Island, and it is owned chiefly in Massachusetts. It has been in existence for approximately five years, very close to five years. We feel that it is more or less essential to our existence that

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

substantially at least, and we believe fully, the present rate of duty, as specified in that section, be maintained.

Mr. LONGWORTH. Pardon me, but that does not come under this schedule at all, does it?

Mr. BERRY. It is under Schedule J in the act of August 5, 1909. I did not understand why it was assigned at this time, except, perhaps, it was coming under Schedule I in the next act. In any event, I was notified it was to be heard to-day at 12.40 o'clock.

Mr. HARRISON. I will state for the benefit of the witness that the committee has at various times considered the advisability of putting cotton lace into the Cotton Schedule, and that is possibly why you were invited to appear to-day.

Mr. BERRY. Thank you. That is what I supposed. Our product is entirely manufactured from cotton yarns, some of it domestic and some foreign.

The great trouble we have had in going ahead with the business to any great degree of success has been the competition of the imported laces of the same general quality as we ourselves manufacture at Alton.

We use exclusively the so-called Lever and Gothrough machines. We imported, before the duty was taken off, six of them, and in the period which gave us a chance to get in free machines, namely, the period between August 5, 1909, and the last of December, 1910, we imported 18 more machines, giving us our plant of 24 at the present time.

Mr. HARRISON. Are your mills in Providence?

Mr. BERRY. No; we are at Alton, R. I., which is about 12 miles east of Westerly, some 25 miles west of Providence.

Mr. HARRISON. You say after the Lever-Gothrough lace-making machinery was put on the free list by the Payne-Aldrich Act, that your mills imported 18 of these machines?

Mr. BERRY. Yes, sir.

Mr. HARRISON. Do you know whether any other would-be lace-making manufacturers in the United States imported any of these machines free?

Mr. BERRY. Oh, there were a great many imported. As a matter of fact prior to approximately the date of the passage of the Payne-Aldrich Act there were only, as I understand it, 83 of these machines in the United States.

Mr. HARRISON. Do you know of other manufacturers, if any, that obtained free under the provisions of the present act, any Lever-Gothrough machines?

Mr. BERRY. I understand there were a great many.

Mr. HARRISON. Do you know of your own knowledge that any of them did?

Mr. BERRY. No; except from general hearsay.

Mr. HARRISON. You will, of course, appreciate why I am asking these questions is because it has been asserted with more or less show of truth that certain favored manufacturers in the State of Rhode Island were the only ones who could obtain any of these Lever-Gothrough machines after they were put upon the free list.

Mr. BERRY. Oh, I am very sure that is not so.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

Mr. HARRISON. It was stated that mills in my own State of New York who expected to reap their share of the advantage of this act were not able to obtain any Lever-Gothrough machines because other manufacturers in advance had bought up all of the possible output of the English factory where this machinery is made, knowing that it would be on the free list for a limited time.

Mr. BERRY. I do not believe that can be so. I have been directly connected with this lace works since it was started in 1908, and the suggestion that you have just made is the first time I ever heard any suggestion of that kind.

Without attempting to relate precisely what the facts were, I have a very definite memory that we were urged to purchase more and that we heard in a general way there were many other of these machines being sold both by Spridgeon and by Jardine, who, I understand, are the two largest manufacturers of these Lever-Gothrough machines, during that period, and in particular during the last part of the year 1910. That is distinctly my best memory of it, and I never heard a suggestion that there was any particular difficulty in getting them, or that we were getting machines better than the New York concerns or other concerns outside of Rhode Island until you made it this minute.

Mr. HARRISON. I do not state it as a fact.

Mr. BERRY. Exactly.

Mr. HARRISON. But I merely say it had been stated to me from several sources that that was believed to be the case.

Mr. BERRY. I do not think it can be so.

Mr. HARRISON. You are unable to tell us any of your competitors that obtained these machines free?

Mr. BERRY. I am very sure they did. I know just before that free period came along there were only 83 machines in the country, and I am satisfied from information I have, which is, of course, hearsay to some extent, there are substantially 527 or thereabouts in the country to-day. I read that over 400 of those were imported in the period between August 5, 1909, and December 31, 1910; and based on a tremendous amount of hearsay I am satisfied that a great many of our competitors have those machines in use in their plants to-day.

The only plant I think of this minute in New York is the plant at Elyria. We have been more or less in touch with them, and we have never heard they had had any difficulty in getting any. I think there are perhaps some others

Mr. PALMER. Do you know the Lehigh Lace Co., in Pennsylvania?

Mr. BERRY. Yes.

Mr. PALMER. They imported these machines?

Mr. BERRY. I think they imported some. They have a small plant. The American Textile Co., I think, imported some.

Mr. PALMER. Would you like to have these machines go back on the free list?

Mr. BERRY. That brings up another question. I do not know. Of course, we want to get more machines as cheaply as we can. That is what we are in business for. On the other hand, I do not know but what eventually, if we are going to continue in this business for a long time, it might be of advantage to have the duty on

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the machines maintained until some machines can be made in this country.

There is considerable thought and some direct effort in the direction of making machines which are substantially the lever and go-through machines. There is no reason in the world why they can not. There are no patent laws or anything of that kind to prevent the manufacture of such a machine.

I happen to know that in southeastern Massachusetts one of these Lever and Gothrough machines has been manufactured and set up and is to-day making lace, and is making it just exactly as well, as accurately and as effectively as the Spridgeon and Jardine machines which we have in our factory.

That concern, if the tariff on machines is kept up and if the lace business makes any reasonable development in this country, will go ahead and manufacture machines, and I do not see why with American ingenuity and American ability they should not make a very high-grade machine, and exactly as good as machines which are made in Nottingham, England, to-day.

It is a question in my mind whether in the long run it would not be better for us to have machines of that kind made in the United States as well as abroad than to be dependent solely on the foreign product.

Mr. PALMER. Most of the lace manufacturers take the position that putting these machines back on the free list would increase domestic competition in lace manufacturing, do they not?

Mr. BERRY. I think it would. What we want is fair competition in our lace business, and that is what if the tariff is reduced we fear, and fear strongly, we would not have.

Mr. PALMER. You would be all on the same basis. As it is now, the only competition which you could get which you do not now have would be from mills which would have to pay a 45 per cent duty on these machines.

Mr. BERRY. Yes.

Mr. PALMER. So that would be competing, although your factory has them free of duty.

Mr. BERRY. We got 18 of them free in that period.

Mr. PALMER. That would not be fair competition, would it?

Mr. BERRY. No; it would not. We bought as many as we could. We wished we had money enough to buy more at that time.

Mr. PALMER. Then to have fair competition in this country the lace manufacturers ought to be permitted to import their machines just as you did?

Mr. BERRY. To a certain extent; yes. On the other hand, if it comes to getting a large number of machines we can not tell how it would work out, because we only got a limited number. We hope some day to have a very much larger number, if the business gets to a point where we can compete with foreign lace, which is the real fundamental trouble we have had. You see, there is not a particle of this manufactured lace exported. As a matter of fact, there is a very large quantity of this manufactured lace imported and imported continuously all the time.

Mr. RAINEY. How expensive are these machines?

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Mr. BERRY. This machine, which came in free, cost us \$6,250 set up and without the duty.

Mr. RAINEY. For how many?

Mr. BERRY. That is the cost of one machine, \$6,250.

Mr. RAINEY. It takes how many to start a factory?

Mr. BERRY. We started in 1908 with three machines.

Mr. RAINEY. How many have you now?

Mr. BERRY. We have 24.

Mr. RAINEY. What do they cost now, with the duty on them?

Mr. BERRY. Pretty nearly \$8,000. That is not 45 per cent of \$6,250, because I have given you the price of \$6,250 as the price of the machine set up in the mill.

Mr. FORDNEY. You say there is a man now engaged in the manufacture of that machine in this country?

Mr. BERRY. Yes.

Mr. FORDNEY. Which makes just as good lace as the imported machinery does?

Mr. BERRY. Yes.

Mr. FORDNEY. And that he is struggling along to establish an industry there for the manufacture of that machinery, which is your raw material, the machine?

Mr. BERRY. Yes; technically.

Mr. FORDNEY. Would it be fair for you to ask for a duty on your finished product and have free trade on his finished product, which is your raw material?

Mr. BERRY. I think, perhaps, that is the correct view. I am not quite sure about that. I have not balanced those equities.

Mr. FORDNEY. I have my mind made up pretty thoroughly.

Mr. BERRY. It works both ways. In looking at it from one angle, you can see the man who has to purchase machines abroad and pay a duty of 45 per cent on them is not on the same basis as we were who got in our machines for nothing at that time.

Mr. FORDNEY. But here is the point. If you have adequate protection of your industry, is it fair for you to ask for free trade on machinery which you buy, which is your neighbor's finished product?

Mr. BERRY. I am not sure about that. There are two ways of looking at it. I am not sure which is the fairer.

Mr. FORDNEY. I can not see it in two ways. Explain how you see it in two ways.

Mr. BERRY. It seemed to me that comparing the machines my competitor would have to buy to-day, he would have to pay a duty of 45 per cent on those machines. Eighteen of our machines came in free of duty. Looking at it from that standpoint, we might say that my competitor was not having an equal show with us. It is true, however, that he did have a chance, if he was ready and able to buy the machines in that period between August 5, 1909, and the last of December, 1910, when the machines did come in free.

Mr. FORDNEY. Does this man who is manufacturing this lace machinery in this country sell his machine at a higher or lower price than you paid for your imported machine?

Mr. BERRY. As a matter of fact, he has only made one machine so far. He has got a number under way, but I do not think he has made

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any definite sales. But his purpose is to sell it of course as high as he properly can, but I should say pretty close to the price, probably a little under what it will cost to import machines with the duty on.

Mr. FORDNEY. He can not sell it for any more?

Mr. BERRY. No.

Mr. FORDNEY. Than an imported machine?

Mr. BERRY. No.

Mr. FORDNEY. Unless it is a better machine, can he?

Mr. BERRY. No; he has to sell it for less or at the same price, in order to sell it. I think it is an equivalent machine. As I say, there is only one completed. It may be that in time some fault will develop, but I should suppose not, because that machine is manufacturing at the present time lace precisely the same as we are manufacturing with the English machines at our plants.

Mr. FORDNEY. If it would develop that under a protective tariff this man would succeed in manufacturing that machinery and put it on the market at a less price than you are paying for foreign machinery you then would be in favor of some plan or other that would encourage his industry, would you not?

Mr. BERRY. Yes; I would. And I should dread to think if we were going on to increase our plant and buy more machines, that we were solely dependent on the foreigner for the purchase of our machines, because if a trust is formed over there, we are helpless; we can not do anything.

Mr. FORDNEY. Has your production of lace in this country lowered or changed the price paid by the consumer for foreign-made lace?

Mr. BERRY. Our production has lowered the price. I do not think there is any doubt about that. That is the reason why I believe a retention of the present duty according to the act of August 5, 1909, is going to benefit the consumer as well as the manufacturer.

Mr. FORDNEY. Then let us try to help that poor devil out who is trying to make machinery, and give him an opportunity to grow in the business.

Mr. BERRY. I agree to that. I was looking at it from the question of fairness to the other side, and that would be my desire, to be in favor of it.

Mr. FORDNEY. I wish you were a member of this committee. [Laughter.]

Mr. RAINEY. If some other poor devil was thinking about starting in business in opposition to you with 18 machines, it would cost him \$40,000 more to do it than it cost you.

Mr. BERRY. Yes; it would cost more.

Mr. RAINEY. It would cost \$40,000 more?

Mr. BERRY. It would depend on how many machines he had.

Mr. RAINEY. If he got 18.

Mr. BERRY. Yes.

Mr. RAINEY. It would be \$40,000?

Mr. BERRY. Yes.

Mr. RAINEY. Then you have just \$40,000 the best of the poor devil who might want to start in business against you now?

Mr. BERRY. Yes.

Mr. FORDNEY. But if eventually it would help out the industry and lower the cost of the machinery to the masses of the people, you

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would have a little advantage by having got in on the ground floor, and by and by the whole people would be benefited by having that machinery made in this country if it can be made and purchased at a lower price?

Mr. BERRY. That is true, sir.

Mr. FORDNEY. That is the milk in the coconut.

Mr. RAINEY. How much would be the investment in a plant of 18 machines, besides the machinery?

Mr. BERRY. In our plant, where we have 24, we have a total investment of pretty close to \$450,000, or a little over that.

Mr. RAINEY. That includes the building and everything else?

Mr. BERRY. That includes the building. As a matter of fact, we bought our building pretty cheap. The reason we went into that business—it was novel to us—was because we thought we had a good opportunity to buy the plant cheap, and I think ordinarily a plant of our size would represent a larger investment.

Mr. HILL. Does that include your working capital?

Mr. BERRY. That includes our working capital. We have borrowed some money, but that is practically offset by quick assets on hand, so that I should say that \$460,000 did represent the working capital.

Mr. RAINEY. How much is your capital stock?

Mr. BERRY. Five hundred thousand dollars, of which \$460,000 is issued.

Mr. RAINEY. What dividends do you pay?

Mr. BERRY. We have paid 7 per cent for four consecutive years. In order for this committee to appreciate what that means, I think it is no more than fair that you should bear in mind we have employed exceptional means of keeping down the expenses during the early part of this business. For instance, no officer has been salaried at all except the treasurer. It has been more than the ordinary running of a business, because it has been creating business—starting with three machines, practically nothing, and building it up to a 24-machine plant. The treasurer has had only \$5,000 a year, and no other officer has had any money. Also no depreciation has as yet been charged off, although in all fairness after about five years something should come off; but we have succeeded in earning just about the 7 per cent which we have paid.

Mr. PALMER. Do you know what the total American production in cotton laces is?

Mr. BERRY. It is difficult to accurately determine it, but I understand that the total American cotton lace production for the last year is approximately \$10,000,000. That is what I have understood.

Mr. PALMER. And the imports run to something like \$37,000,000?

Mr. BERRY. They approximate about forty millions during the last year.

Mr. PALMER. The statistics which I have before me from the department give them at \$37,000,000.

Mr. BERRY. I should say that that was correct for the year ending last July.

Mr. PALMER. That is with a duty of 70 per cent?

Mr. BERRY. That is with a duty of 70 per cent.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

Mr. PALMER. Then, as I understand the situation, you people in the lace-manufacturing business have been able to make very satisfactory profits, 7 per cent on your capital invested, as you say, despite the fact you have had competition from abroad amounting to nearly four times your total production.

Mr. BERRY. We have succeeded in doing it, and some other lace concerns have done substantially as well. On the other hand, as I know from being in the business, many lace concerns have not done nearly so well, and there is very abundant hearsay which satisfies me that many other lace concerns have been running at a loss or at a standstill.

One of the chief reasons we have succeeded in doing it (of course we have not taken into account depreciation) is that we have run the mills as economically as we possibly could; there has been only \$5,000 annually paid in salary, and to a man of the ability that would ordinarily require and receive substantially a larger salary. So I do not think that is really a fair sample, what we have succeeded in doing.

On the other hand we have succeeded in making some patterns which have proved to be attractive, and of which we have sold a considerable quantity.

Mr. PALMER. You have been able to make money because your plant has been economically and efficiently managed, and some other companies have not been able to make money because their plants have not been so efficiently and economically managed.

Mr. BERRY. I should say not more than half of the lace mills, from what I know of it, have been making a reasonable showing.

Mr. PALMER. So that as far as your trade goes the American manufacturer is able to stand a competitive rate where it is a competitive rate based upon the amount of imports?

Mr. BERRY. Yes.

Mr. PALMER. And still make a profit?

Mr. BERRY. Yes; we have done it as I have explained.

Mr. PALMER. And do you not think we ought to legislate to protect the inefficient plants?

Mr. BERRY. No.

Mr. PALMER. Which are not economically managed?

Mr. BERRY. No. On the other hand, I think some of these plants have been ground out by the importer. I think we have been fortunate in making as much as we have. For instance, we start certain patterns; the market is flooded with similar patterns by the importers. We watch very closely to try and find out what is coming, and we immediately withdraw those patterns and put out others. We happen to make a hit. Some of the patterns which our designers make, whom I believe to be exceptionally good men, happen to hit the public eye, and we make big sales. There is more money in making one pattern, for you can sell a great big order of one pattern, and there is a very nice profit in it. The trouble is, you can only do that occasionally, and it is the change from one pattern to another which delays the machinery.

Mr. PALMER. You are not asking for any increase in this rate; you are asking to have it let alone?

Mr. BERRY. I am asking to have it let alone. On one or two, a few exceptional classes of laces, which we make in competition with

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the foreigner, we have to have some rivalry, but on the whole I am willing to say in all fairness it is a reasonable and satisfactory duty. But I do feel that a reduction such as this suggested, even of 10 per cent, putting it at 60, would be very serious.

We do not want anything unreasonable, but in view of the fact that we are fighting with a foreign importation of four times in value what the total American product is, it does seem that until we struggle along to a point where we are nearer equal to the foreigner and where we can have a closer and even competition that there should be no reduction in the amount at present existing.

Mr. PALMER. I am inclined to agree with you, and I wish more American manufacturers had your courage.

Mr. FORDNEY. I just wished to ask one question, please. How many of those machines were admitted prior to the adoption of the Payne tariff law?

Mr. BERRY. Six, as I remember it.

Mr. FORDNEY. Only six?

Mr. BERRY. Yes.

Mr. FORDNEY. How many since?

Mr. BERRY. Eighteen in that interval.

Mr. FORDNEY. Then there were only 24, all told?

Mr. BERRY. Twenty-four all told.

Mr. FORDNEY. In this country?

Mr. BERRY. No; this is all in our plants here—

Mr. HARRISON. Pardon me, Mr. Berry, but will you please step up to the witness stand to speak, as the reporter can not hear what you are saying?

Mr. BERRY. Yes.

Mr. FORDNEY. What I mean is, what were the total importations into this country prior to the adoption of the Payne tariff law?

Mr. BERRY. Eighty-three.

Mr. FORDNEY. How many since?

Mr. BERRY. The precise number in the country to-day is 527. The difference between 527 and 83 was almost entirely imported in the period between August 5, 1909, and December 30, 1910. I should say that since December 30, 1910, very few, perhaps 20 or 30, and I do not guarantee that these figures are absolutely right, but they are approximately right.

Mr. FORDNEY. Then the heavy importation was during the time when they were on the free list?

Mr. BERRY. Yes; they took advantage of it. They moved them in as quick as they could. One man brought in a good many. I think Bromley, of Philadelphia, brought in 50 or 60. I am giving you that on his say-so. I am not giving you the precise figures.

ALTON, R. I., *January 16, 1913.*

The WAYS AND MEANS COMMITTEE.

House of Representatives, Washington, D. C.

GENTLEMEN: We, the undersigned, employees of the Richmond Lace Works at Alton, R. I., hereby respectfully request that there be no reduction in the present duty on imported lace goods for the following reasons: We believe that the most important item in the cost of production of manufactured laces in the United States is the labor item. We are convinced that if any reduction is made in the present duties on manufactured lace it will result in an immediate decrease in our wages, because

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the only reduction that can be made in the cost of manufacturing lace in the United States is in the labor item; and we further believe that if any material reduction is made in the present duties on lace it will throw us out of employment.

SAMUEL GRIFFITHS
(And 94 others).

RICHMOND LACE WORKS.

The Richmond Lace Works, of Alton, R. I., a corporation representing an investment of \$460,000 of American money, requests that paragraph 350 of the present tariff act be retained, and that there be no change in the present duty of 70 per cent which is levied on laces imported to this country made on Lever and Gothrough machines, and respectfully submits the following brief for your consideration:

I. The two great centers of machine-made laces are Nottingham, England, and Calais, France. There are in operation in these two cities and the surrounding towns over 7,000 lace machines, and about one-half of the product of these machines is exported to the United States. Employees in this industry receive higher wages than those of any other textile trade. The workmen represent the highest class of skilled labor, and such an industry as this, firmly established in this country, will aid in increasing the production and developing manufacture of this nature. As our late President, William McKinley, said: "To increase production here, diversify our productive enterprises, enlarge, build, and increase the demand for American workmen, what American would oppose these worthy and patriotic objects?"

THE LACE MANUFACTURE IN THIS COUNTRY AS YET AN INFANT INDUSTRY.

II. It was hardly over 25 years ago that the first lace machine was put in operation in the United States. In the year 1908 there were about 83 machines in operation, many of which were of the Lever and Gothrough type. The Payne-Aldrich bill increased the duty on lace imports made on the Lever and Gothrough machines from 60 per cent to 70 per cent, and at the same time for a short period, a little over a year, remitted the 45 per cent duty on these two types of machines. During this period over 450 machines were imported to this country, and a large number of lace mills were started. There are at the present time over 25 lace mills having over 500 machines in operation, and employing over 5,000 skilled operatives.

The industry especially of manufacturing lace on Lever and Gothrough machines can hardly be said to be more than five years old. No industry can be built in a night, and our lace manufacture needs and is entitled to high protection during the stage of its infancy.

MILLIONS OF DOLLARS HAVE BEEN INVESTED IN THE INDUSTRY ON THE STRENGTH OF ITS CONTINUATION.

III. The 527 machines in operation in this country represent several millions of dollars on the part of American investors. This vast amount of capital was turned to lace industry because it was felt that the American machine-made lace was to be sufficiently protected to enable the home producer to compete on a fair basis with long and permanently established manufacturers of Nottingham and Calais. The opportunity of importation of free machines for a short period combined with the increase from 60 per cent to 70 per cent in the tariff opened a field for the investment of American capital in this new industry. These investors had no thought that there would be a likelihood of a reduction in the duty on lace imports, or they would not have invested their money.

The industry has grown rapidly in the past few years and will continue to grow, and laces will become a large and important textile product; but the manufacturers of machine-made lace in this country must have sufficient protection to enable them to compete with the foreign producer and make a fair profit. A slight reduction in the present duty means the deterring of new capital from entering the business and the endangering of the millions already invested. A radical reduction would destroy the industry and turn millions of dollars' worth of machines into junk.

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THE FOREIGN PRODUCER HAS THE LION'S SHARE OF THE AMERICAN MARKET.

IV. Table 85, page 162, of the report of the Tariff Board on Schedule I shows that between the years 1896 and 1910 the importation of laces has made a rapid rise. In 1896 these imports were less than \$11,000,000 in value. By 1900 they increased to a total in excess of \$18,500,000, and in the next 10 years the imports more than doubled, the figures for 1910 being \$37,607,819, and in the year 1910-11 the report of the Department of Commerce and Labor shows that the imports were \$36,079,655 in value, and in the year 1911-12, for the year ending June 20, 1912, they were \$37,106,237. During this period the duty on lace imports increased from an equivalent of 50 per cent ad valorem to over 60 per cent, and to 70 per cent on the laces made on the Lever and Gothrough machines. The production of lace in this country from 1909 to 1910 was slightly less than one-fifth of the value of the total lace sold, and in 1911-12 about 23 per cent. This per cent is really high, as laces imported attached to various kinds of wearing apparel are not included in the above, and figures concerning the value of such importations are almost impossible to ascertain. It is submitted that the foreign producers supply at least 80 per cent of the home market to-day.

The Department of Commerce and Labor figures show that in 1909-10, \$6,666,693 represented the value of Lever and Gothrough machine-made laces imported to this country; that in 1910-11 \$7,202,801 worth were imported, and that in 1911-12 \$7,633,629. These figures are, however, far below the actual value of the laces of this character imported to this country, for the importer in nearly all cases enters his goods under the class of laces paying 60 per cent duty, and his entries, with very few exceptions, are taken by the deputy collector and entered in his book, and it is from the custom-house records and not from the appraisers' department that the Department of Commerce and Labor obtains its estimates. If the port of Boston is a fair example, and it is submitted that it is, the facts show that from 25 per cent to 33½ per cent of the lace goods entered by importers as falling within the class on which there is a duty of 60 per cent are found by the customs appraisers to be lace products made on the Lever and Gothrough machines, and a duty of 70 per cent is levied upon them. It is thus clear that laces of this type imported into this country amounted to nearly \$15,000,000 during the past year. This amount is in itself over \$6,000,000 more than the value of all kinds of laces manufactured by our home mills in 1909-10. The production of laces of all kinds, including laces made on Lever and Gothrough machines in this country, has risen from about \$3,500,000 in 1900 to nearly \$9,000,000 in 1910, and probably close to \$10,000,000 in 1911-12.

These facts show that the foreign manufacturers are supplying by far the larger part of the American market; that the importations have increased each year, with the possible exception of 1909-10, though in that year there was an increase in the imports of Lever and Gothrough machine-made laces. The American lace mills have not had any effect on the importation of foreign goods. The duty of 70 per cent has not built up a wall behind which the American manufacturer can combine and control prices to the detriment of the consumer. Our mills, under these conditions, can not be said to be in strong competition with the lace producers of Calais, Nottingham, and other foreign centers.

COST OF PRODUCTION.

V. The cost of production in this country is much higher than in the European centers of the lace industry. Labor is from 20 per cent to 100 per cent higher, and other items entering into the cost are much higher than they are in foreign centers. There are a great many varieties of lace manufactured, and the cost of the different laces varies greatly, and if an itemized statement of the cost of producing the numerous kinds of lace in our mills as compared with the cost of producing the same character of lace in foreign mills is desired we should be glad to furnish these figures.

Under the present tariff of 70 per cent the American manufacturer is able to produce some of his lace goods at about the same price that it costs the foreign manufacturer to land his goods in this country; but in many cases the cost to the home producer is far in excess of what it costs the foreign manufacturer to land his goods, and in many grades of laces he is unable to compete at all with the foreign producer, even under this high protection. Any cut in the present rate is going to seriously handicap this infant industry. The foreign mills would completely control the entire American market, and they would soon destroy the American industry.

The lace manufacturers in this country need the present protection until they are firmly established and the industry has progressed beyond the stage of infancy and has reached a point where it can compete with the foreign mills on an equal basis.

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

THE 5,000 SKILLED OPERATIVES EMPLOYED IN OUR LACE MILLS SHOULD RECEIVE CONSIDERATION.

VI. A cut in the present tariff means a decrease in wages, as it is the only item in the cost of production where there can be a cut if the tariff is lowered, the labor item being approximately 53 per cent of the cost of production. While about 80 per cent of the employees in our lace mills are domestic, about 75 per cent to 80 per cent of the weavers are foreigners, but the per cent of domestic weavers is rapidly on the increase. If a reduction is made in the present tariff necessitating a cut in the wages, it may mean a loss to the industry of its foreign help who are teaching the domestic weavers. This would, of course, be a handicap to the manufacture of lace in this country and greatly retard its advance. A cut in the tariff sufficient to destroy the industry throws 5,000 skilled workmen out of employment.

THE CONSUMER HAS BEEN BENEFITED BY THE ESTABLISHMENT OF THE LACE INDUSTRY IN THIS COUNTRY.

VII. While lace as a whole may not perhaps be called a luxury, yet certainly the higher grades of laces fall within that class, and even the cheapest grades of laces can not be called necessities. It is submitted that there is no crying demand on the part of the American public for a reduction of the tariff on laces. As a matter of fact, during the last three years, in which the lace industry in this country has made rapid strides, the cost of manufactured lace to the consumer has decreased approximately 25 per cent. This has resulted indirectly. The foreign trade has been forced by the competition of American industry to drop the price of lace, and as a matter of fact they have endeavored to prevent the American product from having a market here; and this has been to a considerable extent a reason for the foreign manufacturer selling the lace goods under cost. Thus it is apparent that it is greatly for the benefit of the purchasing public that the tariff should be retained. The direct result of the American lace industry thus far has been to benefit the public to a material extent, and the increasing of the industry here and the looking out for development will be a still further benefit to the public. If the American lace producer is driven from the market there is nothing to prevent the foreign producer, combined with the importers, from raising the price to any figure they see fit, the competing American manufacturer having been eliminated.

THOSE WHO OPPOSE THE PRESENT DUTY.

VIII. The only persons who at the present time are asking for any reduction in the lace tariff are two classes: (1) The foreign manufacturers of machine-made laces, who, of course, are desirous of crushing this industry in the United States, and (2) the importers of foreign-manufactured lace, who wish to control the market by being the only sellers of manufactured laces. The presence of a growing and increasing lace industry is detrimental to these two classes by the competition and consequent reduction in price of manufactured laces which the growth of the American industry creates.

PROTECTION OF THE LACE MANUFACTURE MEANS THE BUILDING UP OF A STILL MORE INFANT INDUSTRY.

IX. A cut in the present tariff rate on lace products sufficient to crush the industry will surely prevent any investments of capital in the making of lace machines. There has been one lace machine made in this country, and if the lace industry continues to grow it will mean the building up of large plants where lace machines will be manufactured.

RICHMOND LACE WORKS,
By JUSTIN N. MORSE, *Treasurer.*

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

STATEMENT SUBMITTED BY THOMAS O. MARVIN, SECRETARY OF THE HOME MARKET CLUB, BOSTON.

The establishment of lace manufacturing in the United States is one of the modern instances of the stimulating effect upon industry of the American economic system.

Lace making is one of the advanced branches of textile manufacture and requires the services of skilled and experienced workers. Capital was not willing to venture in this untried field and labor of sufficient skill was not to be found. For years we imported practically all of the lace goods consumed in this country, one concern in Brooklyn and another in Jersey City being about the only survivors of the early attempts made to establish lace factories.

Under more favorable tariff conditions other manufacturers have begun to venture in this field. They have equipped modern factories and are now offering American-made laces to the American markets, but our entire number of lace factories, about 25 in all, has not been able to make any appreciable effect upon the importation of foreign laces. In fact, our imports of laces for 1912, amounting to \$37,000,000 in value, were a million dollars larger than the previous year.

The value of our imports is far in excess of the total value of our domestic production. And this is taking place under tariff duties of 60 and 70 per cent. If the foreign manufacturers can pay a duty of 70 per cent, and still command the lion's share of our market, it is clear that the present rate of duty is competitive and it is evident that any such reduction in the duties as is already being hinted at in French papers would drive American laces out of the market; close the American lace factories; force these skilled operatives out of work and turn million of dollars' worth of lace-making machinery into junk.

The growth of the lace industry in the United States is watched with jealous eyes by the manufacturers of Calais and of Nottingham. Three-quarters of the production of Calais is sold in the American market and the United States is one of Nottingham's largest customers. To meet the increasing competition of the American factories, foreign manufacturers have lowered their prices to an extent unequaled in years. To prevent the growth of our industry they cut prices, at times until profits vanish, and try to overcome the advantage which a protective tariff gives to our products by quoting prices which, they hope, will swamp our new industry.

A Calais manufacturer who investigated conditions here with a view of shipping his machinery to this country, found operatives earning here \$20 a week who had worked in his own mills at Calais for \$4 a week. Our higher wages, higher price of cotton yarns, higher machinery and factory costs forced him to conclude that a 70 per cent duty does not make up for the advantages of foreign manufacture.

A French manufacturer would regard such a duty as high, but he can get peasant women to do the clipping on lace work who are satisfied with 20 cents a day, whereas in America, women are paid \$1 or \$2 a day to do this work.

But, encouraged by the tariff duties, manufacturers have stood bravely by their determination to establish in this country a lace-making industry which shall give employment to thousands of skilled workers and supply our market with laces of American manufacture. The silk industry has been established by reasonable protection and the United States is now the foremost silk-manufacturing country of the world. Under similar encouragement the lace industry has laid already a strong foundation, and with the continued encouragement of our tariff laws it can develop into an industry of great national importance. The foreign manufacturers view such a prospect with serious apprehension. While the Payne-Aldrich bill was under consideration by Congress every possible effort was made by foreign manufacturers and their agents, the importers of foreign laces, to break down the protective features of the lace schedule, and they succeeded in preventing the adoption of specific duties, which would have lessened the danger of undervaluations, in place of ad valorem duties, which gave them easier means of access to our markets.

Referring to the efforts of the Nottingham manufacturers to weaken the protective features of the Payne-Aldrich bill, the Nottingham Guardian, of May 22, 1909, said: "It is to be hoped that the energetic protest lodged by the Chambers of Commerce of Nottingham, Calais, and Lyons may have some good effect."

It is an astounding situation when foreign manufacturers assume the right to interfere in American tariff legislation, and every patriotic American should easily realize on which side of the controversy lie the best interests of the United States. If the foreign manufacturer believes that our lace industry is worth fighting, why should not we decide that it is worth defending? If they believe that our market for their lace

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

products is worth enough to them to lead to the forceful presentation of energetic protests against our efforts to restrict their sales in our home market, why should not we believe that establishing and maintaining our own lace industry is a wise and patriotic course to pursue?

The attempts of the United States Congress to encourage the American lace industry caused the same alarm in Calais that they did in Nottingham. In an effort to prevent skilled lace workers from emigrating to America, a Calais newspaper published a sensational article with such scare heads as "America Covets Our Industry and Our Lace Makers"; "Workmen Beware of Them. Do Not Seek Misery on the American Streets."

Another Calais paper published an article under the title of "Lace Crisis," and discussed means to prevent the exportation of the industry. A Calais manufacturer who was contemplating moving his plant to Rhode Island was boycotted and threats were made of burning his mill.

The article referred to in the Calais paper said: "This monopoly can be taken from us. An American company has been formed for the purpose of manufacturing lace. Not one workman worthy of the name should consent to leave to go to America. Not one design should be copied for American machines." And a bonus of 20 francs a week in addition to the wages that they would earn if working was offered to the unemployed to induce them to remain in Calais and not seek employment in the lace factories of America.

When our Government was founded the wise statesmen who laid the broad foundation of our nation believed that diversified industries were essential to the proper development of the country.

If diversified industries were desirable then, when a sparsely peopled continent offered abundant opportunities to settle on fertile land, where diligent cultivation of the soil would yield a competence, how much more necessary is it to-day that every possible avenue of industry should be opened to the vast and varied population of a great and growing nation.

These 25 mills have been built under our present tariff policy. A reduction of duties would close every one of them and force 5,000 workers out of employment, thus obliterating an American industry which is now on a highly competitive basis.

	No. of machines.
American Textile Co., Pawtucket, R. I.....	66
Regina Lace Co., Pawtucket, R. I.....	40
Seekonk Lace Co., Pawtucket, R. I.....	14
Cadoza Lace Co., Pawtucket, R. I.....	15
Quaker Lace Co., Philadelphia.....	58
North American, Philadelphia.....	44
Bromley Lace Co., Philadelphia.....	27
Zion Lace Industries, Zion City, Ill.....	30
Warwick Lace Co., Riverport, R. I.....	12
Phoenix Lace Co., Phoenix, R. I.....	12
American Lace Co., Elyria, Ohio.....	24
Vari Lace Co., Williamsbridge, N. Y.....	16
Taylor Textile Co., Williamsbridge, N. Y.....	8
Liberty Lace Co., Williamsbridge, N. Y.....	6
Excelsior Lace Co., Williamsbridge, N. Y.....	3
R. I. Lace Co., Barrington, R. I.....	9
Paterson Lace Co., Paterson, N. J.....	9
Jennings Lace Co., Brooklyn, N. Y.....	20
Hall Lace Co., Jersey City, N. J.....	25
Lehighon Lace Co., Lehighon, Pa.....	7
Dunham Lace Co., Brooklyn, N. Y.....	3
De Luxe Lace Co., Davenport, Iowa.....	7
Richmond Lace Co., Alton, R. I.....	24
Dresden Lace Works, South Norwalk, Conn.....	26
Redfern Lace Co., Somerville, N. J.....	14

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.
WAGES IN AMERICAN AND FOREIGN LACE FACTORIES.

Occupation.	Rhode Island.	Foreign.
	<i>Weekly wages.</i>	<i>Weekly wages.</i>
Drafting-room learners.....	\$7.00-88.00	\$2.00-83.00
Drafting room improving.....	15.00-17.00	5.00- 8.00
Drafting-room draftsmen.....	30.00	10.00-20.00
Card punchers.....	18.00-20.00	6.00-10.00
Lacer.....	6.00	2.00- 3.00
Spooling, piecework.....	5.50-14.00	3.00- 3.60
Beaming.....	5.00-12.00	2.40- 3.60
Warpers.....	15.00-20.00	.....
Bobbin winders.....	9.00-16.00	3.60- 8.00
Presser.....	10.00	3.50- 5.00
Lookovers (inspectors).....	5.00-10.00	3.00- 4.00
Foreman.....	14.00	.....
Strippers.....	5.00- 7.00	2.00- 3.00
Searchers.....	5.00- 7.00	2.00- 3.00
Foremen, day or night.....	20.00	6.00- 7.00
Jacking off.....	5.00-10.00	1.60- 3.00
Threading, piecework.....	5.00-15.00	3.00- 6.00
Weavers.....	16.00-42.00	6.00-25.00
Boys, learners.....	8.00-10.00	2.40- 5.00
Shop boys, apprentices.....	5.00- 8.00	2.00- 4.00
Foremen.....	30.00-35.00	15.00-18.00
Brown mending.....	5.00-12.00	3.00- 3.60
Homework.....	1.00- 8.00	.60- 3.00
Forelady.....	14.00	.....
Dressing.....	5.00-11.00	3.60- 5.00
Foremen.....	19.00	.....
Finishing and marking.....	5.00-10.50	3.00- 3.60
Forelady.....	14.00	.....
Shipping-room help.....	5.50-11.00	2.60- 5.00
Boss.....	30.00	.....
MISCELLANEOUS.		
Night engineer.....	15.00	5.00- 6.00
Day engineer.....	18.00	5.00- 6.00
Day watchmen.....	14.00	(¹)
Night watchmen.....	12.00	(¹)
Sample-room girls.....	6.00- 9.00	2-60- 6.00
Sweepers.....	8.00- 9.00	3.00- 4.00
Measuring webs.....	12.00	5.00- 6.00
Machinists.....	15.00-25.00	5.00- 8.00
Helpers.....	7.00-15.00	3.00- 3.60
Home workers.....	1.25- 4.00	.60- 3.00
Office help.....	6.00-25.00	3.00- 8.00

¹ Engineers act also as watchmen.

BRIEF OF MARSHALL FIELD & CO. IN RE LEVER OR GOTHROUGH LACES.

WASHINGTON, D. C., *January 24, 1913.*

The WAYS AND MEANS COMMITTEE,

House of Representatives.

GENTLEMEN: We respectfully submit, for the consideration of your committee, the following statement in the matter of import duties upon cotton laces made on the Lever or Gothrough machine, which are provided for in paragraph 350, Schedule J, of the present tariff act, at the rate of 70 per cent ad valorem.

In explanation of our position, would state that we are both importers and manufacturers in this country, our domestic plant being located at Zion City, Ill.

This statement is offered to show that this industry in the United States is not overprotected at the present rate of 70 per cent, but that, under comparative labor conditions prevailing in this country and in Great Britain and France, this rate is necessary to put the American industry on a competitive basis with foreign makers.

The yarns of which these laces are made are spun in England, and upon entry into the United States are assessed at various rates, equaling from 40 to 45 per cent duty and amounting to 5 to 10 per cent of the full cost.

The great difference in the cost to produce in this country lies in the labor rates paid workers, particularly hand workers, there being a large amount of such labor

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

necessary in producing this lace. The rates for hand labor here rise in certain steps of the manufacture to five times the rates paid abroad. Many patterns successfully made in Europe can not, on account of these labor conditions, be made in this country, even with the 70 per cent protection now accorded. The lace workers of Great Britain and France are trained in the work from childhood, developing a speed and efficiency which is not duplicated in this country. This is particularly true of the hand labor. The difference in wage rates, therefore, does not fully represent the advantage of the European maker.

The following are the comparative wage rates paid in the United States and in Great Britain. Wages in France are generally about 20 per cent lower than in Great Britain:

	English rates.	American rates.
Bobbin winding.....	14 to 16 shillings week—\$3.50-\$4.	\$13-\$14 week.
Bobbin threading.....	13 cents per M.....	25 cents per M.
Slip winding.....	12 shillings or \$3 week.....	\$5-\$13 week.
Mending.....	14 shillings or \$3.50 week.....	\$6-\$13 week.
Drawing.....	1½ pence or 3 cents per gross yards.	15 cents per gross yards.
Clipping.....	1 penny or 2 cents per M clips.	6 cents per M clips.
Scalloping.....	¾ penny or 1½ cents per dozen yards.	7 cents per dozen yards.
Dressing.....	2½ to 3 pence per hour or 5½ to 6 cents per hour.	12 to 15 cents per hour.
Weaving:		
8 point.....	12-15½ cents per rack.....	16-19 cents per rack.
9 point.....	13-16½ cents.....	17-26 cents.
10 point.....	13½-14 cents.....	15-17 cents.
10½ point.....	12-14 cents.....	Do.
12 point.....	14½-15½ cents.....	17-18½ cents.
12 L point.....	14½-15½ cents.....	20 cents.
14 L point.....	16-17 cents.....	23 cents.

The rates for weaving vary both in England and the United States in each gauge, according to the character of lace made, but within the limits stated above.

The samples of foreign and domestic lace attached hereto were taken at random from our import and domestic lines wherever we could make close comparisons. The landed prices on the foreign goods are the net costs to land in the United States with 70 per cent duty and include the foreign manufacturer's profit. The prices on our domestic-made article are the net factory costs with no factory profit added.

The steps in which hand labor makes the greatest difference are drawing, clipping, scalloping, and mending. For example, the cost of drawing threads in our Zion-made lace Nos. 04016 and 04012, sheets Nos. 2 and 3, is five times that paid in England and constitutes 30 and 24 per cent, respectively, of the full factory cost.

The industry has only been established in the United States in very recent years, and unless continued protection is afforded at approximately present rates it can not compete with the foreign-made article.

Respectfully submitted.

MARSHALL FIELD & Co.,
By THOMAS H. EDDY.

BRIEF OF MERCHANTS AND MANUFACTURERS ASSOCIATION.

BALTIMORE, *January 16, 1913.*

HON. DAVID J. LEWIS,

House of Representatives, Washington, D. C.

DEAR SIR: A number of our members have requested me to bring to your attention Schedule J, paragraph 350 of the tariff act of 1909. This paragraph deals with laces made on the Lever and Gothrough machines and puts these laces at 70 per cent ad valorem. Laces made on any other machine or made by hand have 60 per cent ad valorem.

These Lever machines, as well as embroidery machines, were admitted free of duty until January, 1911, and they say there is no reason whatsoever why this lace made on Lever and Gothrough machines should pay more duty than goods made on other

PARAGRAPH 350—LEVER OR GOTHROUGH LACES.

machines or by hand. They further say that the handmade goods and those laces made on embroidery machines are much more expensive and are mainly used by the rich, while those made on the lever machines are used by the poorer class of people.

What these members desire is a uniform rate ad valorem, whatever that rate might be, for laces made on any lace machine.

I am sending this to you for your information.

Yours, very truly,

ROBERT J. BEACHAM, *Secretary.*

BRIEF OF REDFERN LACE WORKS, SOMERVILLE, N. J.

SOMERVILLE, N. J., *February 17, 1913.*

HON. JAMES A. HAMILL,

House of Representatives, Washington, D. C.

DEAR SIR: The tariff committee of the House of Representatives is now at work on a schedule that relates to the duty on laces. We are especially interested in the laces made on Lever and Goththrough machines, on which the present duty is 70 per cent.

An extraordinary importation of these machines was brought about by the free entry clause of the Payne-Aldrich tariff bill, which admitted these free of duty for a period of 17 months. Important investments were made, and the reward on efforts put forth to develop this line of goods has been nil as to any benefits on the investments. From a technical standpoint very satisfactory results have been made, and a very good line of goods are now shown by domestic manufacturers, and with a reasonable amount of time, those engaged in the business hope to benefit also from an investment viewpoint. But to accomplish this it is indispensable that the present rate of duty should be maintained. The capital invested in this line was made under the assumption that the Government would certainly foster this industry, at least until it got on its feet, and was making a reasonable percentage of the goods consumed at home.

Among the difficulties that have retarded the development we are only naming two:

First. The extraordinary efforts made by the English, also and especially by the French, manufacturers to prevent this industry from taking root in this country. The most determined opposition has been exercised to prevent help leaving for this country. Another matter has been the selling of goods at such a low figure that it would be impossible for the new industry to compete. Goods have been sold at such a loss to all concerned, with this object in view, that it can not last much longer without disaster to the foreign manufacturers, who are practicing this method, and it is a natural assumption that his state of affairs will only cease when the foreign manufacturers realize that it is useless to continue it and until that time the domestic manufacturers will not be in a position to make any reasonable profit.

The second difficulty has been the impossibility of getting either sufficient or efficient skilled labor. A careful scrutiny of the records of the immigration stations would reveal facts in this connection that are quite sufficient in themselves to explain why the industry has been almost strangled to death in its babyhood. The facts in this case are beyond credence. That the immigration station officials should have the power and inclination to thwart the intentions of the legislator as has been done in this instance, and it has not been one department of the Government working against the other department, by the subordinate officials of the immigration stations, that have exercised such an absolutely baneful power that this industry has been prevented from using more than about one-half of the machines imported under the free clause of the last tariff bill, and yet it is a well-known fact that a large number of these needed men have arrived at our ports and have been criminally deported under the misconception of the contract labor laws by these officials.

The above are two of the special reasons why a reasonable opportunity is due this new industry, while the following are the arguments from a more general standpoint.

Our goods are not an article of necessity, or at least they are an article of voluntary consumption. They are bringing in a large revenue to the Government under the present duty. Highly competitive conditions exist both between the manufacturers and between domestic manufacturers and importers. The latter is so much the case that there are very few articles that we could compete with if the duty were any lower.

We think we can not do better than refer you on these matters to the copy of the hearing before the Ways and Means Committee. To help you in this we would suggest that you read Book No. 15, date January 23, 1913, pages 3321 to 3323; Book No. 16,

PARAGRAPH 351—NOTTINGHAM LACES.

January 24, pages 3403 and 3424, and especially pages 3407 and 3408, 3353, 3373, and 3505 to 3511.

The matter regarding this case is so complete in these hearings that we feel we need add nothing further, and trust that you will do all in your power, and use your influence for the maintenance of the present duty in the first draft of the bill made, as it would be much easier than to get a change or addition afterwards.

Yours, respectfully,

REDFERN LACE WORKS.
W. H. SMITH.

PARAGRAPH 351.

Lace window curtains, nets, nettings, pillow shams, and bed sets, finished or unfinished, made on the Nottingham lace-curtain machine or on the Nottingham warp machine, and composed of cotton or other vegetable fiber, when counting five points or spaces between the warp threads to the inch, one cent per square yard; when counting more than five such points or spaces to the inch, one-half of one cent per square yard in addition for each such point or space to the inch in excess of five; and in addition thereto, on all the foregoing articles in this paragraph, twenty per centum ad valorem: Provided, That none of the above-named articles shall pay a less rate of duty than fifty per centum ad valorem.

NOTTINGHAM LACES.

STATEMENT OF J. BENJAMIN DIMMICK ON BEHALF OF THE SCRANTON LACE CURTAIN CO., OF SCRANTON, PA.

Mr. Dimmick was duly sworn by the chairman.

The CHAIRMAN. What paragraph of the schedule do you wish to address yourself to, Mr. Dimmick?

Mr. DIMMICK. Paragraph 351.

The CHAIRMAN. Proceed.

Mr. DIMMICK. I beg to submit herewith the views of the Scranton Lace Curtain Co. in regard to the tariff upon lace curtains, nets, and nettings, Schedule J, paragraph 351, setting forth, first, that the said company is of moderate size, having a total capitalization, including both bonds and stock, of, say, \$520,000; being also a company disposing of its products through active and genuine competition with all other domestic manufacturers in the same industry, paying the wages that are common to that industry, buying its raw material as advantageously as is possible owing to its high credit, yet enjoying no special advantage, or suffering no special disadvantage in comparison with its said competitors; being also a company that, in its solicitude for all its employees, responds to the best standards of present day public opinion; in short, being a company that, while strong, is of moderate size, and absolutely free from any agreements, expressed or implied, with any of its competitors.

As to any and all figures and statements involved in this brief, we would offer free access to our accounting department, and in order that the committee might be the better informed as to our argument, we have set forth frankly the financial results of our company for the past five years, notwithstanding that in so doing we are necessarily disclosing same to our many competitors.

The lace-curtain industry was started in 1890—and the act of 1890 provided for duty of 60 per cent ad valorem—under act of 1894 this was reduced to 50 per cent and several factories were sold out by the sheriff—and all had hard sledding. Under the tariff of 1897 the factories resumed and have been, except for the ups and downs of

PARAGRAPH 351—NOTTINGHAM LACES.

trade, running fairly well; though as shown by the records of the Department of Commerce and Labor on high-grade curtains—that is, from 10 points upward—the duties are not high enough to allow the domestic manufacturers to compete successfully with those of England and Scotland, and a large amount is imported, and we feel that we are entitled to a higher duty on these grades of goods.

Owing to the open and unrestricted competition which has continually existed in the domestic business, many grades were unprofitably sold, oftentimes at cost and below, and are being so sold to-day; as evidenced by detailed cost and price received on fairly representative goods. Exhibit A.

In 1907, with raw materials at about the same price as existing to-day, the trade price on 50-inch 6-point curtains 3 yards long (being a grade constantly in demand) was 67½ cents. The trade price on same curtain at present being 60 cents and within six months past has been sold for 55 cents, and it might be fairly stated that through domestic competition, almost our entire line is selling at less than the prices existing before the present tariff law was passed.

The average wage of weavers, as shown by our books in 1898 running full time, was about \$18 per man per week of 54½ hours. The average wage to-day under similar conditions, running 48½ hours per week, is \$24. In England the average wage, running 54 hours per week, is £2 6s. 5d., or \$12 per week. In Scotland the average wage is about \$8 per week. Female labor in the Nottingham district averages 12 shillings, or \$3 per week. In this country it is well above \$6 per week and we run 50 hours as against 60 in England. (See Exhibit B.)

We have endeavored during the past three years to sell our goods in the Canadian market, but find that, even if the 10 per cent differential in Canadian customs in favor of England against American curtains was eliminated, we would be unable to compete. We give as Exhibit C samples of English curtains bought in Winnipeg, with manufacturing details, English cost, Canadian cost, and the prices at which these could be made and sold in the United States, showing the utter impossibility of competing with English or Scotch curtains without a substantial reduction in wages as evidenced by Exhibit D, showing the proportionate factors of cost of a curtain—in which has been worked out the reduction in the price of curtains which would follow the adoption of Schedule I of the proposed Underwood bill, where the tariff on yarns is reduced to 15 per cent on 50/2 ply to 100/2 ply.

While we could urge with propriety that no reduction should be made in the duty on lace-curtain machinery—which is made exclusively abroad—inasmuch as our plant is capitalized, as are all the others, upon the basis of cost plus the duty, yet we submit that, if the general economic policy of the country looks to foreign as well as domestic competition in the long run, and we are not prepared to say that it should not, the first and only step at present in that direction should be a reduction in the tariff upon machinery rather than in the tariff upon product, for such a policy would make it possible for domestic plants to equalize at least one factor in the cost of production.

PARAGRAPH 351—NOTTINGHAM LACES.

Our average net earnings, after making fair but not excessive allowance for depreciation, during the last five years has been 9 per cent upon the capital invested, a return that would seem to be less rather than more than should be both accepted and permitted if further capital is to flow into industrial channels, for, of course, with net earnings of 9 per cent, the actual return to the investor would, of necessity, be substantially less in any conservatively managed institution. As stated before, this figure is subject to your investigation, if you so desire.

We therefore believe and will ask that the duty on 6 to 10 points should be left as now existing, and from 11 to 16 points should be advanced, this request for an advance being clearly justified by the fact that high-grade curtains are a distinct luxury and by the importation of same.

The exhibits referred to by Mr. Dimmick are as follows:

EXHIBIT A.

Sold 23,908 pairs of 28-inch 6-point curtains from June 1, 1912, to January 15, 1913, net price at which same were sold was \$5,686.29, total cost of these goods amounted to \$5,986.55, showing that these goods were sold at a net loss to the manufacturers of \$300.26.

Sold 32,730 pairs of 50-inch 6-point curtains from June 1, 1912, to January 15, 1913, net price at which same were sold was \$17,218.69, total cost of these goods amounted to \$18,467.71, showing that these goods were sold at a net loss to the manufacturers of \$1,249.02.

EXHIBIT B.

Attached exhibit is the standard price card for the American trade, also the Nottingham trade. In comparing the two cards 5 per cent must be added to the American card and the percentage, marked opposite the column in large figures, must be deducted from the Nottingham card; for example, to make it clear, the prices on a few standard gauges are as follows:

D. A. 4 gait.	American.	Nottingham.
366 inches 6 point.....	\$9.45	1\$3.72
324 inches 8 point.....	9.71	13.65
324 inches 10 point.....	9.71	13.76
324 inches 14 point.....	11.02	15.46

* These figures reduced to American money.

Showing wages paid are less than 50 per cent of American wages.

...in that direction
 ...upon machinery rather than in the
 ...for such a policy would make it possible for
 ...to realize at least one factor in the cost of pro-
 duction

PARAGRAPH 351—NOTTINGHAM LACES.

Price card for weaving, Scranton Lace Curtain Co., Scranton, Pa.

[The following prices are subject to an advance of 5 per cent, effective Feb. 8, 1907.]

Gauge width.	6 points, 256 inches.	6 points, 300 inches.	6 points, 324 inches.	6 points, 360 inches.	8 points, 256 inches.	8 points, 324 inches.	9 points, 240 inches.	9 points, 255 inches.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Ord. 3 gt.	6.75	7.25	7.50	8.00	7.25	8.25	7.25	7.50
Ord. 4 gt.	7.25	7.75	8.00	8.50	7.75	8.75	7.75	8.00
D. A. 3 gt.	7.25	7.75	8.00	8.50	7.75	8.75	7.75	8.00
D. A. 4 gt.	7.75	8.25	8.50	9.00	8.25	9.25	8.25	8.50
B. gro. 3 gt.	8.00	8.50	8.75	9.25	8.50	9.50	8.50	8.75
B. gro. 4 gt.	8.50	9.00	9.25	9.75	9.00	10.00	9.00	9.25
D. A. B. G. 3 gt.	9.00	9.00	9.25	10.25	9.00	10.00	9.00	9.25
D. A. B. G. 4 gt.	9.50	9.50	9.75	10.75	9.50	10.50	9.50	9.75
Madras 3 gt.	8.00	8.50	8.75	9.25	8.50	9.50	8.50	8.75
Madras 4 gt.	8.50	9.00	9.25	9.75	9.00	10.00	9.00	9.25
D. A. Mad. 3 gt.	9.00	9.00	9.25	10.25	9.00	10.00	9.00	9.25
D. A. Mad. 4 gt.	9.50	9.50	9.75	10.75	9.50	10.50	9.50	9.75
Sq. gro. 3 gt.					9.50			9.75
Sq. gro. 4 gt.					10.00			10.25
D. A. S. G. 3 gt.					10.00			10.25
D. A. S. G. 4 gt.					10.50			10.75
Swiss 4 gt.						12.25		
Combination						11.50		
D. A. Comb.						12.50		
2 & 3 gt. D. A. S.						14.75		
Swiss Mad. 3 gt.						10.75		
Swiss Mad. 4 gt.						11.25		
Swiss Mad. 3 gt. D. A.						11.25		
Swiss Mad. 4 gt. D. A.						11.75		
Swiss Comb.						15.00		

Gauge width.	10 points, 240 inches.	10 points, 255 inches.	10 points, 324 inches.	11 points, 232 inches.	12 points, 226 inches.	14 points, 216 inches.	14 points, 324 inches.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Ord. 3 gt.	7.50	7.75	8.25	7.75	7.75	8.25	9.50
Ord. 4 gt.	8.00	8.25	8.75	8.25	8.25	8.75	10.00
D. A. 3 gt.	8.00	8.25	8.75	8.25	8.25	8.75	10.00
D. A. 4 gt.	8.50	8.75	9.25	8.75	8.75	9.25	10.50
B. gro. 3 gt.	8.75	9.00	9.50	9.00	9.00	9.50	10.75
B. gro. 4 gt.	9.25	9.50	10.00	9.50	9.50	10.00	11.25
D. A. B. G. 3 gt.	9.25	9.50	10.00	9.50	9.50	10.00	11.25
D. A. B. G. 4 gt.	9.75	10.00	10.50	10.00	10.00	10.50	11.75
Madras 3 gt.	8.75	9.00	9.50	9.00	9.00	9.50	10.75
Madras 4 gt.	9.25	9.50	10.00	9.50	9.50	10.00	11.25
D. A. Mad. 3 gt.	9.25	9.50	10.00	9.50	9.50	10.00	11.25
D. A. Mad. 4 gt.	9.75	10.00	10.50	10.00	10.00	10.50	11.75
Sq. gro. 3 gt.	9.75	10.00	10.50		10.00	10.50	11.75
Sq. gro. 4 gt.	10.25	10.50	11.00		10.50	11.00	12.25
D. A. S. G. 3 gt.	10.25	10.50	11.00		10.50	11.00	12.25
D. A. S. G. 4 gt.	10.75	11.00	11.50		11.00	11.50	12.75
Swiss 4 gt.			12.25	11.75			13.50
Combination			11.50	11.00			12.75
D. A. Comb.			12.50	12.00			13.75
2 & 3 gt. D. A. S.			14.75	14.25			16.00
Swiss Mad. 3 gt.			10.75				13.00
Swiss Mad. 4 gt.			11.25				13.75
Swiss Mad. 3 gt. D. A.			11.25				
Swiss Mad. 4 gt. D. A.			11.75				
Swiss Comb.			15.00	14.50			16.25

ARTICLE 1. No work made otherwise than called for on order ticket will be paid for.

ART. 2. All gauges to rise and fall one-fourth cent for every gauge.

ART. 3. Ordinary double action with one cylinder, one-half cent more than when made with two jacquards.

ART. 4. All laces and edgings to be paid the same price as curtains.

ART. 5. Punched-through patterns one-fourth cent less.

Patterns not punched through, up to and including 30 quality, shall be paid one-half cent extra, and if punched through, up to and including 30 quality, the one-fourth cent shall not be deducted.

PARAGRAPH 351—NOTTINGHAM LACES.

ART. 6. All time lost putting up threads to be paid for. This applies only to machines which have been narrowed down.

ART. 7. Time-work to be paid for at the rate of \$0.286 per hour. Men on time-work to make 50 hours per week.

Putting in comb leads, trick leads, and jack leads to be paid as time-work by the firm unless done by the company machinists.

In extraordinary circumstances the company is willing to pay time-work if company considers same a just claim.

ART. 8. All spooling to be done by the firm.

ART. 9. If by accident the weaver in going forward or backward should make a short length over $1\frac{1}{2}$ yards long, he shall be paid the rack price for same.

This in no way to vitiate the rule already in force of not paying for curtains made otherwise than called for by the order ticket.

ART. 10. Where in making nets or curtains the firm requires the use of an extra bar for draw threads, in order to get a perfect selvage, one-fourth cent to be paid on the existing rack price.

This will apply in all cases where bar is at work.

ART. 11. All nets to be paid on the same basis as punched-through curtain patterns.

ART. 12. When beams are entered at back of bar, 50 cents extra will be paid.

ART. 13. All curtain machines to be cleaned Saturday morning, and while being cleaned must be stopped.

Price for warps and beams as follows: Six points—256 inches, \$1.50; 300 inches, \$1.50; 324 inches, \$1.75; 360 inches, \$1.75.

For all other warps and beams we will adopt the following plan, paying on a basis of \$1 per warp, with 3 cents per hundred or portion of hundred threads for entering the warp, and in addition a price of 5 cents per hundred or portion of hundred threads for slewing the warp.

The basis for Madras beams will be 50 cents, and as these are all sleyed 8 cents per hundred or portion of hundred threads additional.

The basis for bar ground beams will be 75 cents, and as these are all sleyed 8 cents per hundred or portion of hundred threads in addition, making the prices as follows:

	Inches.	New price warp.	New price M. beams.	New price B. G. beams.
8 points.....	256	2.68	2.18	1.59
	324	3.08	2.58	1.79
9 points.....	240	2.76	2.26	1.63
	255	2.84	2.34	1.67
10 points.....	240	2.92	2.42	1.71
	255	3.08	2.58	1.79
	324	3.64	3.14	2.07
11 points.....	292	3.08	2.58	1.79
12 points.....	226	3.24	2.74	1.87
14 points.....	216	3.48	2.98	1.99
	324	4.68	4.18	2.59

Yours, very truly,

THE SCRANTON LACE CURTAIN CO.,
PAUL B. BELIN, *General Manager.*

PARAGRAPH 351—NOTTINGHAM LACES.

EXHIBIT C.

Memorandum of English curtains bought in Canada from R. J. Whitla & Co. (Ltd.), as per attached bill.

[Prices on same are Canadian cost after they had paid a 25 per cent Canadian duty, from which the English cost, as stated, can be ascertained. Samples themselves are submitted under separate cover.]

No.	Description.	Weight.	Yard.	Bars.	Eng-lish cost.	Net English cost.	Present duty.	Total.	Per cent.	The lowest American net jobbing price for identical curtains.
695	28-inch, 6-point 21 D. A.	Ounces.								
	4 gt.....	6	2	165	14½	0.1414	0.073	0.2144	51½	0.21
B. 1	40-inch, 6-point 27 D. A.									
	4 gt.....	12	2½	237	24	.234	.128	.362	55	.371
B. 6	52-inch, 8-point 30 D. A.									
	4 gt.....	20	3	417	42	.41	.307	.717	75	.837
D. 042	52-inch, 8-point 39 D. A.									
	4 gt.....	21	3	424	62½	.61	.34½	.95½	57	.837
B. 8	50-inch, 10-point 42 D.									
	A. B. gro.....	18	3	493	62½	.61	.437	1.047	71½	1.09
B. 11	54-inch, 14-point 69 D. T.									
	combo.....	18	3	773	1.10	1.07½	.71	1.78½	66	2.32½
B. 12	54-inch, 14-point 69 D. T.									
	combo.....	18	3	773	1.10	1.07½	.71	1.78½	66	2.32½
B. 14	do.....									
	do.....	18	3	773	1.10	1.07½	.71	1.78½	66	2.32½
B. 13	54-inch 14-point 75									
	Swiss & C.....	21	3	773	1.20	1.17	.73	1.90	62½	2.50

R. J. WHITLA & CO. (LTD.).

Wholesale dry goods importers.

No. A9942.

WINNIPEG, CANADA, November 27, 1912.

Sold to Mr. Haley, city.

B12, 1 pair curtains B.....	\$1.40
B11, 1 pair curtains.....	1.40
B14, 1 pair curtains.....	1.40
B13, 1 pair curtains.....	1.55
B10, 1 pair curtains.....	.95
B8, 1 pair curtains.....	.75
B6, 1 pair curtains.....	.55
B4, 1 pair curtains.....	.44
B1, 1 pair curtains.....	.30
6985, 1 pair curtains.....	.19
	8.93
	.03
	<u>8.90</u>

EXHIBIT D.

Cost of Nottingham curtains.

Yarns.....	\$103,852.82	0.450
Other materials.....	20,002.65	.087
Wages.....	65,444.76	.284
General expense, including selling.....	41,560.93	.18
	<u>230,861.16</u>	<u>.100</u>

PARAGRAPH 351—NOTTINGHAM LACES.

Of above yarn, valued at \$103,852.82, \$32,807.12 was imported yarn, on which we paid the various Payne-Aldrich duties. The same yarn, under the proposed Underwood bill, would cost us \$27,767.90, a saving of \$5,000.

So that:

	At present.	Under Underwood bill.
	<i>Per cent.</i>	<i>Per cent.</i>
Labor cost.....	28½	28½
Yarn.....	45	42½
Other materials.....	8½	8½
General expense, including selling.....	18	18
	100	97½

Any ordinary change in soaps, starches, etc., comprising "Other materials," would practically make no appreciable difference.

Above figures have been taken from records dating from October 1, 1912, to January 1, 1913, during which time there were no abnormal factors.

Mr. HARRISON. Bearing upon one of the arguments that you have just made, Mr. Dimmick, you will probably recollect that the metal schedule which is proposed by this committee and which has passed the House, reduced the rate on machinery from 45 to 25 per cent ad valorem.

Mr. DIMMICK. I have not followed it. I myself am perfectly willing to admit the general proposition that we have reached the maximum of tariff protection, and that we should tend in that direction; but it seems to me that our first move should be in the direction of getting our plants, at least, on the same basis as our foreign competitors would be, namely, by the elimination of the duty which is now naturally a part of our plant assets.

Mr. HARRISON. It has been the endeavor of this committee in handling such schedules as they have already framed bills upon to recognize those facts, and if possible, consistent with revenue, balance those very features, and I just pointed out to you one respect in which it might affect your business.

Mr. DIMMICK. That is to say, the duty has been reduced how much, sir?

Mr. HARRISON. From 45 to 25 per cent on machinery.

Mr. DIMMICK. That would be a move, in my judgment, in the proper direction.

The CHAIRMAN. You are a manufacturer of curtains?

Mr. DIMMICK. Yes, sir.

The CHAIRMAN. Do you manufacture them both out of linen and cotton?

Mr. DIMMICK. Only cotton.

The CHAIRMAN. Do you know what is the total production of lace curtains in this country?

Mr. DIMMICK. As I understand, this past year it has been approximately eight and a half million dollars.

The CHAIRMAN. That includes cotton and linen?

Mr. DIMMICK. No; just cotton.

The CHAIRMAN. Eight and a half million dollars?

Mr. DIMMICK. Yes.

PARAGRAPH 351—NOTTINGHAM LACES.

The CHAIRMAN. Do you know how much linen was used?

Mr. DIMMICK. No; I could not tell you that. I might say that I am not by profession a manufacturer. I am handling largely the financial end of this, and information of that sort would be rather difficult for me to give.

The CHAIRMAN. Under this paragraph No. 351, which bears a rate ranging from about 50 to 52 per cent ad valorem, in 1910 there were two hundred and nineteen millions of imports, and in 1912 there were two hundred and seventy-eight millions of imports, which covers the entire schedule, both linen lace and cotton lace. That looks as though there was evidently a block in the schedule and that the importations were small, if these Treasury figures are right, as compared with the American consumption. Can you tell me where the most competitive point in the schedule is?

Mr. DIMMICK. The most competitive point is in the high grades, 10 points and up.

The CHAIRMAN. Both for cotton and linen?

Mr. DIMMICK. I can not speak at all about linen.

The CHAIRMAN. In the lower grades of lace curtains there are practically no importations, are there?

Mr. DIMMICK. There are practically no importations, but I believe from the figures which are shown in our exhibit as to the English curtains that are obtained through Canada, in our endeavor to sell goods there, it is very equally balanced. Out of four low-grade curtains, that schedule shows that two, after allowing for our duty, were slightly above our selling price and two were slightly below. They were taken haphazard a year ago and not with reference to this hearing or on this subject, but simply with reference to whether or not we could extend our trade, and our selling force felt that they were fairly representative of the line, but, of course, they only cover four specific curtains.

The CHAIRMAN. Of course, there are some grades of lace curtains that are luxuries of the highest class, and if they are reasonably competitive there would be no objection to having a pretty high rate of duty on them. There are lower grades of curtains that come closer to a necessity, and the committee would be disposed to put a rate on them where they can be reasonably obtained. Of course, they are all under one paragraph. Can you make a suggestion to the committee from a practical standpoint as to how we could differentiate between the low grades of these goods so that we could put a lower tax on the lower goods and bring in some importations, and yet get a better revenue from the higher grades of goods, which are strictly luxuries?

Mr. DIMMICK. I should want to think that over. I could not off-hand. I would like to say this, that the total domestic output in the last three or four years has fallen off. It has decreased from somewhere about \$12,000,000 to \$8,000,000, while our capacity of output has been increasing, and the decrease is due, in my judgment, largely to the fact that Nottingham lace curtains are in competition from time to time with curtains of a different type. During the past summer the consumption of Nottingham curtains, as such, not against the patterns themselves, but against other makes, has fallen off almost 50 per cent.

PARAGRAPH 351—NOTTINGHAM LACES.

The CHAIRMAN. That is due to the physical fact that there are a number of Nottingham lace machines allowed to come in here free, and an industry was started in this country?

Mr. DIMMICK. No; I think not, sir. The Lever lace machines have been permitted, but I do not think any Nottingham machines, at least not since I have had anything to do with this company, have ever been imported without a tariff.

The CHAIRMAN. Do not the Lever laces compete, in a way, with the Nottingham laces?

Mr. DIMMICK. Not at all. They are entirely separate and distinct, and we think it is only fair to state that the lace-curtain industry, which is separate and distinct, and which we represent, never having gone into the other, should be treated absolutely separately and apart.

The CHAIRMAN. That is the point I am making. You say you are not able to differentiate now. If you have a view of your own, the committee may not adopt it when you suggest it—

Mr. DIMMICK. Yes.

The CHAIRMAN. But, as you are a practical manufacturer, and they are the men whose views we want about the classification, probably, after reading the classification, you will be able to arrange a classification that would differentiate between these various grades, and I would be pleased if you would do that at your leisure.

Mr. DIMMICK. I will be very glad to do it, indeed.

The CHAIRMAN. Are there any further questions, gentlemen? [After a pause.] That is all, Mr. Dimmick.

STATEMENT OF WILLIAM L. TURNER.

Mr. Turner was duly sworn by the chairman.

The CHAIRMAN. Proceed, Mr. Turner.

Mr. TURNER. We beg to present our views in regard to paragraphs 351 and 350 of the existing tariff law, relating to Nottingham lace curtains and Lever laces. We call attention to the fact that these articles are distinct from each other, made on different machines, to meet different classes of demand, and are imported and distributed under different conditions. Each of them also is quite distinct from embroideries, although the latter are provided for in paragraph 349, along with certain classes of laces. Some misapprehension has apparently arisen at hearings in previous Congresses, owing to confounding together statements relating to these three differing classes of articles.

The Nottingham lace-curtain industry has been established on comparatively firm foundations since about 1897, and now supplies more than 90 per cent of the American demand for these articles. The business of manufacturing lace on the Lever and Gothrough lace machines, although attempted on a small scale a generation ago, has attained its present development only since the enactment of the tariff of 1909. The two industries stand, therefore, upon somewhat different footing and will be discussed separately in this brief. The Nottingham lace-curtain industry has vindicated its right to exist by reducing retail prices to the consumer; the Lever lace industry

PARAGRAPH 351—NOTTINGHAM LACES.

as yet supplies only a small portion of the American demand, but is in a fair way to bring down prices ultimately in the same way.

In the Nottingham lace-curtain industry are now employed some 6,000 skilled operatives, with an annual production at wholesale prices of about \$8,000,000. There are now in use in this country some 487 Nottingham lace-curtain machines, which were imported under a duty of 45 per cent. They represent, duty paid and with the plant required for their operation, about \$20,000 per machine, or a total plant value of at least \$9,000,000. A list of these machines, according to location, is appended to this brief as Exhibit A. I will not read that unless it is desired. It is worthy to note that the Nottingham lace-curtain machines can be installed only in special types of buildings. From this and other causes, the capital investment required is exceptionally large in ratio to product, the value of the "turn-over" representing in a year less than the value of the investment in the plant. Obviously, such an investment would have been made only in the belief, based upon the formal legislative acts of the Government, that the equitable relation established between the duties on curtains, raw materials, machinery required for their production, and other competing foreign goods, would not be changed suddenly and arbitrarily or without due consideration of these conditions.

The raw materials of Nottingham lace curtains are cotton yarns, of which a large proportion are bobbin yarns, which are not made in this country. Analysis of the consumption of yarns used by one of the signers of this brief during the year 1911 showed that \$445,000 was paid for American yarns and \$243,000 for imported bobbin yarns, laid down with duties paid at the average rate of 29.25 per cent ad valorem. The domestic yarns, which form 64 per cent of the raw material in value, are produced almost exclusively in southern mills, while the bobbin yarns are made entirely in England, and there is no indication that American mills are likely to produce them in commercial quantities in preference to other goods which they can produce more easily and at a greater profit.

The CHAIRMAN. I do not like to interrupt you, but let me ask you a question right there.

Mr. TURNER. Certainly.

The CHAIRMAN. I wish you would explain the difference between the bobbin and the other yarns.

Mr. TURNER. The bobbin yarn is a yarn that is run through cylinders and made oblate.

The CHAIRMAN. Made what?

Mr. TURNER. Oblate; flattened so that it can be wound narrow wise on a bobbin, in order to get the greatest yardage in the shortest possible space. In 16-point curtain machines, for instance, there are 16 bobbins which must have free accommodation in 1 inch of space, and in order to arrange for that there has been developed in England, where this industry had its birth, a special preparation of yarn for bobbins, which consists in oblatizing the yarns so that they can be wound narrow wise on the bobbin, thereby saving space.

The CHAIRMAN. The bobbin yarns carry the same numbers as other yarns?

PARAGRAPH 351—NOTTINGHAM LACES.

MR. TURNER. The same numbers, except, being round, under a microscope they are oblate.

Obviously, it seems to us, if an adjustment of duties is to be sought which is equitable and scientific, such an adjustment must recognize the justice of a duty on curtains to compensate for the duty on the raw materials used, quite apart from what may be added to equalize labor costs and other factors in American production.

The labor cost of producing Nottingham lace curtains in the United States is much greater than in Europe. Affidavits were submitted to the Committee on Ways and Means in 1908 made by several workers who had come from English and Scotch mills to America, which showed differences in wages paid of 68½ per cent over the union rate in Nottingham, England, and 164 per cent to 327 per cent over the rates paid in Scotland (see Tariff Hearings, 60th Cong., 2d sess., Doc. No. 1505, pp. 4833-4834). Comparison of rate cards now in force show substantially the same differences. While these figures relate specifically to skilled labor, it is notorious that the less skilled services, performed largely by women and children, command in this country rates two or three times those paid abroad.

On the subject of weavers' wages, a memorandum appended to this brief as Exhibit B, made by one of the signers, shows increases between December 4, 1897, and June 3, 1907, amounting to 52½ per cent, calculating each of the six different increases as a percentage of the wage paid at the time of the increase, but really representing 64.44 per cent increase upon the original wage rate of 1897. In addition to this increase in money wages, working hours were reduced from 58 to 51 hours per week on the day shift and 50 to 45 hours on the night shift. While there have been fewer increases in money wages paid to weavers since 1907, there have been a number of readjustments of wages upon particular classes of work and in the classification of work, all of which have added to the real wage earned by the laborers in these classes. If the reduction in time, amounting to more than 10 per cent, is added to the increase in money wages, the cost of labor for a given period of work is now at least 75 per cent greater than in 1897.

It is not possible to make exact comparisons of the prices of Nottingham lace curtains to the consumer in times gone by with those now prevailing because of the constant changes in style of goods. Speaking generally, it is well known to importers that goods of substantially the same quality and attractiveness of pattern can now be obtained much cheaper than before American manufacturers entered the field. This is not because the American manufacturer can actually produce cheaper than the foreign manufacturer, but because he has reduced the margin of profit charged. The effect of American competition has been to bring down importers' profits to a moderate return on cost. Gradually, as the American industry grew in magnitude, it created an organization for selling curtains which distributed them widely in the hands of jobbers and retailers throughout the country and put them within reach of people of small incomes as a familiar means of household comfort and ornamentation.

With the loss of the bulk of the American trade, foreign manufacturers have made less effort to adapt their patterns to American

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taste and have thus to a considerable degree withdrawn from the market. If a reduction of duty should be made, however, which made the American market more accessible to them, more attention would be paid to its requirements and an effort would probably be made to build up an organization for distributing foreign curtains and thereby driving American manufacturers out of business.

We believe, therefore, that the continuance of existing duties on lace curtains is necessary to the maintenance of reasonable prices for curtains to the American consumer as well as to the maintenance of the industry on sound condition.

Even under present conditions, with American manufacturers supplying over 90 per cent of the domestic demand, they are not working their machinery to its full capacity. The capacity of the Nottingham lace-curtain machines in the United States is about \$12,500,000 annually, while the actual production is only a little in excess of two-thirds of this amount, or from \$8,000,000 to \$9,000,000. To reduce duties to a point intended to increase importations would throw out of employment a proportionate amount of machinery and skilled laborers. From a revenue point of view, the gain would be almost negligible under any rate which we believe your committee would be disposed to consider. With annual imports at the present time of about \$280,000, the duty, which works out on an average at about 52 per cent, affords revenue of about \$145,000. If the duty were reduced to 40 per cent and the effect was to transfer business to the amount of \$2,500,000 from American to foreign mills, the total duties collected would be \$1,000,000, or an increase of about \$850,000. We submit that this is too small a gain to the public revenue to afford grounds for crippling an industry and throwing out of employment several thousands of laborers. Such a policy, moreover, would go further in its injurious effects than the mere pro rata loss shown by the substitution of foreign for domestic product; because it would materially reduce the proportion of product to value of plant, which is already low as the result of the large capital investment in imported machinery and special buildings. The equipment for the manufacture of Nottingham lace curtains is not capable of being diverted to any other form of production and the tendency of impairing seriously its earning capacity would be to destroy the value of nearly the entire capital invested and to deprive of a livelihood all the skilled labor now employed.

The production of laces in the United States upon a commercial scale is essentially a new industry. While spasmodic efforts were made as early as 1866 to manufacture laces, through the importation of foreign lace workers and machinery on a small scale, they produced little effect down to the enactment of the tariff of August 5, 1909. Under that act Levers and Gothrough lace machines were admitted to the United States free of duty if imported prior to January 1, 1911. The result has been that there are now 527 such machines in the United States, of which 330 to 393 have been imported free of duty. The cost of these machines, with accessories, set up and ready to run in America, is about \$7,500 each, making the total investment under the present tariff about \$2,400,000, apart from plant and other expenses. With the object of putting this industry upon its feet, the

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request was made of the Sixtieth Congress that a system of specific duties be adopted. This request was rejected, but the rate of duty was fixed at 70 per cent ad valorem.

In this industry the yarns employed for fashion laces and most in demand at present are imported from abroad. The importation of machinery free of duty was a provision of the act of 1909, not asked for or suggested by your petitioners, but was embodied in the law upon the recommendation of an expert of the United States Department of Commerce, with the object of encouraging the creation of a distinctive American lace industry, and was accepted and capital invested under it by your petitioners in the belief that the Government would not arbitrarily and hastily abandon and reverse a decision thus deliberately adopted upon its own sole initiative.

This industry has gone through the same experience as the curtain industry in its earlier history, in being compelled to offer exceptional rewards to skilled workmen to come to the United States for the purpose of establishing the manufacture. A memorandum furnished by one of the signers of this brief on May 31, 1912, for the use of the Tariff Board, is appended hereto as Exhibit C, showing the high wages paid to designers and skilled workers in the various processes of the industry. The wages paid, at the date of this communication, were not less than twice the compensation which was contracted for, which compensation averaged three times what these men were getting in their positions in England.

In spite of the comparatively high rate of duty imposed by the existing tariff on Levers laces, in lieu of the rate of 60 per cent under the previous tariff, and in spite of the high cost of initial installation in America, the industry is one in which these factors count but little in fixing retail prices. The manufacturer's price is determined by his cost of manufacture—but not so the price to the consumer. This is determined by the attractiveness of designs and the demand which may develop among consumers for particular patterns. If a pattern proves attractive, the retailer may and often does add 100 to 125 per cent to the price which he pays to the importer or to the American manufacturer. On the other hand, if he finds that he has purchased more of a certain pattern than he can readily sell at such an advance, he may reduce his profit to 15 per cent, or even sell at a loss to close the lot out. Very few purchasers at retail are sufficiently expert to determine the cost of manufacture of a piece of lace except in a general way, and will pay two or three times as much for a pattern which attracts them as for another pattern of the same quality which is less attractive.

The reduction of the duty from 70 per cent to 60 per cent or even to 50 per cent, would therefore have practically no effect upon the price of patterns which prove attractive to discriminating purchasers. A piece of lace costing 10 cents a yard to manufacture abroad would cost 17 cents with the duty added at the existing tariff rate (apart from other items), and the same piece of lace would cost 16 cents a yard to the importer at a duty of 60 per cent, and 15 cents a yard at a duty of 50 per cent. Obviously, when the retail price was fixed at from 50 to 100 per cent above these figures, the difference between one and the other would have practically no influence if the goods

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were attractive to consumers. It is a simple principle of economics; the price of a pure luxury is determined, not by costs, but by demand.

Laces are imported almost entirely for ornamental purposes, and must be classed exclusively as luxuries, if the term luxury marks a definite distinction between what is necessary to health, cleanliness, and comfort, and that which is essentially ornamental. The higher the quality of goods, other things being equal, the higher is the price, and the larger the revenue which is derived from the ad valorem duty of 70 per cent levied by the existing tariff. It does not seem to us that public policy demands a reduction of duty upon an article so exclusively a luxury, which affords so large a revenue, and where the tariff falls most heavily, in exact proportion to value, upon the high-grade goods consumed by the rich and prosperous.

In view, therefore, of the fundamental character of this article as a luxury, the fact that the price is determined not so much by cost as by taste and fashion, and that much American capital has been invested in laying the foundations of the industry in this country, we feel justified in asking that the existing rate of duty be retained.

The exhibits referred to by Mr. Turner are as follows:

EXHIBIT A.

Number of Nottingham lace-curtain machines in the United States.

	Machines.
Pennsylvania:	
Bromley Manufacturing Co., Philadelphia.....	77
Chester Lace Mills, Chester.....	17
Columbia Lace Mills, Columbia.....	14
North American Lace Co., Philadelphia.....	58
Quaker Lace Co., Philadelphia.....	116
Scranton Lace Curtain Co., Scranton.....	29
Wilkes-Barre Lace Co., Wilkes-Barre.....	71
Wyoming Valley Lace Mills, Wilkes-Barre.....	23
New York:	
International Lace Co., Gouverneur.....	16
United States Lace Mills, Kingston.....	10
Patchogue Lace Manufacturing Co., Patchogue, L. I.....	41
Illinois:	
Zion Lace Industries, Zion City.....	15
Total.....	487

EXHIBIT B.

Nottingham lace curtains—Wages paid in weaving department.

These advances apply to our entire product:	Percent.
Increase:	
Dec. 4, 1897.....	15
Aug. 13, 1898.....	7½
July 1, 1899.....	5
Jan. 13, 1900.....	15
Apr. 1, 1903.....	5
June 3, 1907.....	5

Working hours reduced from 58 to 51 on day shift.

Working hours reduced from 50 to 45 on night shift.

The following increases apply to special grades of work:

January 30, 1911, all square grounds were advanced one-half cent per rack above the card rate. On the gauges we make this means an average raise of 4½ per cent.

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On the same date we agree to pay for all nets on the basis of full punched curtains, which amounted to an increase of one-quarter cent per rack. Approximately, this increase is equivalent to from $2\frac{1}{2}$ to 3 per cent.

On September 30, 1912, all goods classed as "linon effects" had 1 cent per rack added to the card rate, the gauges affected being 6, 7, 8, 10, and 12. This advance averages $10\frac{1}{2}$ per cent.

EXHIBIT C.

Wage rate paid by the Quaker Lace Co. in the Levers lace industry for all processes except weaving.

Designer.....	per annum..	\$4,000.00
Do.....	do.....	3,000.00
Do.....	do.....	2,500.00
Head draftsman.....	do.....	5,000.00
Draftsmen of the first class.....	do.....	\$3,750.00-2,500.00
Draftsmen of the second class.....	do.....	1,750.00-1,500.00
Readers off.....	per week..	10.00- 15.00
Card punchers.....	do.....	20.00- 35.00
Warpers.....	do.....	15.00- 20.00
Winders foreman.....	do.....	20.00
Spool winding:		
120/2 per pound.....		.0350
140/2 per pound.....		.0408
160/2 per pound.....		.0530
180/2 per pound.....		.0650
200/2 per pound.....		.07
250/2 per pound.....		.09
Brass winding.....	per 1,000 bobbins..	.14- .16
Emptying brass bobbins.....	do.....	.08
Threading.....	do.....	.16
Mending fine goods.....	per yard..	.10
Mending coarse goods.....	do.....	.06- .08
Bleaching boss.....	per annum..	3,000.00
Starcher and colorist.....	do.....	2,500.00
Assistants.....	per week..	12.00- 15.00
Finishing foreman.....	per annum..	2,000.00
Separating.....	per thread per 1,000 yards..	.06
Jennying.....	per 2 cards..	.01
Finishing.....	for 6 cards..	.01
Scalloping.....	for 12 yards..	.06

MR. HAMMOND. What is the cost of a Nottingham lace curtain machine?

MR. TURNER. I beg your pardon?

MR. HAMMOND. What is the value of a Nottingham lace curtain machine?

MR. TURNER. There are in this country 487 Nottingham machines, which, put down with the 45 per cent, ready to run, average about \$7,000 to \$7,500 apiece.

MR. HAMMOND. That \$7,500 includes the duty?

MR. TURNER. Yes, sir.

MR. HARRISON. All of these machines are imported?

MR. TURNER. They are all imported. There are none of them made in this country.

MR. HARRISON. Is there not an industry started now to make Nottingham lace machines in the United States?

MR. TURNER. I received a circular stating that they were expected to be able to make a Nottingham lace machine—a Nottingham lace machine, not a Nottingham lace-curtain machine—but the two are

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so closely allied that I suppose that if they could make one they could make the other.

Mr. HAMMOND. Is there any difference in value between the two?

Mr. TURNER. Yes; the Nottingham lace curtain machines range within a compass of from \$5,000 to \$7,000, that compass being determined by the width of the machine and the gauge. The machines in this country are of broad width. The lace machines run in a compass from about \$6,000 to \$9,000, according to the width and gauge. The increased cost of the Lever lace machine is due to the fact that twice the number of these bobbins of which I speak work within an inch on the Levers machine. For instance, we have some lace machines where we have 32 bobbins with a free and uninterrupted motion within an inch of space. The preparation of those bobbins requires a very high grade of skilled labor, and at the present time no country in the world has succeeded in making them except in Nottingham, England. For instance, Germany supplies their own carcasses, but England supplies the high-class skilled labor on what we call the insides.

Mr. HARRISON. Are you in favor of the reduction upon machinery such as is proposed in the metal schedule, from 45 to 25 per cent?

Mr. TURNER. I do not see what it would accomplish. It would write off a depreciation on our plants of about \$3,000 for every curtain machine we have, and if there are 487 machines in this country, that would be about \$1,300,000. If it is done in an effort to equalize conditions between here and abroad, and this country is going to adjust itself to that condition, and some equalization has to be made, I agree with Mr. Dimmick, that we might as well start; but even if we do that, with our labor cost two and a half times what it is abroad, it would not accomplish the purpose.

Mr. HARRISON. Even according to your own point of view, it would more nearly equalize the differences in cost of production in the two countries, as to the future.

Mr. TURNER. After you had accumulated that depreciation loss. I do not think there is a Nottingham lace-curtain machine plant in this country, on account of the keen competition in that industry, that has accumulated, since 1897, sufficient depreciation to write off the loss of a 45 per cent duty on these curtain machines.

Mr. HARRISON. It is not proposed to put the machinery on the free list, but to reduce it to 25 per cent. It was upon that basis that you made your calculation allowing a depreciation of \$1,300,000?

Mr. TURNER. May I depart just a moment from the Nottingham lace-curtain industry and answer that question from both the standpoint of the Nottingham and the Levers lace? With 487 Nottingham lace-curtain machines in this country, making one-third more than the market uses, and the market constantly using less, due to competition of scrim and plain materials, to write off any depreciation on Nottingham curtain machinery would mean a loss of capital. But if the duty on the Nottingham lace machines were reduced it might result in larger importations in this country. At the present time we only have about 527 Levers lace machines here and there are over 7,000 abroad, and reducing the duty might have some of the effect that the exemption from the duty had under the present

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tariff law. It might cause freer importation and have a compensation in making more goods in this country.

Mr. HARRISON. It will start up new industries.

Mr. TURNER. But in the Nottingham lace-curtain machine industry it will only serve the purpose of lessening the plant value.

Mr. HARRISON. Have you any exports in Nottingham lace?

Mr. TURNER. Absolutely none.

Mr. HAMMOND. What particular difference would it make to a manufacturer if he did have to write off \$3,000 on each machine? You would have the same machines, and they would be doing the same work. What particular difference would it make on the basis of credit?

Mr. TURNER. I should say the same difference as when the house in which you live is assessed from \$10,000 to \$5,000.

Mr. HAMMOND. You have no greater expenses to meet?

Mr. TURNER. No; we have already paid for them.

Mr. HAMMOND. You have the same machines, even though you do have to write it down in the books.

Mr. TURNER. I think that is—

Mr. FORDNEY. Could not other people, under the lower rate of duty, go into competition with you with less capital invested?

Mr. TURNER. Certainly.

Mr. HARRISON. But Mr. Turner says the market is already overstocked.

Mr. FORDNEY. Well, they hope to establish a greater trade, I presume.

Mr. HARRISON. So that, from his point of view, it becomes largely a matter of bookkeeping, it seems to me.

Mr. TURNER. Yes; it is a matter of bookkeeping, but when you keep your books very honestly there is a difference if you have 111 machines at \$7,000 on your books or have 111 machines at \$4,000 on the books.

Mr. HAMMOND. You are perfectly justified in charging off something against your machines every year.

Mr. TURNER. If you make it, for your depreciation has to come out of your profits, and if your profits are not more than your interest charges on your investment, you have nothing to set aside for depreciation; that is all.

Mr. HAMMOND. As has been stated by one of the members, it is merely a matter of bookkeeping—a paper depreciation. It is not a real loss of value or real depreciation.

Mr. TURNER. If you have two million of capital employed, say, and your earnings are 7 per cent, and you have capital requirements to pay 6 per cent, you pay the 6 per cent, and anything left over you write off for depreciation; but if there is nothing left over, you can not write off depreciation. It is the impression of the companies I represent and of those with which I have conferred that the profits in the Nottingham lace-curtain industry have never been adequate to build up a depreciation fund. Probably that was a mistake of the past.

Mr. HARRISON. Your time has expired, Mr. Turner, unless some of the members desire to ask you questions.

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Mr. HILL. I would like to ask you, Mr. Turner, how long you have been in the Nottingham lace-curtain business?

Mr. TURNER. Since 1891.

Mr. HILL. You are one of the pioneers?

Mr. TURNER. Yes, sir.

Mr. HILL. The business has grown to meet the American demand, has it not?

Mr. TURNER. Yes; the business reached its height in 1903.

Mr. HILL. I understood you to say that after the passage of the Payne tariff bill the business took on some additional life, or you used some such expression, and that it increased during the past three or four years. Why did it increase?

Mr. TURNER. The reference I made was to the wonderful development of the lace business. The Nottingham lace-curtain business has decreased since 1903.

Mr. HILL. And you meet an additional expense in the increased cost of the yarn in late years, do you not?

Mr. TURNER. Our southern yarn cost, which represents 64 per cent of our entire use in 1912, on a general average, has gone up about 60 per cent since 1902.

Mr. HILL. You are meeting additional competition by decreased wages in Nottingham in the last two or three years?

Mr. TURNER. No; the wages in Nottingham have increased about 4 per cent in the last seven years.

Mr. HILL. Do you know anything about the Asquith agreement with the lace makers of Nottingham?

Mr. TURNER. Yes; but you are confusing Nottingham lace-curtain industry with the lace industry.

Mr. HILL. Then the Asquith agreement does not reach to the Nottingham lace-curtain industry?

Mr. TURNER. It touches the Nottingham Levers lace industry, but not the curtain industry.

Mr. HILL. Has there been any reduction in the wages in the Nottingham lace-curtain industry in the last three or four years?

Mr. TURNER. I have gone to considerable trouble and the only conclusion I can reach is that since 1907 there has been an advance of about 4 per cent. The Scotch mills, with which we are competing, had a strike about three years ago and the adjustment of that strike was so intricate that even those in the business do not know what it was, but I figured it up as an advance equivalent to about 3 or 4 per cent. At the same time, the American advance has been 41 per cent.

Mr. HILL. What was the tariff on these curtains when you entered the industry?

Mr. TURNER. Sixty per cent ad valorem.

Mr. HILL. What have been the variations since?

Mr. TURNER. The Wilson bill cut it to 50, and three American mills were sold out by the sheriff. I am not testifying as to whether that was due to bad management or not. Under the Dingley tariff the duties were compounded, and made an average ad valorem equivalent of about 52 per cent.

Mr. HILL. It is now about 50 per cent?

Mr. TURNER. About 52 per cent.

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Mr. HILL. What was the average price of lace curtains when you started in the industry as compared with what it is now? I want to know what the effect has been on the establishment of the industry in this country.

Mr. TURNER. In 1886, when the duty was 35 per cent, the firm of William H. Fletcher & Co., in New York, were very jubilant and gave a dinner to their employees because they succeeded in landing in this country a curtain at about 82 cents which they could job at \$1. That same grade of curtain to-day is sold by every domestic mill at or lower than 65 cents.

Mr. HILL. So that there has been a reduction, in round figures, of about 33½ per cent since you have been in the Nottingham lace-curtain industry?

Mr. TURNER. On some grades, but taking all grades, I should think it would be to-day about 12 per cent. On some grades it has been one-third, where there has been a great deal of competition among domestic manufacturers. Peculiar as it may seem, it is on that grade of goods that is not imported from the other side.

Mr. HILL. You are giving the wholesale prices?

Mr. TURNER. Yes.

Mr. HILL. A wholesale comparison now?

Mr. TURNER. But taking the industry right through, I think we are selling our goods at 12 per cent cheaper to-day than we did in the past. We have had an advance in the price of yarns, and we have shortened our hours of labor from 60 to 50. We have made an advance in wages in some mills of 41 per cent and in the other mills of 32 per cent. We are proud of our record, and would like to be catechized.

Mr. HILL. I think you have a right to be.

The CHAIRMAN. Some years ago, before the Dingley bill, I believe cotton laces were in Schedule I and linen laces in Schedule J, and I think the classification later was changed, and they were all classified in Schedule J. The purpose of changing the classification was to give the cotton lace a higher rate of duty. What do you say to transferring the cotton laces back to Schedule I and putting them under the cotton schedule?

Mr. TURNER. Paragraph 350, which is the paragraph covering the Lever laces, carries laces whether they be made out of cotton, linen, jute, or silk. To put them into the cotton schedule, unless you have a provision for the other grades of goods, made out of other materials, would seem strange.

The CHAIRMAN. Of course, that would be done.

Mr. TURNER. I do not know why the Nottingham lace-curtain industry is in this schedule. We use nothing but cotton yarns, and ours is a cotton fabric.

The CHAIRMAN. Does paragraph 351 include only cotton laces? If you have not it before you, I will read it to you.

Mr. TURNER. Paragraph 351 provides only for Nottingham lace curtains made on Nottingham lace-curtain machines, and provides for no other class of goods. Those goods are made entirely of cotton.

The CHAIRMAN. There is no reason, then, why paragraph 351 should not be bodily transferred back to Schedule I?

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Mr. TURNER. I do not see any reason.

The CHAIRMAN. Are there any further questions?

Mr. HILL. Is there any reason why there should be a difference in the rate of duty on the cotton and on the linen?

Mr. TURNER. I know absolutely nothing about the linen, except we brought over German Barmen lace machines within the last year. And then we found that the duty on linen laces, which came in under paragraph 349, was 60 per cent, and that the duty on linen yarns ran all the way from 50 to 90. In other words, the duty on the finished article was lower than the duty on some of the yarns which enter into it. Now, I do not know why that is. I do not know anything about linen.

Mr. HULL. What percentage of your yarn do you have to import?

Mr. TURNER. Thirty-six per cent for the year 1912, figures taken from the Quaker Lace Co.

Mr. HULL. Your yarns are not procurable in this country?

Mr. TURNER. They are not made in this country.

Mr. HULL. What is the present duty on them?

Mr. TURNER. What is the duty?

Mr. HULL. Yes.

Mr. TURNER. The three counts are 60's, 70's, and 80's, all of which bear a specific duty. The ad valorem equivalent to all three is 29.33 per cent. That would vary, according to degree, more or less, of the fine or lower counts; but for 1912 the Quaker Lace Co. paid an ad valorem duty on its bobbin yarns of 29 per cent plus.

Mr. HULL. What would be the effect of a reduction in the rates on these yarns with respect to your business?

Mr. TURNER. The question would be easier, if you would state a fixed reduction. For instance, if an ad valorem duty of 15 per cent is fixed instead of 29 per cent plus, it would be an equivalent to 2.5 per cent on a curtain which had 50 per cent yarn. For instance, if the duty on fine yarns was made 15 per cent, and the foreigner did not advance it in proportion, he has a monopoly of the market, a beautiful one by the way, and if the foreigner did not advance his price, and the duty was cut from an average of 30 per cent to an ad valorem duty of 15 per cent on that curtain bearing 50 per cent yarn, which is about the average, we think that that will make a difference of 2.5 per cent.

Mr. HULL. Taking these Lever and Gothrough machines, is there any difference in the cost of manufacture on them as compared to the cost by other methods, leaving out your Nottingham machines?

Mr. TURNER. I do not grasp that question.

Mr. HULL. Is there any difference in the cost of manufacturing lace on the Lever and Gothrough machines than by other methods of manufacture, not including your Nottingham machines?

Mr. TURNER. There are three machines to-day making lace. One is the Barmen machine of Germany, which uses almost entirely linen and has a very small field of manufacture; then there is an allied industry, which really belongs to embroidery, that is, cutting out of burned lace. That pays a duty of 60 per cent. I know nothing at all about labor conditions in that industry. You can not confuse the lace made on a Levers machine with the lace made on any other kind

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of a machine. The Levers lace machine is a machine to imitate hand-made lace.

Mr. HILL. What number would you start with if you were to reduce the rates from 30 per cent to 15 per cent on lace yarns? What number would you start with to make it 15 per cent?

Mr. TURNER. I would not do it at all.

Mr. HILL. I thought you recommended that it be reduced?

Mr. TURNER. I did not recommend it; I am just answering your question. I would not recommend reduction on another line of goods for the same reason that I do not ask for one on ours.

I would like to see fine bobbin yarns made in this country. We have offered to American firms contracts at 10 per cent above English prices, but without avail. If England would go to war to-morrow every Nottingham mill in the United States would shut down until the war was over.

Mr. HILL. Have you any high numbers in your proposition?

Mr. TURNER. The highest number which we use in any quantity in the Nottingham lace-curtain business is 80. In the lace business we go up to 240.

Mr. HILL. You would recommend a continuance of the duty on above 120's?

Mr. TURNER. I prefer not to speak for yarn in any way whatever. I would like to see the goods made in this country. I do not know whether they can or can not be made in this country. I doubt whether they will if in all these years they have not succeeded in doing it.

Mr. HILL. You say you have offered 10 per cent extra above the English price for the No. 80?

Mr. TURNER. On Nos. 60, 70, and 80 we offered the American Thread Co., some years ago, a contract at 10 per cent more than the English price. It is desirable to make the goods in this country.

Mr. HILL. Do they not make 60's, 70's, and 80's?

Mr. TURNER. Not the bobbin yarn. The bobbin yarn requires special machinery, and they claim the market is too restricted and the demand too fickle to make it worth while.

Mr. HILL. You would not suggest any change at all on yarn above 120? You prefer not to say anything about it?

Mr. TURNER. I prefer not to say anything about it.

Mr. HULL. Suppose there should be some reduction made on your laces?

Mr. TURNER. I presume any duty on laces or on Nottingham lace curtains is scientifically adjusted to the cost of yarns. If yarn goes down in price, there is no reason why the duty should not go down proportionately. If the yarn goes up, if the duty is properly adjusted, it should go up, naturally.

The CHAIRMAN. There are practically no Nottingham curtains imported at all?

Mr. TURNER. In the year 1912 there were \$278,000, \$178,000 of which came in under the saving clause of 50 per cent.

The CHAIRMAN. What is the total amount of your production in this country?

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Mr. TURNER. \$8,000,000. One-twentieth of that used in this country comes from the other side. That seems very small, but it is a very serious proposition in this respect. Our costs are going up, because we ought to be making \$12,500,000, where we are making \$8,000,000, and our labor is only two-thirds employed. The result is we feel very sensitive to every importation from the other side.

The CHAIRMAN. If there was a demand for \$12,000,000 and you are only making \$8,000,000, the importations would certainly be more than \$300,000?

Mr. TURNER. The fact that importations have gone up in the last three years would seem to indicate the margin of our present equalization of cost between here and abroad is about right, and the slightest change means goods made here or goods made abroad.

The CHAIRMAN. I think that is logically correct, for they had more importations, and the increase in your imports has been only from \$212,000 to \$270,000 at the outside in the highest year.

Mr. TURNER. The importations were four times in 1912 what they were in 1909, and the domestic production was one-third less.

Mr. HILL. I would like to ask the gentleman about the Levers machine, Mr. Chairman.

You are engaged in that business in which you use the Levers machine?

Mr. TURNER. We just started the Levers business under the last tariff.

Mr. HILL. How many Levers machines have you in your factory?

Mr. TURNER. We have 102 in the two factories in which I am interested.

Mr. HILL. What is the concern which you represent?

Mr. TURNER. I am vice president of the Quaker Lace Co. and president of the North American Lace Co.

Mr. HILL. To what extent has the industry developed since 1909, when the tariff bill was passed giving free machines?

Mr. TURNER. What shall we consider the evidence of development—sales, importations, machinery, or progress made?

Mr. HILL. Anything. What has been the effect of the free machinery clause of the Payne tariff bill on the domestic market?

Mr. TURNER. The Quaker Lace Co. and the North American Lace Co., which started the manufacture of Levers lace under the present tariff, have spent to date \$1,165,000, exclusive of plant or machinery, exclusive of investment cost. Our sales to date have been less than \$600,000. In other words, we have spent double what we have sold, but we feel we are making decided progress, and under the present duty of 70 per cent we can contribute toward the development of American industries that will be in every way worth while.

Mr. HILL. Has the price of lace, as compared with foreign prices, decreased since 1909?

Mr. TURNER. Very materially.

Mr. HILL. So that the American people, notwithstanding the high duty, are getting the same article at a very materially reduced price, as I understand you to say?

Mr. TURNER. The Government states that about one-half of all lace made abroad is imported to America. I do not know positively

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whether that is so or not. I take that from the reports of the Bureau of Commerce and Labor. If half of the machines abroad send their laces to this country, then the proportion of the machinery in this country is 15 per cent of the entire machinery that is working on the American consumption.

Mr. HILL. Then the effect has been, as I understand in a general way, that the product of half of the machinery of Europe has been coming to this country?

Mr. TURNER. The sales for 1912, as nearly as I can approximate them, are about \$2,500,000 of Levers laces. The production of \$2,500,000 of Levers laces has been a sufficient quantity to cause the foreigner to come down as low as he can in his cost, with the result that notwithstanding the advance in duty, laces have been coming in ever since at the lower prices.

Mr. HILL. What has been the effect on the wage market by the establishment of this industry in Europe?

Mr. TURNER. On the Levers laces, it has probably lowered it just a little.

Mr. HILL. Does the Asquith agreement relate entirely to the Levers lace territory?

Mr. TURNER. I so understand it.

Mr. HILL. Do you know the substance of that agreement?

Mr. TURNER. Yes; I have seen it.

Mr. HILL. Will you kindly give us the gist of that and tell us when it went into effect?

Mr. TURNER. I can not say positively, but I think two years ago.

Mr. HILL. Since the Payne tariff bill was passed?

Mr. TURNER. Yes. After the Payne tariff bill was passed, the free districts of England, where the bulk of the lace is made—it is not all made in Nottingham, you understand—made contracts with their labor to work for a special price. A manufacturer would say, "I can get a contract with this concern on this particular lace for so much. If you will labor for so much we will sell it and get this price." That became so atrociously low as affecting the wages that the Government took cognizance of the situation and tried to come to a settlement which covered not only the Nottingham district but the free labor in perhaps 80 per cent of the English districts where laces were made.

Mr. HILL. Then the effect of the Payne tariff bill, so far as concerns the duty and the free machinery clause, in general terms, has been to establish in this country a new industry, has it not?

Mr. TURNER. The result of the Payne tariff bill, as we have it as a matter of record, is that 62 per cent of the machinery of this country to-day making Levers laces came in under the free provision. That represented an investment of about \$4,000,000, roughly speaking. The result of it was to lower the prices of lace and wages here on account of the large quantity of machines which came in so quickly, have gone up perhaps illogically high in proportion to the time, because the demand for labor was so much greater than the supply.

Mr. HILL. Let me ask in regard to the character of the labor. Aside from the men to run the weaving machines, the industry is one

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which is especially adapted to the employment of girls or women, is it not?

Mr. TURNER. Two men running a Levers lace machine—because they run 18 hours of 24 hours in this country, while on the other side they run from 20 to 22 hours out of 24 hours—afford average employment to about 30 other people. Of that 30, I should think that 25 were female labor.

Mr. HILL. And that labor is very much more highly paid than it is in any of the competing countries of Europe?

Mr. TURNER. Based on our pay roll, as compared with the Government records to which we have access, I think we can prove as a matter of figures that it is two and one-half times.

Mr. HILL. That is practically in the development of an industry which gives a cheaper luxury, is it not; or practically a luxury, or do you come to regard it as a necessity, now that the price has been reduced so much during the past three years?

Mr. TURNER. Of course, the answer to that question hangs on the definition of the word "luxury." I believe you have used the term in your hearings "voluntary consumption." No woman need wear lace unless she does it for personal reasons of style, vanity, or luxury.

Mr. HILL. Those are motives that govern most of our actions, are they not? Then, you think as a result of the whole proposition, it has been a marked success?

Mr. TURNER. Unquestionably.

Mr. HILL. In developing an industry and reducing the cost of the product and furnishing a materially high class of labor good wages?

Mr. TURNER. I do not know of any proofs on the other side of that statement.

Mr. HULL. You say these Levers machines were not brought into this country on account of the tariff rates until they were allowed to be imported without duty?

Mr. TURNER. From a careful investigation, we would state the number of Levers lace machines at this time at 527. Figures differ as to whether 330 or 393 came in under the free provision.

Mr. HULL. There have been very few brought in under the 45 per cent tariff rate?

Mr. TURNER. Taking the minimum figures, 393 from 527, there were probably 134 machines here previous to the passage of the Payne tariff bill. Since the tariff, there have come in 393.

Mr. PALMER. A witness said yesterday there were 83 machines in the country before that time.

Mr. TURNER. He would have very great difficulty in proving it.

Mr. HULL. How long has that Levers machine been in use in the other countries?

Mr. TURNER. It really starts back about 1827, but the perfecting of the machine and the radical development of the industry in Calais has occurred within recent years. For instance, in the three years preceding the present tariff law there were more machines put into Calais alone than were brought into this country. There were 660 machines put into Calais. As I say, there were more machines put into Calais alone in the two years previous to 1909 than were brought into this country under the free exemption of the machinery.

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Mr. HULL. Would those machines have been imported so largely if this tariff rate had been reduced early?

Mr. TURNER. I could not answer that question. I can answer for ourselves. We went into the Levers industry not because the machinery was made free, but because the duty was advanced to 70 per cent.

Mr. HULL. Why is it that the lace and embroidery industry in this country only runs back so short a length of time?

Mr. TURNER. I know nothing about the embroidery industry in this country. I would like to eliminate that, because I know absolutely nothing about it.

The Levers lace industry in this country goes back to 1866. Previous to the present tariff law there were plants in this country making Levers lace, but they were all specialized on certain classes of goods which they thought they could make under the 60 per cent duty. The advance in duty seems to have had the effect of broadening that avenue of manufacture so that we have access to the entire lace market and can vary our plans according to the demands of fashion.

Mr. HULL. The fact does exist that prior to the suspension of this 45 per cent tariff rate on these machines only a small number were brought into this country and placed in use, but immediately upon the suspension of this rate an immense number came in and the industry increased in volume?

Mr. TURNER. I think the reason for that is this: The small firms rushed in because the duty was free. The large firms, who had been more or less studying the industry, because it relates to some extent to our business and we had been investigating the labor cost for years, went into the industry, not because machinery was free but because the duty had been advanced to 70 per cent.

Mr. KITCHIN. How much of these goods were imported before the duty was advanced to 70 per cent?

Mr. TURNER. I can not answer that question, because they were all brought in under the present paragraph 349. I can give the cotton imports of that entire schedule.

Mr. KITCHIN. I have that; but about how much do you think?

Mr. TURNER. We have no way of ascertaining.

Mr. KITCHIN. Do you think there were a great many more imports before 1909 than since?

Mr. TURNER. On the contrary; I think it is larger since 1909, because lace has been more in vogue. Laces are a fashion article.

Mr. KITCHIN. The increased tariff did not decrease the imports?

Mr. TURNER. Since the advance in the duty the imports, I think, have increased. Certainly 1912 increased over 1911.

Mr. KITCHIN. I am trying to get at whether this increased tariff, which induced you to go into the business, decreased the imports. Were there more imports before or after the increase?

Mr. TURNER. I think it increased.

The CHAIRMAN. What is the total production of these Levers machines in this country?

Mr. TURNER. In this country?

The CHAIRMAN. Yes.

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Mr. TURNER. I would estimate them at \$2,500,000. I see a statement has been made before the committee of about \$7,000,000. I take it the witness was sincere, but mistaken.

Mr. PALMER. It was stated yesterday by Mr. Berry—do you know Mr. Berry?

Mr. TURNER. No, sir; I do not.

Mr. PALMER. Mr. Berry represented the Richmond Lace Works. Do you know that concern?

Mr. TURNER. Yes.

Mr. PALMER. He stated that the total output of the lace industry was \$10,000,000.

Mr. HILL. That included curtains?

Mr. PALMER. No; I do not so understand it.

Mr. TURNER. Mr. Berry probably guessed. I am giving you actual figures in the statement I make, and any statement I make to the committee I can prove.

The CHAIRMAN. You mean the American production, under paragraph 350, that referred to laces made on the Levers machines, is \$2,000,000?

Mr. TURNER. I think about \$2,500,000. I do not see any way it could be more than \$3,000,000, because we have a tabulation of how many lace weavers there are in this country. The number of lace weavers is very much less than the number of machines. The number of machines in this country does not give a cue to the amount of the industry. It is the number of people on those machines that determines that. The number of lace weavers in this country could not make more than \$3,000,000 worth of laces.

The CHAIRMAN. The \$8,332,000 worth of imports under this schedule are entirely this class of laces. Under this paragraph 350 I notice that in the year 1912 the imports amounted to \$8,332,000, as shown by the Treasury reports. I want to know whether those imports were entirely of the class of goods you refer to?

Mr. TURNER. Exclusively Levers laces. The gentleman who testified yesterday said there were \$35,000,000 imported.

Mr. LONGWORTH. Do I understand you to say you are now producing about \$8,000,000, and could produce \$12,000,000, but your labor is about only two-thirds employed?

Mr. TURNER. When I said that I was speaking of the Nottingham lace curtains. I am under the disadvantage of speaking for two paragraphs. I made that response entirely with reference to the Nottingham lace curtains.

Mr. LONGWORTH. That did not apply to the general industry?

Mr. TURNER. In the Nottingham lace-curtain industry we could produce one-third more than is being used to-day.

Mr. LONGWORTH. Suppose you could run full time instead of only two-thirds time in the Nottingham industry, would that materially decrease your cost production?

Mr. TURNER. Yes; but what would we do with the goods? We can not send them into any other market. We have investigated every channel. When the machinery production is larger than the uses of the domestic market, one of two things happen: You either have

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to restrict the production or you have the very closest kind of competition. There is not a Nottingham lace-curtain mill in the United States that is making 7 per cent clear on its capital.

Mr. HILL. How low a yarn, in count, do you use on the Levers machine?

Mr. TURNER. On the Levers machine, the answer is in the fashion.

Mr. HILL. I mean how low do you use ordinarily?

Mr. TURNER. At the present time the Quaker Lace Co. is using nothing below 120.

Mr. HILL. Can you get that manufactured in this country?

Mr. TURNER. No, because it is all bobbin yarn. Bobbin yarn has all to come from the other side for the Levers industry.

Mr. HILL. The Government is getting a very considerable revenue from the yarn imports for the Levers machines?

Mr. TURNER. On our Levers yarns used in 1912 by the Quaker Lace Co., from which we make the finest grade of laces attempted in this country, the ad valorem equivalent on yarns was 42 per cent. It was 29 per cent plus on the curtain yarns.

Mr. HILL. About 30 cents a pound on the 120's, is it not?

The CHAIRMAN. Mr. Turner, suppose we reduce the duty on yarn and leave the same duty on Nottingham laces, would that have any disposition to make this schedule prohibitive?

Mr. TURNER. I think not. I do not think any schedule can be prohibitive with conditions existing as they do now in the Nottingham lace-curtain industry.

The CHAIRMAN. It is undoubtedly very competitive right now. There is no question about that. That is shown by the figures.

You say these bobbin yarns are 42 per cent?

Mr. TURNER. The yarns which the Quaker Lace Co. are using to-day in its Levers lace industry are 200's, which pay a specific duty of 60 cents; the 180's a specific duty of 54 cents; the 160's a specific duty of 48 cents; the 140's a specific duty of 42 cents; the 120's a specific duty of 37 cents; the 100's a specific duty of 31 cents. Of course the proportions of these yarns vary, but for the year 1912 the ad valorem equivalent of all foreign yarns used by the Quaker Lace Co. that went into its Levers laces was between 40 and 42 per cent.

Mr. HILL. Then we are getting a reduced cost of product and we are getting a very large revenue from the yarns, are we?

Mr. TURNER. We are getting a reduced cost of products and a revenue from the yarns, an increasing revenue on the laces, because the trend is toward finer goods.

Mr. HILL. Is there any climatic reason why we can not make that yarn in this country—120's and up?

Mr. TURNER. Absolutely none. Back when the Dingley bill was passed it was testified before this committee by an importer in New York, that curtains made in this country would not stand the wear and tear of laundering owing to climatic conditions. We are still in the business.

The CHAIRMAN. Suppose the reduction on this bobbin yarn came down one-third on the present rates, how much difference would that make in your business?

Mr. TURNER. I could not answer that, Mr. Underwood, because the demands of the yarn vary so with different classes of goods. The

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only thing I have figured on was what it would be equivalent to on Nottingham lace-curtain yarns, where the percentage of domestic yarn is about 36 and the foreign yarns about 34. But in laces two years ago, when this bill was passed, we had almost entirely American yarns, because it was true that at that time laces were in demand which were heavier. To-day the shadow laces have come into vogue, and if you will ask your wife she will tell you what a shadow lace is. They are made from the very thinnest and finest yarns, and the result is for the last nine months we have not used any domestic yarns at all, and 120 has been our minimum number.

The CHAIRMAN. If the tariff on yarn was reduced one-third, what would be the corresponding reduction on paragraph 350 that would equalize that?

Mr. TURNER. That would have to be very carefully figured out.

The CHAIRMAN. If you desire to do so, we would be very glad to have you submit figures.

Mr. HULL. You may have stated, but I did not hear you if you did, what the amount of domestic production of laces is as compared with foreign importations of like products.

Mr. TURNER. The only comparison would have to be made on the basis of the Levers laces. I could not speak with any intelligence of laces not made on a Levers machine, but of the product of the Levers lace machine, I think from \$2,500,000 minimum to \$3,000,000 maximum was made in this country in 1912, and the imports were over \$8,000,000.

Mr. HULL. Why is it that, during all these years that the rates ranged from 50 to 70 per cent, our manufacturers had not built up this industry more rapidly?

Mr. TURNER. We all know the difference between success and failure hangs on a very slight margin. The difference in the case of the Levers laces is the difference between 60 and 70 per cent. On 70 per cent you are able to have a business in this country. On 60 per cent, there will be a very small business.

Mr. HULL. You have had as much protection as you have asked for heretofore, have you not?

Mr. TURNER. We never asked for 70 per cent, because we were not in the business at that time.

Mr. HULL. How long would it take to build up this industry with all the protection that you might ask for, say that you could produce enough of these goods to supply the market?

Mr. TURNER. I can only testify accurately on the things that have happened, but I will prophesy on things that may happen, and this is merely a prophecy: I should think 10 years would be sufficient to build up in this country a strong, sturdy industry—and by industry I mean one which can meet all these demands which fashion dictates. In the Nottingham lace-curtain business our fashion does not change. The curtain we made five years ago will bring within 20 per cent of its value to-day.

In the matter of laces, if they are in demand and are in vogue, and the people want them, they apparently will pay any price; but if they are not in vogue you can hardly give them away. The result is that to have an American industry you will have to meet those conditions,

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as they do abroad. To-day it is a class of goods made out of the finest yarns; to-morrow it may be a class of goods made out of the domestic heavy yarns.

Mr. HULL. You mean with this tariff duty continuing for 10 years you will be able to produce in this country enough laces to satisfy a majority of the American demand?

Mr. TURNER. I do not think so, because in a fashion article multiplied manufacturers can bring out that which the people want better than any one small percentage of manufacturers. I do not think in the lace business you will ever have a domestic market manufacturing anything like the quantity that will be used. They may make half of it.

Mr. HULL. That just applies to this country?

Mr. TURNER. Yes.

Mr. HULL. Other countries supply domestic markets, and supply most of our market?

Mr. TURNER. There are 26 domestic lace manufacturers in this country. In the French district alone there are over 1,400.

Mr. HULL. If this tariff were suspended again on these machines and they were imported in proportion to the number that were imported when the tariff was suspended under the Payne law, the industry would climb up much more rapidly, would it not?

Mr. TURNER. It would put more concerns in the business, and the more concerns there are in the business the cheaper we make the product. It is a little hard for those who are in it, but it is along the line toward progress.

The CHAIRMAN. That seems to be all; you may be excused, Mr. Turner.

BRIEF IN RE LACE CURTAINS AND LACES.

NEW YORK, *January 11, 1913.*

DEAR SIR: We beg to present our views in regard to paragraphs 350 and 351 of the existing tariff law, relating to Nottingham lace curtains and lever laces. We call attention to the fact that these articles are distinct from each other, made on different machines, to meet different classes of demand, and are imported and distributed under different conditions. Each of them, also, is quite distinct from embroideries, although the latter are provided for in paragraph 349, along with certain classes of laces. Some misapprehension has apparently arisen at hearings in previous Congresses, owing to confounding together statements relating to these three differing classes of articles.

The Nottingham lace-curtain industry has been established on comparatively firm foundations since about 1897, and now supplies more than 90 per cent of the American demand for these articles. The business of manufacturing lace on the lever and go-through lace machines, although attempted on a small scale a generation ago, has attained its present development only since the enactment of the tariff of 1909. The two industries stand, therefore, upon somewhat different footing and will be discussed separately in this brief. The Nottingham lace-curtain industry has vindicated its right to exist by reducing retail prices to the consumer; the lever lace industry as yet supplies only a small portion of the American demand, but is in a fair way to bring down prices ultimately in the same way.

NOTTINGHAM LACE CURTAINS.

In the Nottingham lace-curtain industry are now employed some 6,000 skilled operatives with an annual production at wholesale prices of about \$8,000,000. There are now in use in this country some 487 Nottingham lace-curtain machines, which were imported under a duty of 45 per cent. They represent, duty paid and with the

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plant required for their operation, about \$20,000 per machine, or a total plant value of at least \$9,000,000. A list of these machines, according to location, is appended to this brief as Exhibit A. It is worthy of note that the Nottingham lace-curtain machines can be installed only in special types of buildings. From this and other causes, the capital investment required is exceptionally large in ratio to product, the value of the "turn over" representing in a year less than the value of the investment in the plant. Obviously, such an investment would have been made only in the belief, based upon the formal legislative acts of the Government, that the equitable relation established between the duties on curtains, raw materials, machinery required for their production, and other competing foreign goods would not be changed suddenly and arbitrarily or without due consideration of these conditions.

The duty on materials employed.—The raw materials of Nottingham lace curtains are cotton yarns, of which a large proportion are bobbin yarns, which are not made in this country. Analysis of the consumption of yarns used by one of the signers of this brief during the year 1911 showed that \$445,000 was paid for American yarns and \$243,000 for imported bobbin yarns, laid down with duties paid at the average rate of 29.25 per cent ad valorem. The domestic yarns, which form 64 per cent of the raw material in value, are produced almost exclusively in southern mills, while the bobbin yarns are made entirely in England, and there is no indication that American mills are likely to produce them in commercial quantities in preference to other goods which they can produce more easily and at a greater profit. Obviously, it seems to us if an adjustment of duties is to be sought which is equitable and scientific such an adjustment must recognize the justice of a duty on curtains to compensate for the duty on the raw materials used, quite apart from what may be added to equalize labor costs and other factors in American production.

Labor cost and wages.—The labor cost of producing Nottingham lace curtains in the United States is much greater than in Europe. Affidavits were submitted to the Committee on Ways and Means in 1908, made by several workers who had come from English and Scotch mills to America, which showed differences in wages paid of 68½ per cent over the union rates in Nottingham, England, and from 164 per cent to 327 per cent over the rate paid in Scotland (see tariff hearings, 60th Cong., 2d sess., Doc. No. 1505, pp. 4833-4834). Comparison of rate cards now in force show substantially the same differences. While these figures relate specifically to skilled labor, it is notorious that the less skilled services, performed largely by women and children, command in this country rates two or three times those paid abroad.

On the subject of weavers' wages, a memorandum appended to this brief as Exhibit B, made by one of the signers, shows increases between December 4, 1897, and June 3, 1907, amounting to 52½ per cent, calculating each of the six different increases as a percentage of the wage paid at the time of the increase, but really representing 64.44 per cent increase upon the original wage rate of 1897. In addition to this increase in money wages, working hours were reduced from 58 to 51 hours per week on the day shift and 50 to 45 hours on the night shift. While there have been fewer increases in money wages paid to weavers since 1907, there have been a number of readjustments of wages upon particular classes of work and in the classification of work, all of which have added to the real wage earned by the laborers in these classes. If the reduction in time, amounting to more than 10 per cent, is added to the increase in money wages, the cost of labor for a given period of work is now at least 75 per cent greater than in 1897.

Prices to the consumer.—It is not possible to make exact comparisons of the prices of Nottingham lace curtains to the consumer in times gone by with those now prevailing, because of the constant changes in style of goods. Speaking generally, it is well known to importers that goods of substantially the same quality and attractiveness of pattern can now be obtained much cheaper than before American manufacturers entered the field. This is not because the American manufacturer can actually produce cheaper than the foreign manufacturer, but because he has reduced the margin of profit charged. The effect of American competition has been to bring down importers' profits to a moderate return on cost. Gradually, as the American industry grew in magnitude, it created an organization for selling curtains which distributed them widely in the hands of jobbers and retailers throughout the country, and put them within reach of people of small incomes as a familiar means of household comfort and ornamentation.

With the loss of the bulk of the American trade, foreign manufacturers have made less effort to adapt their patterns to American taste and have thus to a considerable degree withdrawn from the market. If a reduction of duty should be made, however, which made the American market more accessible to them, more attention would be

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paid to its requirements and an effort would probably be made to build up an organization for distributing foreign curtains and thereby driving American manufacturers out of business.

We believe, therefore, that the continuance of existing duties on lace curtains is necessary to the maintenance of reasonable prices for curtains to the American consumer as well as to the maintenance of the industry in sound condition.

Even under present conditions, with American manufacturers supplying over 90 per cent of the domestic demand, they are not working their machinery to its full capacity. The capacity of the Nottingham lace-curtain machines in the United States is about \$12,500,000 annually, while the actual production is only a little in excess of two-thirds of this amount, or from \$8,000,000 to \$9,000,000. To reduce duties to a point intended to increase importations would throw out of employment a proportionate amount of machinery and skilled laborers. From a revenue point of view, the gain would be almost negligible under any rate which we believe your committee would be disposed to consider. With annual imports at the present time of about \$280,000, the duty, which works out on an average at about 52 per cent, affords a revenue of about \$145,000. If the duty were reduced to 40 per cent and the effect was to transfer business to the amount of \$2,500,000 from American to foreign mills the total duties collected would be \$1,000,000, or an increase of about \$850,000. We submit that this is too small a gain to the public revenue to afford grounds for crippling an industry and throwing out of employment several thousands of laborers. Such a policy, moreover, would go further in its injurious effects than the mere pro rata loss shown by the substitution of foreign for domestic product, because it would materially reduce the proportion of product to value of plant, which is already low as the result of the large capital investment in imported machinery and special buildings. The equipment for the manufacture of Nottingham lace curtains is not capable of being diverted to any other form of production, and the tendency of impairing seriously its earning capacity would be to destroy the value of nearly the entire capital invested and to deprive of a livelihood all the skilled labor now employed.

LEVER LACES.

The production of laces in the United States upon a commercial scale is essentially a new industry. While spasmodic efforts were made as early as 1866 to manufacture laces, through the importation of foreign lace workers and machinery on a small scale, they produced little effect down to the enactment of the tariff of August 5, 1909. Under that act lever and go-through lace machines were admitted to the United States free of duty if imported prior to January 1, 1911. The result has been that there are now 527 such machines in the United States, of which 330 have been imported free of duty. The cost of these machines, with accessories, set up and ready to run in America, is about \$7,500 each, making the total investment under the present tariff about \$2,400,000, apart from plant and other expenses. With the object of putting this industry upon its feet, the request was made of the Sixtieth Congress that a system of specific duties be adopted. This request was rejected, but the rate of duty was fixed at 70 per cent ad valorem.

In this industry the yarns employed for fashion laces and most in demand at present are imported from abroad. The importation of machinery free of duty was a provision of the act of 1909, not asked for or suggested by your petitioners, but was embodied in the law upon the recommendation of an expert of the United States Department of Commerce, with the object of encouraging the creation of a distinctive American lace industry, and was accepted and capital invested under it by your petitioners in the belief that the Government would not arbitrarily and hastily abandon and reverse a decision thus deliberately adopted upon its own sole initiative.

Labor cost of skilled artisans.—This industry has gone through the same experience as the curtain industry in its earlier history in being compelled to offer exceptional rewards to skilled workmen to come to the United States for the purpose of establishing the manufacture. A memorandum furnished by one of the signers of this brief on May 31, 1912, for the use of the Tariff Board, is appended hereto as Exhibit C, showing the high wages paid to designers and skilled workers in the various processes of the industry. The wages paid at the date of this communication were not less than twice the compensation which was contracted for, which compensation averaged three times what these men were getting in their positions in England.

Duty does not affect retail prices.—In spite of the comparatively high rate of duty imposed by the existing tariff on Levers laces, in lieu of the rate of 60 per cent under the previous tariff, and in spite of the high cost of initial installation in America, the

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industry is one in which these factors count but little in fixing retail prices. The manufacturer's price is determined by his cost of manufacture, but not so the price to the consumer. This is determined by the attractiveness of designs and the demand which may develop among consumers for particular patterns. If a pattern proves attractive, the retailer may and often does add 100 to 125 per cent to the price which he pays to the importer or to the American manufacturer. On the other hand, if he finds that he has purchased more of a certain pattern than he can readily sell at such an advance, he may reduce his profit to 15 per cent, or even sell at a loss to close the lot out. Very few purchasers at retail are sufficiently expert to determine the cost of manufacture of a piece of lace except in a general way and will pay two or three times as much for a pattern which attracts them as for another pattern of the same quality which is less attractive.

The reduction of the duty from 70 per cent to 60 per cent, or even to 50 per cent, would therefore have practically no effect upon the price of patterns which proved attractive to discriminating purchasers. A piece of lace costing 10 cents a yard to manufacture abroad would cost 17 cents with the duty added at the existing tariff rate (apart from other items), and the same piece of lace would cost 16 cents a yard to the importer at a duty of 60 per cent and 15 cents a yard at a duty of 50 per cent. Obviously, when the retail price was fixed at from 50 to 100 per cent above these figures, the difference between one and the other would have practically no influence if the goods were attractive to consumers. It is a simple principle of economics—the price of a pure luxury is determined not by costs but by demand.

Laces are imported almost entirely for ornamental purposes and must be classed exclusively as luxuries, if the term luxury marks a definite distinction between what is necessary to health, cleanliness, and comfort and that which is essentially ornamental. The higher the quality of goods, other things being equal, the higher is the price and the larger the revenue which is derived from the ad valorem duty of 70 per cent levied by the existing tariff. It does not seem to us that public policy demands a reduction of duty upon an article so exclusively a luxury, which affords so large a revenue, and where the tariff falls most heavily, in exact proportion to value, upon the high-grade goods consumed by the rich and prosperous.

In view, therefore, of the fundamental character of this article as a luxury, the fact that the price is determined not so much by cost as by taste and fashion, and that much American capital has been invested in laying the foundations of the industry in this country, we feel justified in asking that the existing rate of duty be retained.

Yours, very respectfully,

Patchogue Mfg. Co., I. D. Einstein, president; Regina Lace Co., Clarence Whitman, president; Wilkes-Barre Lace Mfg. Co., Clarence Whitman, treasurer; Bromley Mfg. Co., National Lace Co., Quaker Lace Co., Joseph H. Bromley, president; North American Lace Co., Wm. L. Turner, president.

Hon. OSCAR W. UNDERWOOD,

Chairman of the Committee on Ways and Means, Washington, D. C.

EXHIBIT A.

Number of Nottingham lace-curtain machines in the United States.

	Machines.
Pennsylvania:	
Bromley Manufacturing Co., Philadelphia.....	77
Chester Lace Mills, Chester.....	17
Columbia Lace Mills, Columbia.....	11
North American Lace Co., Philadelphia.....	58
Quaker Lace Co., Philadelphia.....	116
Scranton Lace Curtain Co., Scranton.....	29
Wilkes-Barre Lace Co., Wilkes-Barre.....	71
Wyoming Valley Lace Mills, Wilkes-Barre.....	23
New York:	
International Lace Co., Gouverneur.....	16
United States Lace Mills, Kingston.....	10
Patchogue Lace Manufacturing Co., Patchogue, Long Island.....	41
Illinois:	
Zion Lace Industries, Zion City.....	15
Total.....	487

PARAGRAPH 351—NOTTINGHAM LACES.

EXHIBIT B.

NOTTINGHAM LACE CURTAINS.

Wages paid in weaving department.

These advances apply to our entire product.

Increase:	Per cent.
Dec. 4, 1897.....	15
Aug. 13, 1898.....	7½
July 1, 1899.....	5
Jan. 13, 1900.....	15
Apr. 1, 1903.....	5
June 3, 1907.....	5

Working hours reduced from 58 to 51 on day shift.

Working hours reduced from 50 to 45 on night shift.

The following increases apply to special grades of work:

January 30, 1911, all square grounds were advanced one-half cent per rack above the card rate. On the gauges we make this means an average raise of 4½ per cent.

On the same date we agreed to pay for all nets on the basis of full punched curtains, which amounted to an increase of one-quarter cent per rack. Approximately, this increase is equivalent to from 2½ to 3 per cent.

On September 30, 1912, all goods classed as "linen effects" had 1 cent per rack added to the card rate, the gauges effected being 6, 7, 8, 10, and 12. This advance averages 10½ per cent.

EXHIBIT C.

Wage rate paid by the Quaker Lace Co. in the lever lace industry for all processes except weaving.

Designer, per annum.....	\$4,000.00
Do.....	3,000.00
Do.....	2,500.00
Head draftsman, per annum.....	5,000.00
Draftsmen of the first class, per annum.....	\$3,750.00- 2,500.00
Draftsmen of the second class, per annum.....	1,750.00- 1,500.00
Readers off, per week.....	10.00- 15.00
Card punchers, per week.....	20.00- 35.00
Warpers, per week.....	15.00- 20.00
Winders foreman, per week.....	20.00
Spool winding:	
120/2 per pound.....	.0350
140/2 per pound.....	.0408
160/2 per pound.....	.0530
180/2 per pound.....	.0650
200/2 per pound.....	.07
250/2 per pound.....	.09
Brass winding, per 1,000 bobbins.....	.14-.16
Emptying brass bobbins, per 1,000 bobbins.....	.08
Threading, per 1,000 bobbins.....	.16
Mending fine goods, per yard.....	.10
Mending coarse goods, per yard.....	.06-.08
Bleaching boss, per annum.....	3,000.00
Starcher and colorist, per annum.....	2,500.00
Assistants, per week.....	12.00-15.00
Finishing foreman, per annum.....	2,000.00
Separating, per thread per 1,000 yards.....	.06
Jennying, per 2 cards.....	.01
Finishing, for 6 cards.....	.01
Scalloping, for 12 yards.....	.06

PARAGRAPH 351—NOTTINGHAM LACES.

BRIEF SUBMITTED BY LACE CURTAIN MANUFACTURERS.

NEW YORK, *January 11, 1913.*

DEAR SIR: The undersigned American manufacturers herewith present a statement outlining the conditions existing in the industry of manufacturing Nottingham lace curtains by the pair and by the yard.

Previous to 1897 the lace curtain industry in this country languished, mainly because the duties were on an ad valorem basis, and as it calls for expert knowledge to decide on the value of lace products, undervaluation was practiced to a great extent. To overcome this condition the tariff act of 1897 provided for a combination of specific and ad valorem duties, and from the time it took effect the American industry started to prosper. There can be no question but that a specific basis is the most equitable method for arranging duties on our product.

Over two-thirds of the yarns we use, which comprise from 20/2 to 50/2, are spun in this country in the Southern States; the balance, above 50/2, is imported, because up to date the American spinner has not produced the finer counts in qualities suitable for lace weaving. Since 1897 the prices of American spun yarns have increased as follows:

	Average price per pound, 1897.	Average price 1910-1912.	Average price to-day.
20/2.....	\$0.14	\$0.21½	\$0.24
24/2.....	.15½	.23½	.26
30/2.....	.17	.26	.30
40/2.....	.22	.33	.39
50/2.....	.32	.38	.46

The American manufacturers pay their labor over 50 per cent more than is paid in England, and from 100 per cent to 200 per cent more than is paid in Scotland. England originally supplied all the Nottingham lace curtains consumed, but Scotland, because of its great advantage over England through lower wages, is rapidly cutting into the English trade. The manufacturers have started to operate machines in Scotland 133 hours weekly, with three weavers, which they consider full time (see Exhibit A), while in this country, when there is sufficient business to run full time, we only operate our machines 97 hours. The result is, the Scotch manufacturer, on the above basis, gets one-third more production per machine on his investment, which in turn reduces his fixed charges per pair or per yard, and his manufacturing cost is correspondingly lowered. It should also be borne in mind that the Scotch manufacturer pays only one-third of what the American manufacturer does for labor.

In considering the above we beg to call your attention to the fact that the foreign manufacturer saves the 45 per cent duty which all American manufacturers have paid on all their machinery, and the investment in buildings, etc., in this country is naturally on a much higher basis than in Europe.

There seems to be a general impression that American skilled labor is capable of producing and does produce a greater output in a given time than the same class of labor does in other countries. This, however, is not a fact in the lace-curtain industry, for the reason that the volume of product is governed by the speed of the machine, which can not be increased without seriously damaging the machine and producing imperfect goods, the loss on which would more than offset any gain which might be made in production.

The figures of the United States Government reports show the following to be the average rate of duty paid during the last five years:

Year ending June 30—	Per cent.
1908.....	51.60
1909.....	55.82
1910.....	52.98
1911.....	50.00
1912.....	52.04

Average rate of duty for the last five years..... 52.49

PARAGRAPH 351—NOTTINGHAM LACES.

Surely, these figures do not show that the duties on our goods are excessive, when it is remembered that lace curtains are luxuries.

Previous to 1897 the great bulk of our goods were sold by the foreign manufacturers to importers in this country, who, in turn, sold them to the retail distributors. After the tariff act of 1897 the foreign manufacturers gradually withdrew to a large extent from this market. However, during the last few years they have been establishing selling agencies in this country, to sell direct to the retail dealers, which in the last five years has resulted in a steady increase in imports, as per the following figures taken from the United States Government reports:

Year ending June 30—

1908.....	\$71, 812
1909.....	79, 063
1910.....	219, 922
1911.....	265, 782
1912.....	278, 868

This shows an increase of over 290 per cent in imports in five years, under our present tariff, and we who are conversant with business conditions in our line look for a continued increase of importations, as other foreign manufacturers learn that they can sell their goods in this market under the existing tariff conditions.

On the Nottingham lace-curtain machine it is impossible to weave other than the one fabric, so if our market is taken from us, the machines will be absolutely useless.

For the foregoing reasons, we submit that any reduction in the duties provided for in Schedule J, paragraph 351, of our present tariff laws, or a change from specific and ad valorem duties to all ad valorem, will work an irreparable injury to American manufacturers, force down wages, and possibly result in the loss of employment for a large number of well-paid expert workers in our lines.

Very respectfully, yours,

International Lace Co., Geo. E. Laskey, President, Gouverneur, N. Y.;
Wyoming Valley Lace Mill, W. T. McKees, Vice President; United
States Lace Curtain Mills, Edgar F. Stiner, Treasurer; Chester Lace
Mills, Chester, Pa.

HON. OSCAR W. UNDERWOOD,

Chairman of the Committee on Ways and Means, Washington, D. C.

BRIEF OF THE SCRANTON LACE CURTAIN CO., SCRANTON, PA.

SCRANTON, PA., *February 3, 1913.*

HON. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives,
Washington, D. C.*

DEAR SIR: In compliance with your oral request made when I was before your committee on January 24, 1913, I would state that we have given very careful thought concerning your queries as to the classification and differentiation of Nottingham lace curtains and the various grades thereof, and I beg leave to submit the following:

First. That Nottingham lace curtains should properly be placed in the cotton schedule rather than Schedule J.

Second. That the Nottingham lace curtain industry and the Levers lace industry are so entirely separate and distinct, that I would emphasize the point raised in our brief, namely, that they should be treated absolutely separately and apart, each upon its own merits—the mere fact that certain curtain manufacturers have also gone into the Levers lace not being permitted to confuse the situation.

Third. That inasmuch as the consumption in this country of Nottingham lace curtains is distinctly decreasing, the consumption last year being about \$8,500,000, while domestic capacity of output is estimated variously from twelve and a half to fifteen million dollars, it becomes clearly evident, first, that any foreign importations would simply displace that amount of home product, and secondly, that any decrease in the existing tariff on low grade goods would bring about such displacement, as is evidenced from the comparison of English cost with our own, as shown in Exhibit C attached to our brief, and which comparison is made with English goods obtained in Canada.

PARAGRAPH 351—NOTTINGHAM LACES.

It would, therefore, seem that no appreciable change could be made in the tariff upon Nottingham lace curtains without injury to the industry, unless possibly it might be a slight raise upon high grades, of which importations are made annually, and which, in a sense, might be regarded as a luxury.

I would again emphasize what was so clearly established through our brief, and which I understood that you orally acknowledged, namely, that there is and has been in this industry genuine and bona fide competition, that there exist no contracts or conspiracies in restraint of trade, either expressed or implied, neither have there been any such to my knowledge; in short, that we come within the modern conception of legitimate business, whether legally or economically speaking.

Respectfully submitted,

J. BENJAMIN DIMMICK, *President.*

BRIEF OF MARSHALL FIELD & CO., CHICAGO, ILL.

CHICAGO, *February 14, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: We beg to refer to our statement on Nottingham lace curtains, covered by paragraph 351 of the present act, and copy of which we inclose herewith. This statement was filed with the clerk of your committee, but we do not find it in the printed record, and have taken the liberty of again drawing your attention to same. We are importers and domestic manufacturers of these curtains, importing only the finer gauges, namely, from 10 point up.

In order to more clearly demonstrate to your committee the comparative cost to manufacturer in this country and England, we have selected curtains of exactly the same gauge and quality from our import and domestic lines, and in the inclosed statement we give a comparison of the costs to manufacturer in the country as against the cost to importer.

We also filed with your committee samples of the curtains selected for your inspection. Not being importers of six and eight point curtains, we can give you only comparisons of the higher gauges. The comparisons given in the inclosed statement, however, do actually show the comparisons upon gauges from 10 point up, and upon these gauges the present duty does not more than equalize the difference in the cost to manufacturer in this country and Great Britain. We do not desire to unnecessarily burden your committee, but feel that our position as both importers and domestic manufacturers places us in a position to give information to your committee not otherwise obtainable.

An agent of the Tariff Commission made a careful investigation of our plant, of both our lace-curtain and our Levers-lace factories, and we believe that his report will undoubtedly give your committee many facts regarding both the above industries which may be of value.

Respectfully,

MARSHALL FIELD & Co.,
By THOMAS H. EDDY.

WASHINGTON, D. C.,
January 23, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives.

GENTLEMEN: We respectfully desire to call your attention to paragraph 351 of Schedule J of the present tariff act, providing for lace window curtains made on the Nottingham lace curtain machine or on the Nottingham warp machine, and composed of cotton or other vegetable fiber, when counting 5 points or spaces between the warp threads to the inch, 1 cent per square yard; when counting more than 5 points or spaces to the inch, one-half of 1 cent per square yard in addition for each such point or space to the inch in excess of 5; and in addition thereto on all the foregoing articles in this paragraph 20 per cent ad valorem; provided that none of the above articles shall pay a less rate of duty than 50 per cent ad valorem.

As manufacturers of lace curtains (our plant is situated at Zion City, Ill.) we would urge the retention of the present rates and method of classification, particularly the feature of specific duties, on the grounds that the present rate of duty practically equalizes the cost to manufacture in the United States as compared with Great Britain.

PARAGRAPH 352—BURLAPS.

In support of our contention, we submit herewith comparative labor rates per month paid in this country and Great Britain, and covering the various steps in the manufacture of lace curtains.

	Prices paid in United States.	English prices.
Curtain designing and drafting.....	\$90 to \$125	\$35 to \$65
Reading.....	75 to 95	25 to 40
Punching.....	50 to 70	18 to 25
Weavers.....	75 to 130	50 to 80
Mending.....	25 to 55	13.50 to 20
Finishing.....	28 to 45	9 to 15
Warping (time-work by the month).....	60 to 120	30 to 45

Rates in Scotland about 20 per cent less than England.

We have also selected certain curtains made at our factory in Zion and certain curtains which we have imported for our wholesale jobbing business, where we could find close comparisons, samples of which we submit herewith.

Below we give the comparative cost to manufacture in this country as compared with the cost to import under the present tariff.

	No.	Quality.	Point.	Size.	Cost.	Exhibit.
Cost to manufacture in Zion.....	038.....	81	14	54 by 3	\$1.98	1A.
Cost to import.....	8303.....	81	14	52 by 3	2.09	1B.
Cost to manufacture in Zion.....	35411.....	90	14	54 by 3	1.97	2A.
Cost to import.....	8202.....	90	14	50 by 3	1.95	2B.
Cost to manufacture in Zion.....	032.....	81	14	52 by 3	1.94	3A.
Cost to import.....	8472.....	81	14	50 by 3	2.11	3B.
Cost to manufacture in Zion.....	8371.....	108	16	50 by 3	2.67	4B.
Cost to import.....	07.....	108	16	52 by 3	2.48	4A.
Cost to manufacture in Zion.....	35940.....	108	16	52 by 3	2.50	5A.
Cost to import.....	8462.....	108	16	50 by 3	2.67½	5B.

Respectfully submitted.

MARSHALL FIELD & Co.
THOMAS H. ERDDY.

PARAGRAPH 352.

Plain woven fabrics of single jute yarns, by whatever name known, weighing not less than six ounces per square yard and not exceeding thirty threads to the square inch, counting the warp and filling, nine-sixteenths of one cent per pound and fifteen per centum ad valorem; if exceeding thirty and not exceeding fifty-five threads to the square inch, counting the warp and filling, seven-eighths of one cent per pound and fifteen per centum ad valorem.

BURLAPS.

TESTIMONY OF E. V. BENJAMIN, REPRESENTING MENTE & CO., NEW ORLEANS, LA., ON THE SUBJECT OF BURLAPS AND BAGS.

Mr. BENJAMIN. I understood that I was to be heard to-morrow afternoon, and I have not my brief.

I will be glad to make my oral statement and then put my brief in to-morrow.

The CHAIRMAN. You may put in your brief to-morrow.

Mr. BENJAMIN. Mr. Chairman, I represent Mente & Co., of New Orleans, manufacturers of burlap and cotton bags.

PARAGRAPH 352—BURLAPS.

As manufacturers of burlap bags and imported burlap, I want to first refer to paragraph No. 352, to which we, as manufacturers of burlap, have no special preference as to whether the duty shall be retained or not, as there is no interest in this country that can be protected or that needs to be protected by that special duty. The duty on burlap as in that paragraph has existed for nearly 20 years, and it has never given an impetus to the manufacture of burlap in this country. But it is nevertheless true that free burlap would interfere with the use of cotton constructions that are now being marketed all over the country. With the southern cotton crop annually increasing, these cotton bags, which are made of low-grade cotton, form a good outlet for that low-grade cotton. While the bag manufacturers of this country at large are not particularly interested in whether or not this duty on burlap is retained or not, we do believe that an article that is so widely distributed and of such general use would be, in its nature, a revenue producer. We think this vast quantity of cotton sheeting, osnaburgs, and other material that is now being used in competition with jute, should carry a tariff that would encourage us in producing these cotton goods throughout the country. It is a known fact that these cotton goods made out of these lower grades of cotton can be sold in competition with burlap, if burlap is protected to the extent of at least 20 per cent; that is, a tax to that extent, but they could not compete with burlap if burlap came into this country free.

The clause in which the bagging men of this country are particularly interested now is section 354: "Bags of sacks made from plain woven fabric"; that is, bags made of burlap. The differential duty between the burlap and the burlap bag is the difference between 15 per cent ad valorem and nine-sixteenths of a cent per pound on burlap and 15 per cent ad valorem and seven-eighths of a cent per pound on bags, or a total difference of five-sixteenths of a cent per pound between the burlap and the burlap bag. The average value of burlap bags is about \$70 per thousand. The average weight is about 800 pounds, and a differential of five-sixteenths would give the manufacturers in this country protection—if you wish to call it so—of \$2.50 per thousand, on the bags, which is scarcely $3\frac{1}{2}$ per cent of their value. It is a strange thing, and a very strong argument, to know that 90 per cent of the burlap bags that are imported into the United States are imported into the States of California, Oregon, and Washington, notwithstanding the fact that they manufacture burlap bags in the penitentiary at San Quentin, in California. Burlaps bags are manufactured in that penitentiary, but, notwithstanding that, 80 per cent of the consumption of the State is imported.

There is one thing, Mr. Chairman, that I tried to make very clear to you the last time I had the pleasure of seeing you. There seems to be a misunderstanding as to the use of burlap bags. Burlap bags are not used, generally speaking, by farmers. The farmer does not use the burlap bags, generally speaking. The only reason burlap bags are used as extensively as they are in the western States is on account of the lack of grain elevators, or, more importantly, that the grain, in passing around the Cape to go to Europe, must necessarily be sacked in order to prevent the cargo from shifting and the grain

PARAGRAPH 352—BURLAPS.

from being heated. Wherever you go in an agricultural district you will never see a farmer using a burlap bag. He is equipped with a dozen or two of cotton seamless bags, in which he will carry his product to the city; he will take the bags back home and they will last him 15 or 20 years. In my experience I have never seen a farmer use a burlap bag.

The CHAIRMAN. Burlaps are not used for cotton bagging at all, are they ?

Mr. BENJAMIN. No, sir; it is entirely different.

The CHAIRMAN. What is cotton bagging made out of ?

Mr. BENJAMIN. Jute.

The CHAIRMAN. Entirely out of jute ?

Mr. BENJAMIN. Entirely out of jute, Mr. Underwood. We are not interested in cotton bagging at all. Cotton bagging is exclusively used for cotton and burlap is used almost exclusively for the manufacture of bags and the wrapping of bales of merchandise. You will often see it on walls, instead of paper, in the form of decoration. It is printed and made into a cheap decoration of that kind.

We have also in Schedule J, section 358, which, as manufacturers, we recommend be left as it is.

Mr. KITCHIN. I want to ask you a question before you leave the subject of bags.

You say the farmers do not put wheat or corn or rye or any of that kind of products into burlap bags ?

Mr. BENJAMIN. Not in the burlap bags.

Mr. KITCHIN. What kind of bags do they put them in ?

Mr. BENJAMIN. As I say, the farmers will have at home maybe 15 or 20 cotton seamless bags—

Mr. KITCHIN. What kind of bags ?

Mr. BENJAMIN. Cotton seamless bags; bags made of cotton. They will carry their produce backward and forward in those bags.

Mr. KITCHIN. I understand that; but take the farmers of the West.

Mr. BENJAMIN. The farmers in Kansas, Iowa, Nebraska, Ohio, and Indiana never use burlap bags.

Mr. KITCHIN. I have seen carloads of bags of corn shipped out of different points. What kind of bags are those bags? What material are they made out of? They are certainly not made out of cotton.

Mr. BENJAMIN. I will explain that to you. You will find that corn is shipped in bulk to the elevators at the central point, but at a great many points in the South or southeast, for instance, in your part of the country, where there are no grain elevators, the grain men at Cairo, St. Louis, or perhaps Cincinnati and Nashville, will sack the corn in burlap bags and it is shipped down to these southeastern points—

Mr. KITCHIN. And bran ?

Mr. BENJAMIN. Yes; bran.

Mr. KITCHIN. And peanuts ?

Mr. BENJAMIN. Yes.

Mr. KITCHIN. They use nothing but burlap bags for peanuts ?

Mr. BENJAMIN. Yes, burlap bags.

PARAGRAPH 352--BURLAPS.

Mr. KITCHIN. Do not the farmers ship their cotton seed to the oil mills frequently in burlap bags?

Mr. BENJAMIN. No; they did that 20 years ago, but they do not do that any more.

Mr. KITCHIN. They sometime ship it that way in my country.

Mr. BENJAMIN. In bags?

Mr. KITCHIN. Yes; in bags, to the oil mills.

Mr. BENJAMIN. It has been many years since I have seen a sack used for cotton seed.

Mr. KITCHIN. Do not the oil mills use these burlap bags in shipments of cotton and meal?

Mr. BENJAMIN. Yes.

Mr. KITCHIN. That is one of the largest uses to which they are put.

Mr. BENJAMIN. Yes, sir.

Mr. KITCHIN. I knew they did not use cotton bags for those articles that I have enumerated.

Mr. BENJAMIN. The farmer does not use the burlap bags. The burlap bag is used to a great extent by manufacturers, such as flour millers, salt mines, and fertilizer manufacturers, and anywhere that bags are used for shipping the products of the manufacturer.

Mr. KITCHIN. There are just two kinds of bags used generally for those purposes, either cotton or burlap?

Mr. BENJAMIN. You mean for shipping?

Mr. KITCHIN. I mean for those purposes.

Mr. BENJAMIN. For shipping they use almost exclusive jute burlap.

Mr. KITCHIN. Is there any other material that they make bags out of for those purposes, except cotton or burlap?

Mr. BENJAMIN. No, just cotton and burlap.

Mr. KITCHIN. I have seen a great many articles shipped in bags. I knew they were not cotton bags, so they must have been burlap bags.

Mr. BENJAMIN. Yes. The burlap is used almost exclusively for the shipment of manufactured articles. In this section 358 of Schedule J:

All woven articles, finished or unfinished, and all manufactures of flax, hemp, ramie, or other vegetable fiber, or of which these substances or any of them is the component material of chief value, not specially provided for in this section, forty-five per centum ad valorem.

I wish to say that that section at that time was provided to give special protection to manufactures of burlap, hemp, and other fibers, such as printed and stained material and stamped material, and articles made of fine texture, and so on, which now come into this country and which are so strongly competitive with our cotton schedule.

Referring to Schedule J, for a moment, you will notice that in my brief I make a suggestion that is giving the importers of bagging a great deal of trouble. We import into this country from fifteen to twenty-five thousand tons of old bagging. This old bagging was imported mainly for use in paper mills in this country. This wood pulp is now used more commonly. The manufacturers of paper do not use this old bagging, and in recent years this old bagging has been imported here and is torn apart, shredded, and used for the upholstering of collar pads and furniture, and a great deal of this material also

PARAGRAPH 352—BURLAPS.

picked out and sorted and again sold as a covering for cotton. There has been a great deal of difficulty between the importers and the Government simply because there was no special provision made in the tariff regarding the classification of that material. It could not carry the rate that was applied on new bagging, which was six-tenths of a cent per square yard; the material could not be measured and the Government gave it a classification under Schedule N, in paragraph 479, as waste, not specially provided for in this section, with a duty of 10 per cent ad valorem. This language is rather ambiguous and I do not believe there has been more cases in any department of the Custom House appealed to the board of appraisers more than on this same classification.

The CHAIRMAN. I suppose it got in there through the Treasury ruling.

Mr. BENJAMIN. Yes, to facilitate. We have, therefore, provided a special paragraph and we would ask you gentlemen to put into Schedule J, for bagging and gunny cloth—that is, old bagging and gunny cloth, suitable for covering cotton, 10 per cent, ad valorem with a recommendation that should you put bagging for covering cotton on the free list, that you will put this grade of material on the free list as well.

The CHAIRMAN. Old bagging and gunny cloth?

Mr. BENJAMIN. Yes. You will find that in my brief. I think that will do a great deal to facilitate the importation of this material, if a special provision were made. I think it would be very desirable for the Treasury Department as well.

Mr. KITCHIN. I see that a great amount of burlap, not exceeding 30 threads to the square inch, is imported into this country.

Mr. BENJAMIN. Yes, sir.

Mr. KITCHIN. About \$25,000,000 worth?

Mr. BENJAMIN. Yes, sir.

Mr. KITCHIN. What is most of that used for?

Mr. BENJAMIN. Most of it is used for burlap bags, and the next greatest quantity is used for wrapping cotton goods and bales of material.

Mr. KITCHIN. Is much of it used to put on walls?

Mr. BENJAMIN. Yes, sir; a world of it.

Mr. KITCHIN. About what per cent of it would you suppose is used on walls?

Mr. BENJAMIN. I would say perhaps 5 per cent. It is a new industry in this country.

Mr. KITCHIN. Five per cent of the imports?

Mr. BENJAMIN. Yes, sir.

Mr. KITCHIN. And the other 95 per cent is used for what?

Mr. BENJAMIN. It is an industry, Mr. Kitchin, for which this clause was provided in that paragraph, in order to encourage that business in this country; and it is growing very nicely.

Mr. KITCHIN. What I want to know is is burlap that is used on the walls the same kind and quality of material that is used for bags, except that it is stained or printed?

Mr. BENJAMIN. It is the same grade of material, only a bit better in quality, but it is stamped, stained, and so forth.

PARAGRAPH 352—BURLAPS.

Mr. KITCHIN. It costs but little more in the finished state than in the raw state?

Mr. BENJAMIN. There is very little difference; not a difference of more than 5 per cent in the actual value.

The CHAIRMAN. That is all, Mr. Benjamin.

BRIEF OF MENTE & Co.

BURLAPS.

NEW ORLEANS, LA., *January 22, 1913.*

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: I represent the firm of Mente & Co., of the city of New Orleans, La., manufacturers of burlap bags and cotton bags and importers of burlaps, burlap bags, and old bagging. Business established since the year of 1886, with factories at New Orleans, La., and Boston, Mass.

Schedule J, paragraph 352, reading as follows:

"Plain woven fabrics of single jute yarns, by whatever name known, weighing not less than six ounces per square yard, and not exceeding thirty threads to the square inch, counting the warp and filling, nine-sixteenths of one cent per pound and fifteen per centum ad valorem; if exceeding thirty and not exceeding fifty-five threads to the square inch, counting the warp and filling, seven-eighths of one cent per pound and fifteen per centum ad valorem."

We recommend this paragraph remain as it is.

Burlap is made of jute and chiefly in Calcutta, India, and Dundee, Scotland. Burlap is not made in the United States.

Imports into the United States are about 700,000,000 yards per annum—about 600,000,000 from India and about 100,000,000 from Scotland.

Chiefly used in this country for wrapping purposes and for the manufacture of bags, and largely used in the construction of manufactured articles; also is used, by being printed and stained, for the decoration of walls.

Burlap is at all times keenly competitive with cotton sheetings, drills, and osnaburgs. Two hundred million cotton bags are made annually for flour, cement, seeds, etc., which could be and would be displaced by any material reduction in the duty of burlap. The general use of cotton material for bag use and for baling use is continually growing and will reach very large proportions when cotton becomes more normal in price. It is the lower grades of cotton which are used for making sheetings for these purposes, and at all times is a very reliable outlet for these low grades of cotton. This is a great advantage to the cotton grower and gives a market for the low grades of cotton, which heretofore have brought very low prices in comparison with the better grades.

Schedule J, paragraph 354, reading as follows:

"Bags or sacks made from plain woven fabrics, of single jute yarns, not dyed, colored, stained, painted, printed, or bleached, and not exceeding thirty threads to the square inch, counting the warp and filling, seven-eighths of one cent per pound and fifteen per centum ad valorem."

We recommend this paragraph be changed to read as follows:

"Bags or sacks made from plain woven fabrics, of single jute yarns, not dyed, colored, stained, painted, printed, or bleached, and not exceeding thirty threads to the square inch, counting the warp and filling, one cent per pound and fifteen per centum ad valorem."

There seems to be a general misunderstanding regarding the use of burlap bags. Outside the States of California, Oregon, and Washington the farmers throughout the country use very few burlap bags. The entire consumption of burlap bags by farmers outside of the States and throughout the entire country is, in my opinion, less than 5 per cent of the total number of burlap bags made in this country, i. e., 450,000,000 bags annually, and I am safe in saying not 5 per cent of the grain crop of the United States is sacked.

Burlap bags are used for the packing of flour, chop, bran, and grain; by the oil mills for the packing of oil cake and meal; by fertilizer factories for the shipment of fertilizer; by cement factories, salt manufacturers, and for the general shipment of a vast number of manufactured articles.

PARAGRAPH 352—BURLAPS.

The differential duty at present between burlap and burlap bags is five-sixteenths of 1 cent per pound. The average weight of burlap bags is about 800 pounds per 1,000 bags. The average cost value is, in a normal market, \$70 per 1,000 bags. The differential duty is, therefore, five-sixteenths of 1 cent on 800 pounds, equaling \$2.50 per 1,000 bags of value of \$70 per 1,000 bags, or about 3½ per cent.

There are at present nearly 40,000,000 burlap bags imported into the United States, mostly into California, Oregon, and Washington. These bags are made in Calcutta. Much importance has been given to the daily outturn of an India operative as against an operative in this country. Burlap bags are made, in the main, by machinery, requiring very little skilled labor, and any operative can become expert in the making of burlap bags with 60 days' experience.

Average wages per day of 10 hours in this country:

Cutter.....	\$1.75
Sewer.....	1.25
Turner.....	.85
Baler.....	1.50

It would be superfluous to compare these rates with the rates which are paid in India, where the working time is 13½ hours per day.

The present duty of about \$2.50 per thousand bags above the duty of the same yardage of burlap, is not enough to protect the American operative against India competition, and by making the above change it would increase this differential duty one-eighth of a cent per pound, which is equal to about \$1 per thousand bags more, and would give us a differential duty above the cloth of \$3.50 per thousand bags. This change in the tariff would decrease the import of burlap-made-bags, and would relatively increase the import of burlap to be manufactured into bags in the United States, instead of India.

Schedule J, paragraph 358, reading as follows:

"All woven articles, finished, or unfinished, and all manufactures of flax, hemp, ramie, or other vegetable fiber or of which these substances or any of them is the component material of chief value, not specially provided for in this section, forty-five per centum ad valorem."

We recommend this paragraph remain as it is.

This paragraph was especially provided for to cover woven articles made of flax, hemp, ramie, jute, and other vegetable fibers, such as highly finished cloth made of flax, and jute, and which in construction are of high class, and would come in direct conflict with material of cotton construction, such as braids, bands, mats, and pads. It also was intended to provide against woven articles of jute, such as dyed, stamped and colored burlap, which is largely used for the decorating of walls, for hangings, curtains, tents, and awnings, and which are extremely competitive with cotton material used for the same purpose.

WHY BURLAP AND BURLAP BAGS SHOULD CARRY A DUTY.

Burlap is not manufactured in the United States; therefore there is no industry of this nature in the United States to protect.

The general use of burlap and burlap bags is well distributed throughout the country by manufacturers, shippers, and exporters, and are not generally used by farmers or by the laboring classes, and is, therefore, a reasonable proposition for "tariff for revenue only," and we believe further, the general use of cotton sheetings, osnaburgs and twills, as well as bags made of these articles, will rapidly increase if burlap and burlap bags are kept under the rates of duty as indicated in this brief.

MENTE & Co.,
E. V. BENJAMIN, *Of the firm.*

TESTIMONY OF W. H. BOWKER ON BEHALF OF THE BOWKER FERTILIZER CO., OF BOSTON, MASS.

Mr. Bowker was duly sworn by the chairman.

Mr. BOWKER. Gentlemen, I am president of the Bowker Fertilizer Co., of Boston, and I am here asking for free burlaps to be used in packing fertilizers, and they come under Schedule J, section 352.

PARAGRAPH 352—BURLAPS.

The fertilizer industry was built up on a free-trade basis. It asks for no protection. All fertilizers, manufactured and raw, are on the free list, but the containers or bags made from burlaps are taxed, except those carrying goods which are imported, and these, along with the contents, are duty free. This is not a large item and it is hardly worth considering, except as showing an inconsistency.

Practically all bags for packing fertilizers are made from burlaps imported from Calcutta, Bombay, or Dundee, and have been for many years.

Mr. HARRISON. Mr. Bowker, may I interrupt you a moment?

Mr. BOWKER. Yes, sir.

Mr. HARRISON. For what other purposes than to contain fertilizers are burlap bags used?

Mr. BOWKER. They are used for grain, and salt, and a great many things.

Mr. HARRISON. You ask that only those that are used for fertilizers should come in free?

Mr. BOWKER. Yes, sir. I address myself to that because that is particularly what interests the fertilizer industry.

Mr. HARRISON. How would we be able to follow a bag through the customhouse and find out that it was to be used only in the fertilizer industry?

Mr. BOWKER. Then, you might have to include all the bags in this section 352.

Mr. HARRISON. Would that not be a difficult thing?

Mr. BOWKER. It might be a difficult thing.

Mr. HARRISON. And would it not be a difficult thing to give up \$6,000,000 revenue?

Mr. BOWKER. Does it amount to \$6,000,000 revenue?

The CHAIRMAN. \$5,986,000.

Mr. BOWKER. That is up to you, sir. Practically all bags used for packing fertilizers are made from burlaps, imported from Calcutta, Bombay, or Dundee, and have been for many years. In all that time the duty on burlaps has not stimulated the manufacture of burlaps for this purpose in this country, for reasons with which you are familiar. Thus, the duty, while nominally protective, is in effect a duty for revenue only.

Mr. PETERS. As I understand you, Mr. Bowker, there are practically no burlaps manufactured for this purpose?

Mr. BOWKER. There are practically none manufactured in this country for that purpose, nor have there been for the 60 years since the fertilizer industry has been going on.

Mr. PETERS. Are you able to give us the amount of the importations of burlaps to which you have referred, as compared with the total importations under schedule No. 352?

Mr. BOWKER. I have not those statistics from the statistical department, but I think the chairman has them for those coming in class 3 as \$5,986,000. That is the revenue.

Mr. PETERS. Yes; that is the whole section.

Mr. BOWKER. Yes. I tried to get it for all purposes, but they did not have it divided.

The CHAIRMAN. Proceed.

PARAGRAPH 352—BURLAPS.

Mr. BOWKER. The 1910 census gives the total tonnage of fertilizers produced in this country for 1909 as 5,240,164 tons. It is safe to assume that it amounted to 6,000,000 tons in 1912. Some part of this, however, was distributed in bulk or in secondhand bags; but assuming that 5,000,000 tons were delivered in new bags last year, and that half of it was packed in 100-pound bags and the remaining half in 200-pound bags, it required 75,000,000 bags, or approximately 93,000,000 yards of burlaps for this purpose, and practically every yard of it was imported from Calcutta or Bombay.

The kind of burlaps used for packing fertilizers is 10 and 10½ ounce, 40 inches wide, and pays a specific duty of nine-sixteenths cent per pound plus 15 per cent as ad valorem duty. The present market price of this kind of burlaps is about 6½ cents per yard. Thus the duty upon the 100-pound package amounts approximately to 0.0124 cent and on the 200-pound package to 0.0168 cent per bag.

Or to put it another way, the duty adds approximately 25 cents per ton to each ton of fertilizer packed in 100-pound bags and 17 cents per ton to each ton in 200-pound bags. Thus, the total tax on the 5,000,000 tons, assuming that it is packed half in 100-pound bags and half in 200-pound bags, amounts approximately to 20 cents per ton or \$1,000,000 annually.

Will the farmer get the benefit of this reduction if the duty is removed on fertilizer burlaps? We answer yes, for it is as much a part of the cost of the fertilizer as the raw materials, labor, or any other item which enters into the cost. Every cent saved in the cost of manufacture and packing bears its relative saving in cost to the consumer.

Products of jute which concern the farmer: The products of jute which particularly concern the farmer are binder twine, which is now admitted free, cotton bagging for baling cotton, and burlaps for packing fertilizers. If it is desirable to admit binder twine free, then it is equally desirable to admit free burlaps for baling cotton and for bagging fertilizers. We are not pleading here for free made-up bags, but only for free burlaps for the above purposes. The manufacturers of bags in this country are entitled to protection to the extent of a competitive duty sufficient to cover the extra cost of labor in this country.

In all tariff legislation this country has always stood for the principle of free plant food, and therefore it seems logical that the burlaps which are used for packing it should likewise be admitted duty free, especially since practically every yard of this kind of burlaps is imported. Moreover, it is not likely to be produced in this country in competition with the cheap labor of India.

If the duty on fertilizer burlaps fostered the growing of jute and the manufacture of coarse burlaps in this country, its retention might be justified, but since it amounts to a duty for revenue only, it is questionable if it should be continued since it adds approximately 20 cents a ton to the cost of fertilizers, which now bear no other duty.

If it is wise economy to admit all forms of plant food free—and all civilized countries except Canada agree that it is—it would seem equally wise to admit free the material necessary for making the container for shipping it.

PARAGRAPH 352—BURLAPS.

Addenda: The average cost of standard burlaps used for fertilizer sacks—goods weighing $10\frac{1}{2}$ ounces per linear yard 40 inches wide—delivered on contract at United States ports from October, 1912, to January, 1913, for the fertilizer manufacturers' requirements for the spring season of 1913, may conservatively be taken at $6\frac{1}{2}$ cents per yard. This is made up of cost f. o. b. Calcutta, 5 cents, freight 0.003 cent, insurance 0.0003 cent, banking charges 0.0005 cent, and duty 0.0112 cent. The "spot" price to-day for the same goods is approximately $8\frac{1}{2}$ cent per yard.

Assuming for determination of duty that the average f. o. b. Calcutta price above mentioned has been the same as the average f. o. b. Calcutta price at the time contracts were made, thus the f. o. b. Calcutta price to correspond to a duty-paid United States landed price of $6\frac{1}{2}$ cents per yard for 40-inch $10\frac{1}{2}$ -ounce burlaps would be 5 cents per yard.

Fifteen per cent ad valorem on 5 cents is 0.75 cent; nine-sixteenths cent per pound specific duty on 1 yard 40-inch $10\frac{1}{2}$ -ounce is 0.37 cent; total duty, 1.12 cents.

A 100-pound fertilizer sack requires of 40-inch goods $1\frac{1}{3}$ linear yards, which at $6\frac{1}{2}$ cents per yard is 7.22 cents; cost of making and printing \$5 per 1,000, 0.5 cent; cost of 100-pound bag is 7.72 cents.

Cost per ton of fertilizer, 20 bags, at 7.72 cents is \$1.54.

A 200-pound fertilizer sack requires of 40-inch goods $1\frac{1}{2}$ linear yards, which at $6\frac{1}{2}$ cents per yard is 9.75 cents; cost of making and printing \$5 per 1,000, 0.5 cent; total cost of bag, 10.25 cents.

Cost per ton of fertilizer, 10 bags, at 10.25 cents, is \$1.025.

Mr. FORDNEY. Mr. Bowker, let me ask you a question.

Mr. BOWKER. Yes, sir.

Mr. FORDNEY. You are asking for free raw materials for the making of these bags.

Mr. BOWKER. Yes.

Mr. FORDNEY. In which you put fertilizer?

Mr. BOWKER. Yes, sir.

Mr. FORDNEY. What is the average size of the bag in which fertilizer is put?

Mr. BOWKER. They are practically all put up in 100-pound packages, 167-pound packages, and 200-pound packages.

Mr. FORDNEY. From 100 pounds up?

Mr. BOWKER. Yes; but the usual size is 100 pounds or 200 pounds.

Mr. FORDNEY. What does a hundred pounds of the average commercial fertilizer sell for?

Mr. BOWKER. That depends entirely upon the grade. There are grades selling as low as \$12, such as acid phosphate.

Mr. FORDNEY. \$12 per ton?

Mr. BOWKER. \$12 per ton. Then there are grades for tobacco and for trucking purposes that are selling as high as \$50 a ton.

Mr. FORDNEY. Is that the wholesale price?

Mr. BOWKER. No; I am speaking generally of the consumer's price. I have some figures here which show that the 100-pound bags cost 7.72 cents, and that it costs to pack a ton of fertilizer in 100-pound bags \$1.54.

Mr. FORDNEY. That is the value of the bags to the manufacturer?

Mr. BOWKER. Yes; that is what they cost us.

PARAGRAPH 352—BURLAPS.

Mr. FORDNEY. Seven cents a bag?

Mr. BOWKER. Yes; on the present market—that is based on the market of Calcutta.

Mr. FORDNEY. Do you know what proportion of that cost is raw material?

Mr. BOWKER. That depends entirely upon the contents of the bag. If it is acid phosphate in 100-pound bags, it costs \$1.54, packed. On a ton of acid phosphate that would be 13 per cent.

Mr. FORDNEY. What I was trying to get at is how much would it reduce the value of the bag or the price the farmer pays for a ton of fertilizer?

Mr. BOWKER. Twenty-five cents a ton if packed in 100-pound bags; 17 cents a ton if in 200-pound bags.

Mr. FORDNEY. Do you think the consumer would get the benefit of that?

Mr. BOWKER. Eventually, sir.

Mr. FORDNEY. That is all.

The CHAIRMAN. That is all.

TESTIMONY OF J. J. CULBERTSON.

The witness was duly sworn by the chairman.

Mr. CULBERTSON. Mr. Chairman and gentlemen, the figures that I propose to present here may be in some instances only approximate.

We desire to present to your honorable body the following.

Mr. LONGWORTH. This is what paragraph?

Mr. CULBERTSON. This is paragraph 352.

We ask consideration of your committee in the matter of the present duty on burlap or jute fabrics which enter into the manufacture of bags and on jute or burlap bags used for cake, meal, and hulls, which under paragraphs 352 and 354 have a duty equal to 23 per cent ad valorem. Inasmuch as in our business and those allied thereto there is used about 80,000,000 sacks for cake, meal, and fertilizer, the duty on each being equivalent to about 1.4 cents, this would equal over \$1,000,000.

The claim that the free entry of burlap or jute fabric and free entry for bags would interfere with the manufacture of cotton bags such has not been borne out by the facts, as such has been tried on meal and cake containers, but are not suitable, not being sufficiently strong and easily torn, the rents effecting an easy escape of the contents, but in the case of burlap such is not the case.

Cotton bags for cement do not come in competition with burlap or jute bags for the same purpose, because of the fact that the burlap or jute will not hold such, on account of the fineness to which the article is bolted. Burlap or jute bags for such could be sold for 5 cents, while cotton bags cost 10 cents each. We therefore do not think that a substantial reduction of duty on burlap and jute fabrics for bags, as enumerated above, will in any way interfere with the American manufacture of cotton bags, but would prove to be a boon to the manufacturers and users of such for the purposes named.

Under paragraph 355 of the tariff act of 1909 the duty on bagging for cotton is six-tenths of 1 cent per square yard, which tax has been

PARAGRAPH 352—BURLAPS.

in effect for the past 16 years. This would equal 4.2 cents per bale of cotton and linters, which, on a basis of last year's crop, would amount to nearly three-quarters of a million dollars. This article bears to the southern farmer the same relation to his products as binder twine bears to his brother in the North and West, which article has been entered free of duty under the acts of 1897 and 1909. We therefore think it unjust to the southern farmer to tax an article that to him is used for a similar purpose as to his products as that used by northern and western farmers, in which the latter has the benefit of no tax. We therefore ask that bagging for cotton be placed on the free list.

I have very little to say, gentlemen, on these bags for use for cottonseed-oil mills, except that any reduction in duty would redound to the benefit of the industry; that the American manufacturer takes the cloth—that is, the jute bagging—and manufactures it into the material that we use; so that any reduction in that line would be a benefit to us.

The proposition to get relief on cotton bagging is something, of course, that affects every interest in the South. It is a tax on a product that has been taxed, as I say, for the past 16 years, and we think that there has been some partiality shown in a continuance of that tax, inasmuch as the western farmer has had advantages shown to him under this same act, and we therefore ask you gentlemen to consider the suggestions made, with a view of such relief.

The CHAIRMAN. Are there any questions, gentlemen?

Mr. FORDNEY. Do I understand that you are asking for a lower rate of duty on your raw material?

Mr. CULBERTSON. Are you speaking now of bags or cotton bagging?

Mr. FORDNEY. On jute, I understand you to say.

Mr. CULBERTSON. Oh, jute, I understand, comes in free.

Mr. LONGWORTH. You spoke first of paragraph 352?

Mr. CULBERTSON. Yes. That was for material that is used in making bags for cottonseed products.

Mr. FORDNEY. Out of what?

Mr. CULBERTSON. Out of the cloth that is imported from India and elsewhere.

Mr. FORDNEY. Cotton?

Mr. CULBERTSON. No.

Mr. FORDNEY. Jute?

Mr. CULBERTSON. Made from jute.

Mr. FORDNEY. What rate of duty have you on your finished product?

Mr. CULBERTSON. Bags?

Mr. FORDNEY. Yes; whatever product you make.

Mr. CULBERTSON. On bags I think it is equivalent to about 23 per cent. I think there is a specific—

Mr. FORDNEY (interposing). So that you want a lower rate of duty on the article out of which you make bags? Is that right?

Mr. CULBERTSON. That is what we ask, sir.

Mr. FORDNEY. Do you ask for any lower rate of duty on bags?

Mr. CULBERTSON. There are so few imported that it is not a vital question with us.

Mr. FORDNEY. Then you do not care whether the duty remains or is taken off?

PARAGRAPH 352—BURLAPS.

Mr. CULBERTSON. Practically all of the bags we use come from American manufacturers, made out of this imported material.

Mr. FORDNEY. I know. Now, do you want to have the duty removed from bags, such as you make?

Mr. CULBERTSON. We certainly would, to be consistent, if we ask for the reduction of duty on the material that enters into the manufacture of these bags.

Mr. FORDNEY. Have you filed a brief?

Mr. CULBERTSON. No, sir; we have not because we understand—I have been under the impression that there have been but few bags of that material imported for our purpose.

Mr. FORDNEY. You did not mention that you wanted the duty removed from the finished product. What I want you to understand is that in the arrangement of the new tariff law, if the duty is removed or lowered on your raw material, you are willing to have it removed or lowered on your finished product?

Mr. CULBERTSON. Most assuredly.

Mr. FORDNEY. All right.

Mr. CULBERTSON. I want to say, though, in connection with that, that in our own particular business almost all of the bags that we use are of American manufacture, made out of this imported cloth. There are some bags, however, what we call second-hand bags, which are used for wheat and grain, on which a duty, of course, is in effect. I do not know to what degree those are used, but that would naturally affect the whole proposition, and that carries with it practically the same rate of duty as the material from which these bags are made that we use in our particular business.

Mr. LONGWORTH. Let me ask you: I am not sure that I understand you. Is your finished product that which is named in paragraph 354; that is to say, bags or sacks made from plain woven fabrics, etc.?

Mr. CULBERTSON. I would take it it was; yes, sir.

Mr. LONGWORTH. That is your finished product?

Mr. CULBERTSON. Yes, sir; I would take it it was.

Mr. LONGWORTH. You are recommending only a reduction in the duties in paragraph 352 which, I take it, is the raw material from which your finished product is made.

Mr. CULBERTSON. Well, I think so. But, as I explained and what I wanted to say is this, that all the bags that we use in our particular line of business are practically made in this country from this imported cloth.

Mr. LONGWORTH. Bagging?

Mr. CULBERTSON. Bagging.

Mr. LONGWORTH. Such bagging as is denominated in paragraph 355?

Mr. CULBERTSON. Paragraph 352.

Outside of that we use, as I say, second-hand bags, on which, of course, we would like a reduction of duty, to be consistent with our request for a reduction in the raw material. While we have not incorporated it here, I would take it for granted it would follow, because it practically carries the same rate ad valorem.

Mr. LONGWORTH. The two paragraphs are very different, so far as the revenue is concerned. Under paragraph 352 there are not very

PARAGRAPH 352—BURLAPS.

many importations, but under paragraph 354 there are very large importations.

Mr. CULBERTSON. It is just possible that it is under that where the importations amount to something like three hundred or four hundred million pounds of material for bags.

Mr. KITCHIN. You are not a manufacturer of bags?

Mr. CULBERTSON. No, sir; we are users.

Mr. KITCHIN. Mr. Longworth is under the impression that you are manufacturing bags.

Mr. LONGWORTH. I asked him a moment ago whether his finished product of bags was under paragraph 354, and he said, "Yes."

Mr. CULBERTSON. We are not manufacturers of bags; we are users of them.

Mr. FORDNEY. Then, you do not care if the whole business goes on the free list, do you?

Mr. CULBERTSON. We would be very glad indeed if they should go. When you spoke of products, I thought you said cottonseed meal.

Mr. LONGWORTH. I asked you the question because I did not understand what you were driving at. I asked you whether your finished product was that product described in paragraph 354, and you said yes.

Mr. CULBERTSON. I thought you said the finished product; not our finished product.

Mr. LONGWORTH. Just what is your business?

Mr. CULBERTSON. Cottonseed manufacturers, cottonseed products.

Mr. LONGWORTH. You use these bags?

Mr. CULBERTSON. We use these bags in packing our products.

Mr. LONGWORTH. But you do not make bags?

Mr. CULBERTSON. Oh, no; we have no interest in them except to get them at a reduced cost.

Mr. PAYNE. Do you buy bags for cotton seed? What is your relation to this industry?

Mr. CULBERTSON. For cottonseed products.

Mr. PAYNE. For the products of cotton seed? It is not cotton bagging that you are after; it is the bags, is it; or is it both?

Mr. CULBERTSON. Both.

Mr. PAYNE. And I understood you to say something about bags in the interest of the western farmer.

Mr. CULBERTSON. Oh, no.

Mr. PAYNE. Then I misunderstood you.

Mr. CULBERTSON. In the interest of the southern farmer. Of course we would like to see the western farmer prosper, but our interest lies directly in the southern farmer.

Mr. PAYNE. Did you not ask to have grain bags put on the free list?

Mr. CULBERTSON. No.

Mr. PAYNE. Simply your cottonseed bags?

Mr. CULBERTSON. That is all we are directly interested in, sir.

Mr. PAYNE. When you get to the cotton oil, you put it in what kind of a container?

Mr. CULBERTSON. The bag that I have referred to in this—

Mr. PAYNE. No; but your oils. What kind of a container do you put that in?

PARAGRAPH 352—BURLAPS.

Mr. CULBERTSON. Oil?

Mr. PAYNE. Cottonseed oil, yes. You crush cotton seed, don't you?

Mr. CULBERTSON. Oh, yes.

Mr. PAYNE. Do you make any oil?

Mr. CULBERTSON. Yes, sir; we certainly do.

Mr. PAYNE. What do you put it up in?

Mr. CULBERTSON. We put it up in tank cars, and barrels, and so on.

Mr. PAYNE. You do not put it up in cans or barrels?

Mr. CULBERTSON. Some of the refineries do; yes.

Mr. PAYNE. Have you looked after the duty on barrels or cans?

Mr. CULBERTSON. I think the refineries have taken those up.

Mr. PAYNE. I think you ought to tell this committee about that.

Mr. CULBERTSON. I think the refinery has taken care of that part of it.

Mr. PAYNE. You want those on the free list?

Mr. CULBERTSON. If you gentlemen choose to put them on we won't object.

Mr. PAYNE. You would like to have it, would you not?

Mr. CULBERTSON. We certainly would.

Mr. LONGWORTH. How many men do you employ?

Mr. CULBERTSON. When you say "we" do you mean the industry?

Mr. LONGWORTH. No.

Mr. PAYNE. I thought you had overlooked that. I want you to suggest it.

Mr. CULBERTSON. Oh, no. I have found this, that if we do not ask for what we want we never get it, and especially a man from the South.

Mr. PAYNE. Everything else you use in the process of your manufacture is on the dutiable list?

Mr. CULBERTSON. I will try and find out, sir, for you, and let you know.

Mr. PAYNE. I am asking this for your benefit.

Mr. CULBERTSON. I do not know, sir.

Mr. LONGWORTH. I would like to have an answer to my question.

Mr. CULBERTSON. Yes, sir. I am representing, sir, the Interstate Cotton Seed Crushers' Association.

Mr. HILL. What is that, an incorporated company?

Mr. CULBERTSON. No, sir.

Mr. HILL. What is the character of the association?

Mr. CULBERTSON. The character?

Mr. HILL. Yes.

Mr. CULBERTSON. It is an association of manufacturers to protect their interests in just such things as this.

Mr. HILL. What are the things?

Mr. CULBERTSON. Interstate legislation in the application of rules for business, and those things that are necessary for a well-ordered business.

Mr. HILL. Is it a purely voluntary association?

Mr. CULBERTSON. Absolutely.

Mr. HILL. With headquarters and central offices, and so forth, like other farmers' associations?

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Mr. CULBERTSON. Our president lives in north Alabama, and our secretary lives in Texas.

Mr. HILL. Do you take any action whatever in regard to the fixing of prices?

Mr. CULBERTSON. Absolutely not. Those things are not considered.

Mr. HILL. The important feature, then, of the association is not given any attention?

Mr. CULBERTSON. The which?

Mr. HILL. The important feature of the business is not given attention by this association?

Mr. CULBERTSON. What is that, sir?

Mr. HILL. The fixing of prices.

Mr. CULBERTSON. The fixing of prices?

Mr. HILL. Yes, sir. Do you ever establish prices at which you buy cotton seed?

Mr. CULBERTSON. We do not.

Mr. HILL. Do you come in competition with the American Cotton Oil Co.?

Mr. CULBERTSON. We certainly do. Are you trying to prove a trust now, sir?

Mr. HILL. I am not trying to prove anything. I want to prove the facts.

Mr. CULBERTSON. I do not know that that is germane to this question.

Mr. HILL. Do you have any machinery for fixing prices of your product after you get it manufactured?

Mr. CULBERTSON. We have not.

Mr. HILL. What is the purpose, then, of the organization; just to look after legislation in the various States and before Congress?

Mr. CULBERTSON. To adopt rules governing the sale of products, to have arbitrations or committees for the settlement of differences in the matter of sale.

Mr. HILL. Differences in what respect? Differences between whom?

Mr. CULBERTSON. Between a buyer and seller in sales of the products, and that machinery that is usually used in organizations and associations of that sort.

Mr. HILL. How extensive is this association?

Mr. CULBERTSON. It extends all over the South.

Mr. HILL. How many members?

Mr. CULBERTSON. We have, I think, about 400 mills.

Mr. HILL. About 400 mills?

Mr. CULBERTSON. Yes, sir.

Mr. HILL. A big combination, isn't it?

Mr. CULBERTSON. No, sir; it is not a combination. It is an association.

Mr. HILL. Each mill is represented in the association?

Mr. CULBERTSON. It is.

Mr. HILL. And they have a common election of officers?

Mr. CULBERTSON. They have their conventions each year; go over their rules and their business, of which we have a record, and elect their officers.

Mr. HILL. There is nothing done whatever with regard to the fixing of prices there by this association?

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Mr. CULBERTSON. Absolutely not; absolutely not.

Mr. HILL. I am very glad to hear that, sir.

Mr. LONGWORTH. You, yourself are a manufacturer?

Mr. CULBERTSON. I am engaged in that business; yes.

Mr. LONGWORTH. You own a mill?

Mr. CULBERTSON. Yes, sir; I am interested in several.

Mr. LONGWORTH. How many men do you work?

Mr. CULBERTSON. The mills that I am connected with?

Mr. LONGWORTH. Yes.

Mr. CULBERTSON. I would say about 400 to 500.

Mr. LONGWORTH. It is a large industry?

Mr. CULBERTSON. A large industry; yes.

Mr. HILL. Is there any selling of products through agents of this association? I mean do the individual members of the association sell their products each one by himself in a competitive market, or is it combined and sold through you or through the secretary of this interstate association?

Mr. CULBERTSON. No, sir. The products are sold the way all other products are sold; that is, to the buyers in various parts of this and other countries, and not through any combination whatsoever.

Mr. HILL. I want to find out whether it is an association similar to that of the Citrus Fruit Association of California.

Mr. CULBERTSON. Oh, no; I wish we could get up something of that sort.

Mr. HILL. You are entirely at liberty to sell the product of your mills anywhere you please, at any price you please, and to buy your raw materials at an price you please and anywhere you please, without reference to any of the other members of this association?

Mr. CULBERTSON. Absolutely so.

Mr. HILL. That is just what I want to know.

Mr. CULBERTSON. Absolutely so.

Mr. KITCHIN. Mr. Culbertson, you say you manufacture cotton oil and other products from the cotton seed?

Mr. CULBERTSON. Yes, sir.

Mr. KITCHIN. Is not everything that you manufacture on the free list?

Mr. CULBERTSON. Yes, sir.

Mr. KITCHIN. Is your oil on the free list, and everything you manufacture? Everything you sell is on the free list, is it not?

Mr. CULBERTSON. Practically so.

Mr. KITCHIN. Well, it is.

Mr. CULBERTSON. Cotton seed is entered free; cottonseed oil comes in free.

Mr. KITCHIN. Cottonseed meal is free?

Mr. CULBERTSON. Furthermore, if you will permit me, while it is a new subject, perhaps, and does not come under this head, yet it opens up such a wide field that I can not refrain, if you gentlemen will give me time, to just say a few words on these matters that I have in mind, with reference to our industry and the injustice of the present condition of things.

In speaking of oil—and we have already presented to your honorable committee a brief on that particular subject, and I appeared a few

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days ago on it, to show the inconsistencies of certain things in connection with our particular business, the matter of soy beans, which are now grown in the Orient in very large quantities, and which take to-day a duty of 45 cents a bushel, which is practically prohibitive, and we can not use it in this country. The soy-bean oil company can import under such conditions that the American manufacturer can not, in the natural order of things, manufacture it.

Mr. FORDNEY. If they are going to be put into baked beans, we want to keep them out.

Mr. CULBERTSON. That is for the Eastern people to say, not for us.

Mr. KITCHIN. You make products from this cotton seed?

Mr. CULBERTSON. We do.

Mr. KITCHIN. Cottonseed oil is the main product, and you get your by-products, your linters, and your cottonseed hulls, and then the main by-product is cottonseed meal?

Mr. CULBERTSON. Yes, sir.

Mr. KITCHIN. All of which are on the free list?

Mr. CULBERTSON. Absolutely.

Mr. KITCHIN. And in 1910 over 15,000,000 pounds of cottonseed oil came into this country in competition with your oil?

Mr. CULBERTSON. Yes, sir; I take those figures from you.

Mr. KITCHIN. I have the statistics before me here. Everything you buy, your machinery, your belts, all of your equipment, even things like camel's-hair and everything that is purchased by your industry is highly protected, is it not?

Mr. CULBERTSON. As a rule.

Mr. KITCHIN. Do you know of anything that you buy that goes into your equipment or into your plant or into the articles that you must have in order to operate your plant that is not taxed? Can you recall anything?

Mr. CULBERTSON. I do not know of a thing, except we get free air in our automobile tires that we use in connection with our business.

Mr. KITCHIN. And air and water are the only things you get free?

Mr. CULBERTSON. Air and water; that is right.

Mr. KITCHIN. You are simply asking this committee to put bags, in which you wrap up your cottonseed meal to sell to the market, on this free list?

Mr. CULBERTSON. Yes.

Mr. KITCHIN. That is used by the farmers mostly as fertilizer and in great quantities to feed cattle?

Mr. CULBERTSON. Yes, sir.

Mr. KITCHIN. And you are asking this committee, in view of the tax upon everything that you use, to put on the free list or relieve you of a little tariff on bags?

Mr. CULBERTSON. That is our position.

Mr. LONGWORTH. You can see that the Representative is against you.

Mr. CULBERTSON. I can readily see that. That is the reason I want to address him.

If you will pardon me, I want to finish my point relative to soya beans.

The CHAIRMAN. Mr. Culbertson, your time is up.

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Mr. KITCHIN. I would like to hear him on soya beans.

Mr. CULBERTSON. Inasmuch as these beans have been injected in this, which is a foreign proposition, but my brothers are particularly interested in it, I just want to show you where we stand on that particular subject.

As I said, the duty on soy beans is 45 cents a bushel. Soya-bean oil is imported from the Orient. There was imported last year about from 80,000 to 100,000 bushels of soy beans grown in the Orient.

Mr. HARRISON. They were grown in Texas, were they not, originally? Did they not start an industry of soya beans down there?

Mr. CULBERTSON. Not that I know of.

Mr. HARRISON. They are grown in Georgia, now?

Mr. CULBERTSON. Only to the extent of providing the fertilizing agents to the soil, the same as cowpeas. They are not used for the purpose of producing a product to manufacture oil.

Mr. HARRISON. There is no oil manufactured in this country?

Mr. CULBERTSON. The trouble is we have got a prohibitive duty. The foreign countries have these beans entered free. They produced this oil that they send over to our country, and these countries that to-day are exporting into our country are the very countries that are placing almost prohibitive duties against cottonseed oil. That is my point.

Mr. PAYNE. How much of this cotton seed is carried in bulk, not in bags?

Mr. CULBERTSON. Cotton seed is stored in bulk. We are talking about cottonseed products, sir.

Mr. PAYNE. I say, how much of the cotton seed is carried in bulk, not in bags?

Mr. CULBERTSON. Cotton seed?

Mr. PAYNE. Yes.

Mr. CULBERTSON. All of it.

Mr. PAYNE. All of it is carried in bulk?

Mr. CULBERTSON. I was speaking of cottonseed products. They are.

Mr. PAYNE. Are the products of your factory in bulk, or in bags?

Mr. CULBERTSON. In bulk.

Mr. PAYNE. Then, how do you use these bags on which you are complaining about the duty?

Mr. KITCHIN (addressing Mr. Hill). Explain to Mr. Payne that he manufactures cottonseed products. He does not understand.

Mr. PAYNE. Oh, you pack the meal?

Mr. CULBERTSON. Yes, sir.

Mr. PAYNE. You have not got to the point where you send that in bulk?

Mr. CULBERTSON. We would like to.

Mr. FORDNEY. Mr. Culbertson, in order to reply to Mr. Kitchin, he states that all the things you produce are on the free list and the things you purchase are on the protected list, therefore you are consistent in asking to have your things put on the free list that you purchased.

Mr. CULBERTSON. That is it.

Mr. KITCHIN. I made no such argument. I simply stated the facts, in order to get them clear in the record. I made no deductions.

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Mr. FORDNEY. I do not want to misquote you. If that is the fact, then you are consistent in asking to have your raw material put on the free list. On the other hand, if the things that you produce were on the protected list and the articles you were purchasing on the free list, I take it for granted that Mr. Kitchin would agree with you that you would be consistent if you were asking to have a duty put on your finished product.

Mr. KITCHIN. You are not asking that, are you?

Mr. CULBERTSON. I am not asking that.

Mr. FORDNEY. Because it is the shoe on the other foot.

Mr. CULBERTSON. I think this whole tariff proposition, sir, is, as I think Gen. Hancock said, a local proposition entirely. It depends on whose shoe is hurting.

The CHAIRMAN. Gentlemen, we are getting far away from the investigation.

Mr. FORDNEY. I agree with you. It is a local question.

Mr. HILL. May I ask you what you do with soya-bean oil?

Mr. CULBERTSON. We do not do anything with it. It goes into the manufacture, largely, of soap, as an ingredient for soap.

Mr. HILL. Is it in any case mixed with cotton oil?

Mr. CULBERTSON. Oh, no. It comes in competition, though, as a soap ingredient.

Mr. HILL. But they are not used as a food product?

Mr. CULBERTSON. Some, I understand, is; yes, sir.

Mr. HILL. Some soya-bean oil?

Mr. CULBERTSON. I understand that they have been able to refine it to that degree that it now enters into edible compounds.

Mr. HILL. But you have no knowledge of its being mixed with cottonseed oil and accomplishing an adulteration?

Mr. CULBERTSON. I am not in the refining business, and I do not know.

The CHAIRMAN. That is all, Mr. Culbertson.

Mr. CULBERTSON. Thank you, sir, and gentlemen.

TESTIMONY OF E. P. WILLARD, SECRETARY OF THE WILLARD BAG & MANUFACTURING CO., WILMINGTON, N. C.

Mr. WILLARD. Mr. Chairman and gentlemen, in appearing before this committee, I desire it clearly understood that I am representing my own business and not an association of bag manufacturers. I will, therefore, have to assume the responsibility for any statement that I may make.

Our company is a corporation doing business in Wilmington, N. C., and our output is limited to the manufacture of bags made of burlap. Probably not over one or two per cent of our output is made of cotton goods.

Our factory is somewhat unique in this industry, because of the fact that we employ negro labor almost entirely. It is a very desirable thing to give this class of labor employment, as it is from this element that most of our idle population comes.

When we began business in 1893, the average wage of our sewers was 25 cents a day. This has been advanced until now we have to

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pay 75 cents a day for the same grade of labor. This advance has been gradual, but at the same time I would like to impress on this committee that the margin of profit on our manufactured articles has practically made no advance. If anything competition is more keen now than it was when we began business.

We do not desire to present an argument in favor of a duty on burlaps. In some respects free burlaps would tend rather to increase our output than otherwise through the probable increase in the consumption of burlap bags. We believe this feature of the matter is to be covered by those who are more interested than we are ourselves.

I would like to correct an impression which appears to have been made at the hearing last Wednesday while Mr. A. F. Bemis was appearing before you. I gather from the testimony that certainly a part of your committee received the impression that the larger bag manufacturers of the United States had agreed among themselves to allot or divide off certain sections of the country, so that there would be practically no competition in the sale of bags. I have not found such to be the case in my territory. In fact, nearly all of our inquiries for bags is accompanied by the statement that our friends are getting quotations from other parties, and in order to secure the business it will be necessary for us to make the lowest possible prices. Under such circumstances you may well realize that the competition is very keen.

In order that this committee may get a clear idea just how the present tariff law is applicable so far as the differential is concerned, I desire to submit, merely for the purpose of illustration, the following figures: The unit of manufacture in our industry is 1,000 bags. Assuming the value of this quantity of bags at \$100, which is at the rate of 10 cents per bag, I should say that the cost is divided about as follows: Material, \$90; overhead charges, such as fuel, power, and office expenses, \$5; labor, \$5. In Calcutta the proportion would be about as follows: Material, \$90; overhead expenses, \$5; labor, \$1.50; a total of \$96.50.

We are just estimating these figures, but they are approximately accurate, I think.

As the freight and transit charges on bags and burlaps are practically the same, the Calcutta manufacturer can place 1,000 bags in this country at a total cost of \$96.50, against our cost of \$100. You understand we have assumed that there is no duty either on burlaps or on bags.

If the present differential of 6 per cent ad valorem should be maintained the Calcutta manufacturer would be compelled to add approximately \$6 to the cost of his 1,000 bags, bringing his cost to \$102.50, as against our \$100. It seems to us that this small differential can be readily borne by the consumers of bags and is well worth while in order to maintain this industry.

The Democratic Party has always stood for the principle of the greatest possible freedom of trade—a freedom limited only by the need for public revenue—but has never held to the policy of free trade. This position has from the first been rendered absolutely necessary by reason of the fact that so large a part of our public revenues are derived from imports, and in the course of time the public

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has come to consider indirect taxation as our settled national fiscal policy. If this practice were true under conditions where the administration of public affairs involved a relatively small resource, and before the business of the country had become permanently adjusted to a fixed fiscal system, it is doubly true of present existing conditions. In the policy of laying tariff taxes a differential between raw materials and manufactures has always obtained, and in a general way the basis of differential has been the measure of skill entering into the manufactured product inversely applied, and this is a sound and just principle.

Agriculture is the basis of this country's prosperity, but a basis has no meaning when detached from a superstructure. It is economically sound to relieve the basis of all unnecessary burden, but it is not possible to consider immunity of the basis apart from the rights of the superstructure. To ignore this principle would mean to relegate commerce to the most primitive conditions of industry, wherein the producer is virtually one with the manufacturer. This is not democratic creed and is certainly very foreign to democratic practice.

Burlap is not produced in this country at all, and India has a virtual, if not actual, monopoly of the production. Upon general principles burlap would be a most legitimate article of revenue taxation, and except for the agriculture argument could be made to produce a substantial revenue to the Government.

Manufactures from the raw material are necessarily of a low order and quite crude as a finished product, in which skilled labor plays no part at all. In the highest manufactured forms this article is a cheap and crude bag, in which skilled labor finds no employment and manufacture no economy through increased production of superior machinery and skilled labor. The manufacturers of Calcutta use the same machinery as is used in this country and produce more cheaply than our manufacturers by reason of pauper labor, and this condition is made inevitable and beyond remedy because of the low character of the finished product. In advanced industries where skilled labor and more efficient machinery are the controlling elements in cost of production the economic strength of the local industry can resist foreign competition in which less skilled labor and less efficient machinery are employed, but in the burlap industry no such condition exists or can be made to exist.

Whether the raw material be placed on the free list or not is a matter for the judgment of the Congress concerning revenue, but a differential in favor of burlap manufacturers is a matter of justice to the capital and labor engaged in this industry, and the present differential is as small as is consistent with the prosperity of the industry.

The farmer is entitled to much but is not entitled to all, and the small differential now enjoyed by manufacturers under the present schedule is no uncompensated hardship to the farmer, for the labor and capital employed in this industry contribute to the public welfare and are entitled to as much consideration as any other element of population and character of property.

I thank you.

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BRIEF OF EVERETT AMES ET AL., CONCERNING BURLAPS.

NEW YORK CITY, *January 17, 1913.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We, the undersigned committee, representing 22 of the principal manufacturers of cloth bags or sacks in all sections of the United States, having factories in 21 different States, and indirectly representing 10,000 workers, and through them 20,000 dependents, respectfully but insistently make the following statement and recommendations in regard to paragraphs 352 and 354 of the present tariff act, effective August 6, 1909.

The two or three persons who will present this petition to you are but two or three out of approximately 10,000 persons employed in this industry; these 10,000 provide a livelihood for approximately 20,000 dependents. To transfer employment from any number of these 10,000 workers to foreign labor would take away the means of livelihood from a corresponding number of consumers. There are approximately 30,000 people in the United States who are dependent upon this industry, and this petition is made informally in their behalf.

ARTICLES DESCRIBED IN PARAGRAPHS 352 AND 354.

The goods described in paragraph 352 are known in this country as burlaps.

The goods described in paragraph 354 are known in this country as burlap bags.

RECOMMENDATIONS.

As to paragraph 352: Any rate of duty between free entry and the rate under the present law would be satisfactory to the bag manufacturers, provided a proper differential were maintained between paragraphs 352 and 354. However, it is the judgment of the bag manufacturers that a moderate duty on burlaps forms a proper and substantial source of revenue without injury to any industry, and, therefore, that at least a portion of the present duty should be retained. Burlaps compete with coarse cotton cloth, and this is an additional reason for maintaining at least a portion of the present duty.

As to paragraph 354: The present differential between paragraphs 352 and 354 should be maintained or increased, and under no circumstances should it be reduced. It is the equivalent, approximately, of $\frac{3}{4}$ cent per pound (specific), or 6 per cent (*ad valorem*). This differential is already a competitive marginal duty, as proved in two ways: 1. By a comparison of labor and wages in the United States and foreign countries, especially India, against which country 12 per cent differential would not be too much. 2. By the importations of bags—roughly, 15 per cent of all those used in this country—and with a tendency already for such importations to increase.

RATES.

At a meeting held in New York January 17, 1913, attended by the representatives of 12 prominent burlap bag manufacturing concerns, it was the unanimous opinion that our first choice for rates would be:

	Cents per pound.
Burlaps, paragraph 352.....	1
Bags, paragraph 354.....	1 $\frac{1}{2}$

Based on Treasury statistics for eight years ending June 30, 1912, these rates would reduce the revenue:

Under paragraph 352.....	\$1, 700, 000
Under paragraph 354.....	120, 000
Total.....	1, 820, 000

It was also the unanimous opinion that the duty on burlaps and burlap bags ought to be specific, and we understand that the collectors of customs, who are well informed on the point, would strongly favor a specific duty.

The principal ports of entry for burlaps are New York, Boston, New Orleans, San Francisco, and Portland, Oreg. If you would ask the Board of General Appraisers and the collectors at these five ports, we think they would be unanimous in recommending

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specific duty for burlaps. It would save the Government and the importers an enormous amount of trouble and expense, and, we believe, would not harm anyone.

But the extra trouble and expense of doing business under ad valorem duties are of less importance to us than would be the loss of our business, resulting from a reduction in the present differential between paragraphs 352 and 354. We can get along with compound ad valorem and specific duties, if we must, and it is not of great importance to us whether the duty on the burlap cloth is somewhat more or less than 1 cent per pound; that item would be chiefly a matter of revenue. But we can not get along if the difference between paragraphs 352 and 354 is reduced. A reduction in the already small competitive difference of 6 per cent now existing might mean our extermination, and on no account should this difference be diminished.

CHANGES IN IMPORTATIONS SHOULD THE ABOVE RECOMMENDATIONS BE FOLLOWED.

There would be no material change in the volume of importations of burlaps or bags if the foregoing suggestions were followed, because the present relation of burlaps and bags to competing articles would not be materially altered. But if the present differential between burlaps and bags were diminished, it would undoubtedly result in increased importations of bags, with a corresponding reduction in burlaps. In just such degree would American laborers engaged in this industry be forced to compete for work in other lines. The only possible result of such a condition in this and other industries would be a general lowering of wages in this country.

We wish to emphasize the statement that a considerable portion of the burlap bags used in this country is imported from abroad because the present difference between the rate of duty on bags and the rate of duty on burlap cloth is too small to enable the American manufacturers to compete with Calcutta. The importation of these bags proves that the present difference is not protective and is only competitive. Any reduction in this difference would deprive the American manufacturer of the opportunity to compete with Calcutta. We understand your honorable committee wishes to establish competitive rates and does not intend to deprive the American manufacturer of the opportunity to compete. We respectfully urge you not to make any reduction in this difference, which is already too small to allow us to get more than a fair share of the business. Any reduction in this difference would prevent us from holding that portion of the business which we are now able to get.

We further recommend adhering to the present phraseology of paragraphs 352 and 354 as far as possible. Any radical change in classification, such as that contained in the so-called "Farmers' free list bill" (62d Cong., H. R. 4413), would be confusing and possibly disastrous, without apparent advantage of any kind. The meaning of the present phraseology has been defined by 15 years of entries. It should not be changed in its fundamental construction.

Under H. R. 4413, Sixty-second Congress, goods described as follows would have been put upon the free list:

"_____ gunny cloth, and all similar fabrics, materials, or coverings, suitable for covering and baling cotton, composed in whole or in part of jute, _____, or any other materials or fibers suitable for covering cotton; and burlaps _____ or other materials suitable for bagging or sacking agricultural products."

The figures submitted for the present use of the Ways and Means Committee in a pamphlet entitled "Tariff Handbook," indicate that your honorable body has no conception of the articles that might have been given free entry under the above classification. Not only would free entry have been accorded to the articles referred to in paragraphs 352, 354, and 355, but an indefinite, indescribable, incalculable quantity and variety of other materials now covered in other paragraphs of Schedules I and J, and, possibly, even Schedule K. There have been rulings of the Board of General Appraisers regarding the entry of goods classified under the phraseology "suitable for, etc.," that indicate clearly the wide and dangerous and indefinite scope of such classification for tariff purposes.

SUMMARY OF RECOMMENDATIONS.

Our recommendations, then, are not so much requests for protection as they are protests against the abrogation of the present competitive duty, which we require in order to continue in business. Radical changes in the classification or descriptive phraseology should be avoided if possible.

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DATA REGARDING IMPORTATIONS UNDER PARAGRAPHS 352 AND 354.

Average yearly importations of burlap cloth and burlap bags for eight years ending June 30, 1912, showing weight and value and the amount of duty under the present law.

[These figures are obtained from the Treasury Department statistics and are accurate and reliable.]

	Burlap cloth, not exceed- ing 30 threads per square inch (par. 352).	Burlap bags (par. 354).
Weight: Average yearly imports during the 8 years ending June 30, 1912, pounds.....	351,147,013	50,073,223
Value: Average yearly imports during the 8 years ending June 30, 1912.....	\$21,855,107	\$2,911,137
Ad valorem equivalent of present duty.....per cent..	24	30
Amount of duty at present rate.....	\$5,253,468	\$874,811

SIZE AND EXTENT OF CLOTH BAG MANUFACTURING INDUSTRY.

This industry is generally considered a small one. It is neither small nor local. The following list gives the States in which the larger factories are located, with the number of such factories in each:

California.....	3	Massachusetts.....	1	Ohio.....	1
Georgia.....	2	Minnesota.....	2	Oregon.....	2
Illinois.....	2	Missouri.....	5	Pennsylvania.....	1
Indiana.....	2	Nebraska.....	1	Tennessee.....	3
Kentucky.....	1	New Jersey.....	1	Texas.....	2
Louisiana.....	4	New York.....	6	Washington.....	1
Maryland.....	1	North Carolina.....	1	Wisconsin.....	1

According to the statistics of manufactures of the United States, Thirteenth Census, 1910, the cloth-bag manufacturing industry (which is listed under "Bags, other than paper") held the following position in 1909:

	Number of industries larger.	Number of industries smaller.	Rank expressed in per cent.
In number of establishments.....	138	118	46
In persons engaged in industry.....	96	161	62½
In number salaried employees.....	119	138	53½
In number wage earners.....	94	163	63½
In capital invested.....	93	164	64
In salaries paid.....	117	140	54½
In wages paid.....	110	147	57
In cost materials used.....	49	208	81
In value products made.....	66	191	74
In value added by manufacture.....	109	148	58
Average.....	99	158	61.4

It is clear from the foregoing that this industry demands your careful consideration. It has been developed during the past half century under tariff laws favorable to its growth. It is clearly upon a competitive tariff basis now. It deserves a continuation of that basis to just the same extent that other industries are accorded.

REASONS WHY THERE SHOULD BE A DIFFERENTIAL BETWEEN PARAGRAPHS 352 AND 354.

The principal point of manufacture of burlap, which is the bag manufacturers' raw material, is in Calcutta, India. The Indian manufacturers of burlap would like also to manufacture the bags. Enough, perhaps, is known regarding the difference in conditions of employment, hours of labor, and wages in this country and in India to make unnecessary any further reference here. However, the following table may serve to make perfectly clear the fact that no difference in methods or atmosphere or scenery can, unaided by a protective duty, put American labor on a competitive basis with Indian labor.

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	United States of America.	India.
Average hours per week.....	54	72
Average sewers' wages per week.....	\$9.00	\$0.66
Average hemmers' wages per week.....	9.00	.45
"Learners".....	5.00	.40

Figures already given show that under the present differential there are importations of bags in considerable volume, and therefore that there is certainly no prohibition of importations from abroad nor monopoly for the American manufacturer in the present rates.

It has always been assumed that the consumer of burlap bags is confined exclusively to those engaged in agricultural pursuits. This is entirely wrong. We do not disguise the fact that the farmer is to some extent a user of burlap bags, but only to a very small extent. The grains and cereals from the Rocky Mountains to the Atlantic Ocean are handled by the farmer in bulk, and only a very small quantity of bags is used in this section for the purpose of moving the crops. From the Rocky Mountains to the Pacific coast grain is moved partly in sacks, partly in bulk, though the tendency toward the bulk movement of grain is strong, and it is freely predicted that within a short time after the opening of the Panama Canal the Pacific slope will handle all its grain in bulk. Eliminating the Pacific coast, which we believe will soon be on a bulk basis, the farmer is a user of bags in a very restricted sense—largely as a consumer of the goods he buys rather than of the goods he sells, and we do not see what material benefit would result to him by a reduction in duty on bags which are merely used as covers for articles which he purchases.

Furthermore, the products of this country for which bags are used as containers or conveyers are consumed almost entirely at home. This is clearly shown by the comparatively small "drawbacks" applied for upon bags exported filled with American product.

It is clear, therefore, that even if the removal of the present differential should result in a slightly lower cost of burlap bags to the bag consumers of this country it would not materially benefit such consumers, and the retention of the industry in this country is justified.

CONCLUSION.

In conclusion, therefore, we respectfully petition that for the good of this country, for the greatest good to the greatest number, and for the preservation of the industry which we represent, the present differential of 6 per cent between paragraphs 352 and 354 should be increased rather than reduced.

Respectfully submitted.

EVERETT AMES,
Chairman (Ames-Harris-Neville Co., Portland, Oreg.).

BENJAMIN ELSAS,
Fulton Bag & Cotton Mills, Atlanta, Ga.

ALBERT F. BEMIS,
Bemis Bro. Bag Co., St. Louis, Mo.

Committee, representing: Ames-Harris-Neville Co., Portland, Oreg.; American Bag Co., Memphis, Tenn.; Bemis Bro. Bag Co., St. Louis, Mo.; H. & L. Chase, Boston, Mass.; H. & L. Chase Bag Co., St. Louis, Mo.; Cleveland Akron Bag Co., Cleveland, Ohio; Fulton Bag & Cotton Mills, Atlanta, Ga.; J. C. Grafflin Co., Baltimore, Md.; E. S. Halsted & Co., New York City; Hardwood Manufacturing Co., Minneapolis, Minn.; Percy Kent Co., New York City; Mente & Co., New Orleans, La.; Milwaukee Bag Co., Milwaukee, Wis.; Morgan & Hamilton Co., Nashville, Tenn.; M. J. Neahr & Co., Chicago, Ill.; W. C. Noon Bag Co. (Inc.), Portland, Oreg.; Philadelphia Bag Co., Philadelphia, Pa.; C. H. Parsons Co., New York City; Herman Reach & Co., Chicago, Ill.; Riegel Sack Co., Jersey City, N. J.; J. S. Walker & Co., Louisville, Ky.; Willard Bag & Manufacturing Co., Wilmington, N. C.

PARAGRAPH 352—BURLAPS.

ADDENDUM.

TARIFF REVISION, UNDERWOOD BILL, BAG MANUFACTURERS' FIRST CHOICE FOR RATES OF DUTY.

NEW YORK, *January 17, 1913.*

SCHEDULE J.—*Duty on burlaps and burlap bags.*

AS THE LAW NOW IS.

Section 352.

Plain woven fabrics of single jute yarns, by whatever name known, weighing not less than six ounces per square yard, and not exceeding thirty threads to the square inch, counting the warp and filling,

Nine-sixteenths of one cent per pound and fifteen per centum ad valorem;

If exceeding thirty and not exceeding fifty-five threads to the square inch, counting the warp and filling, seven-eighths of one cent per pound and fifteen per centum ad valorem.

Section 354.

Bags or sacks made from plain woven fabrics of single jute yarns, not dyed, colored, stained, painted, printed, or bleached, and not exceeding thirty threads to the square inch, counting the warp and filling,

Seven-eighths of one cent per pound and fifteen per centum ad valorem.

AS THE LAW SHOULD BE.

Section 352.

Plain woven fabrics of single jute yarns, by whatever name known, weighing not less than six ounces per square yard, and not exceeding thirty threads to the square inch, counting the warp and filling,

One cent per pound;

If exceeding thirty and not exceeding fifty-five threads to the square inch, counting the warp and filling, seven-eighths of one cent per pound and fifteen per centum ad valorem.

Section 354.

Bags or sacks made from plain woven fabrics of single jute yarns, not dyed, colored, stained, painted, printed, or bleached, and not exceeding thirty threads to the square inch, counting the warp and filling,

One and one-half cents per pound.

Statement of average yearly importations of burlap cloth and burlap bags for eight years ending June 30, 1912, showing weight and value and the amount of duty under the present law compared with what the amount would be under the proposed change.

[These figures are obtained from Treasury Department statistics, and are accurate and reliable.]

	Burlap cloth (not exceeding 30 threads per square inch).	Burlap cloth (exceeding 30 threads per square inch).	Burlap bags.
Weight: Average yearly imports during the 8 years ending June 30, 1912..... pounds.....	\$51,147,013	.....	50,073,223
Value: Average yearly imports during the 8 years ending June 30, 1912.....	\$21,855,107	.....	\$2,911,137
Ad valorem equivalent of present duty..... per cent.....	+24	.....	+30
Amount of duty at present rate.....	\$5,253,468	.....	\$874,811
Ad valorem equivalent of rate now proposed..... per cent.....	+16	.....	+26
Amount of duty as it would be under proposed rate.....	\$3,511,470	.....	\$751,098
Loss of revenue.....	\$1,741,998	.....	\$123,713
Ad valorem equivalent of reduction in rate of duty..... per cent.....	+8	.....	+4

PARAGRAPH 352—BURLAPS.

BRIEF OF J. ROSS COLLINS, NEW YORK, N. Y.

NEW YORK, N. Y., February 17, 1913.

The WAYS AND MEANS COMMITTEE,

Oscar L. Underwood, Chairman, Washington, D. C.

SIR: This letter is in reference to jute goods, burlaps, etc. I will make it as short as possible. It is the result of 26 years of experience in this line of business. Will you kindly give it consideration?

Jute is a fiber grown in India, manufactured principally into burlaps and baggings, the coarser cloths in India, the finer in Scotland. Jute does not grow in the United States; the climate is not adapted to it.

There is no American industry in the manufacture of burlaps. Unsuccessful attempts have been made to introduce it. The 12 to 35 cent daily labor of India, as against the 83 cent to \$2 daily labor in this country, prohibits it. Seven hundred million yards of burlaps are imported to this country from India annually. Roughly speaking, the present tariff totals about 25 per cent of the selling price.

Burlaps are used by almost every industry in the country and affects the cost of almost every article used in the home. It covers furniture. It sacks wool which goes into clothing. It carries a great deal of flour; is a necessity for fertilizer bags. It holds coffee, salt, grain of every description. Hundreds of millions of pounds of sugar move in it. It is a vital necessity and enters into consumers' costs. For instance, it takes 1½ yards of goods to make the commonly used fertilizer bags. At the present prices the duty amounts on this 1½ yards to very close to 2 cents. It takes 12 such bags to hold a ton of fertilizer. The extra cost of fertilizer, in consequence of this duty, is therefore 20 to 25 cents per ton.

It takes 1½ yards of burlaps to make a bag to hold 140 pounds of flour. The duty on the goods in this bag amounts to about 1½ cents; on a barrel of such flour it would be 2½ cents, which is equal to nearly one-half of 1 per cent on all the flours so packed that is used in the United States.

Sugar, coffee, salt, wool, all absolute necessities to everyone in the country, cost more on account of this duty on burlaps.

There is no burlap industry here to protect. It would be impossible to start such an industry without a protection which would equalize the difference in wages. This would require in the neighborhood of 70 per cent protection, which would be obviously an unnecessary burden. Therefore, if the Government can afford to do away with the duty on burlaps, although the percentage on each individual item may be small, the cost of many foodstuffs to the people can be eventually reduced.

Now, there are millions and millions of secondhand bags brought to this country from abroad and sold here. At present there is a duty upon such bags, but the difference between this duty and the duty upon the burlap is not sufficient to keep them out, and the result is a loss to the country in the wages that would be earned and the additional business that there would be in making new bags to take the place of these secondhands if the duty on secondhand bags was sufficient to keep them out. If the duty is removed on burlaps, and burlaps are admitted free, and the jute, which does not grow here, is also admitted free, and there is put upon secondhand bags a duty of 1 cent per pound, then the business of manufacturing new bags, to take the place of secondhand bags, which will be kept out, will be increased in this country, to the ultimate benefit of the whole people. Instead of paying profits to people abroad to gather up and mend these secondhand bags and to foreign steamship companies to carry them here, we should employ our own people, making new bags for their own use, and keep the wages and profits in our own country. The admission of burlaps and baggings free and the collection of a duty of 1 cent a pound on all bags, either new or secondhand, would open up to this country the enormous field here at our doors, in Cuba, and the West Indian, Central American, Mexican, and South American countries, so that the United States would stand some chance of exporting to those countries their bags to move the sugar and coffee crops, the largeness of which trade it is necessary to dwell upon.

The removal of the duties on burlap would do away with the vexatious drawback department on jute goods.

I respectfully suggest to your committee that when taking into consideration the duties collected from burlap, that your committee get the statistics as to the drawbacks allowed upon burlaps and bags, when exported, if such are available. All that appears upon the surface in the way of duties on burlap is not so on account of these rebates,

PARAGRAPH 352—BURLAPS.

to say nothing of the cost of the inspection at time of export and of the clerical force necessary to take care of them.

If it is found inadvisable to take off the entire duty on burlaps, in any case, whatever duty is left, either on burlaps or bags or baggings of any kind, should be by the pound, specific duty. At present it is a mixture of specific and ad valorem duties. The ad valorem feature has loopholes, containing possibilities of irregularity, and should be abolished for the good of the country, as well as the customs service.

My contention is that free burlaps and a specific duty of 1 cent a pound on bags will be the best for everyone concerned.

Very respectfully,

J. ROSS COLLINS.

ARMOUR FERTILIZER WORKS IN REGARD TO BURLAPS.

CHICAGO, ILL., *January 8, 1913.*

HON. A. F. LEVER, M. C.,

Washington, D. C.

MY DEAR CONGRESSMAN: You will remember meeting me in Washington in connection with our mutual friend, Atherton Brownell, on the potash matter, and my having made the suggestion that an appropriation by Congress to hunt for potash might benefit the country and get us out of the hands of the Germans. Am pleased to say that potash has been found in large quantities in this country, and I feel that within a couple of years American potash will be on the market. You have, no doubt, been following the Government developments. The German Government still owes the fertilizer people of this country a large amount of money which should have been paid a year to a year and a half ago. As I understand it, they are under moral obligations to this Government to pay it, but they seem slow in releasing the money.

In connection with fertilizers, I would like to call your attention to the duty on burlap bagging, which so largely enters into the cost of shipping cotton, grain, and especially fertilizer. As far as I can ascertain, there is very little burlap manufactured in this country, practically all of the cloth coming from Dundee. Some cotton bagging is made here from junk material. This duty imposes a large cost on shipping the products of the field as well as imposing added cost on the manufacturer and on the farmer for bags containing fertilizer and other materials which he uses. The price of burlap has increased enormously the last year. Fertilizer bags have gone up from \$80 a thousand to \$135 a thousand in the face, I am told, of a large jute crop—the excuse being that the Indian Government has passed a law restricting the hours of labor in India, and that machinery must be installed to take the place of hand labor. We are promised after a time some little relief from the present intolerable conditions. Whether this is so or not, I know that it will cost the farmers of the United States many millions of dollars more for their bagging, due to this advance, than they paid last year and the year before.

No doubt you are fully informed on all these matters, but I thought I would write you calling your attention specially to them, as they are naturally of interest to you in your representative work.

Believe me, with high regard, very truly, yours,

C. H. MACDOWELL, *President.*

BRIEF OF LANDERS BROS. CO., TOLEDO, OHIO.

TOLEDO, OHIO, *February 18, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: Taking up the matter of burlap, that has been discussed before your honorable board, and referring particularly to paragraph 352:

“Plain woven fabrics of single jute yarns, by whatever name known, weighing not less than six ounces per square yard, and not exceeding thirty threads to the square inch, counting the warp and filling, nine-sixteenths of one cent per pound and fifteen per centum ad valorem; if exceeding thirty and not exceeding fifty-five threads to the square inch, counting the warp and filling, seven-eighths of one cent per pound and fifteen per centum ad valorem.”

We note that several large importers like ourselves have requested that this section be left as it is. We do not feel disposed to view the matter in this way. In fact, these

PARAGRAPH 352—BURLAPS.

goods are not manufactured in this country, and do not think that they will be for a very great length of time, and consequently there is no protective tariff required.

We feel, therefore, that this duty, or at least part of it, could be eliminated, as it is practically a noncompetitive product in this country, like the reeds referred to in previous letter.

We do not wish to dictate to your Ways and Means Committee what would be the best for this country, but knowing to what extent the competition exists in this fabric, as well as the reeds, we feel that it is the duty of importers of these goods to express themselves and recommend suggestions that might be beneficial to your board.

In the meantime we thank you for the privilege of bringing this matter to your notice, and assuring you that we would appreciate due consideration of what we have outlined regarding these two important matters.

Meanwhile, we remain, yours, truly,

LANDERS BROS. CO.,
W. A. MARTIN.

FROM LETTER OF YOUNG & METZNER, LONG ISLAND CITY, N. Y.**BAGGING FOR COVERING COTTON.**

There are now, besides the so-called "trust," which is no longer a trust, about a dozen reweaving mills, all in the Southern States; two mills making "sugar-bag cloth" for covering cotton, one in the South; and 8 or 10 mills making patent and piece bagging; these with the imports supply about 40 per cent of the bagging used for cotton. All the mills engaged in making bagging aggregate a wage pay roll for purely labor of perhaps \$2,500,000 per annum.

The duty on the amount of bagging that would imported if all the bagging not reused, etc., were made abroad would be about \$400,000. The mills employ in the bagging departments 3,000 to 4,000 people, with, say, a total of 10,000 to 12,000 dependent for a living on the wages paid.

BRIEF OF PERCY F. PHILLIPS, NEW YORK CITY.

NEW YORK, *January 31, 1913.*

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: The argument in favor of free burlaps is simply an argument in favor of jute grown in India and burlaps grown in India (with a labor cost of one-third estimated of what it is in the United States), as against cotton grown in the United States and cotton cloth manufactured in the United States.

The one item of cotton cloth called "osnaburgs," 30 inches wide, and weighing 7 ounces to the yard, has been used in this country during the last year, for the purpose of cement bags to the extent of something like 60,000,000 yards.

With a free entry of burlaps, this business would be entirely wiped out. There are already samples in the market of the cloth that would answer this purpose, which could be imported. If burlaps came in free there would be no more osnaburgs used for cement bag purposes.

It is a subject of remarks that all of the testimony given you before your committee, and all the briefs that have been handed into you, the only people who want free burlaps are the importers of the same, who are calculating to push out cotton goods to just that extent.

Yours, very truly,

PERCY F. PHILLIPS.

BRIEF OF JACOB LAWSON BAG CO., NEW YORK, N. Y.

JACOB LAWSON BAG CO.,
New York, January 22, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We take the liberty of writing you in connection with the contemplated tariff changes in Schedule J, bags and bagging. We wish to treat this matter in a broad, liberal spirit, both from a partly interested viewpoint, but first and more especially as good citizens, desiring that at this time your committee have any information which may be of help in the drafting of a new schedule.

PARAGRAPH 352—BURLAPS.

First. We can not too strongly urge that if any duties are placed on these products they be "specific," the ad valorem feature of present tariff being most unsatisfactory, making the duties uncertain and speculative, and in its actual operation has resulted in loss to manufacturers who sell bags for future delivery, cover their sale at once by the purchase of burlap but can not know just what the duty on such goods will be at time of shipment from India, thus introducing a speculative operation where there is no need of such.

Second. We believe the bag manufacturers should have a slight protective duty on new burlap bags, because of the unusually low cost of labor in India, from where the large proportion of burlap comes, and which market could readily absorb the new bag manufacturing business of the United States without such slight protective duty. In our opinion a duty of one-half cent per pound would prevent the practical transfer of this industry to India.

Third. We believe burlap, the raw material, should be admitted free of duty, unless for revenue purposes a duty is needed. In such case a slight differential should be made between burlap bags and burlaps.

Fourth. We recommend second-hand bags (both burlap and bagging) be admitted free. While we frankly feel it may affect our business adversely at first, yet, for the good of the many and tending in a general way to steady and keep down the prices of all bags to the consumer, we think it is the right thing to do, and we hope the natural laws of supply and demand will finally correct any bad conditions in the bag trade due to the free entry of second-hand bags.

The writer respectfully offers to answer any question or questions in connection with this portion of Schedule J frankly and to the best of his knowledge, if called upon to do so.

Yours, very respectfully,

JACOB LAWSON BAG CO.,
WILLIAM M. LAWSON, *President*.

TARIFF ON JUTE FABRICS.

MILLERS' NATIONAL FEDERATION,
Chicago, January 24, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: In considering Schedule J, the millers of the United States ask your careful consideration of paragraph 352, providing for tariff on jute cloth. A very large proportion of the jute cloth imported is used by millers in the form of flour sacks, which are used very extensively for both domestic and foreign shipments.

The tariff at present amounts to about 3 cents per barrel on flour packed in jute sacks, and no satisfactory substitute for jute for this purpose has been produced. As there is no jute cloth manufactured in this country, no American industry would be effected by the removal of this tariff.

Respectfully submitted,

MILLERS' NATIONAL FEDERATION,
A. P. HUSBAND, *Secretary*.

PARAGRAPHS 353-355—JUTE BAGGING.

PARAGRAPH 353.

All pile fabrics, whether or not the pile covers the entire surface, composed of flax, or of which flax is the component material of chief value, and all articles and manufactures made from such fabrics, not specially provided for in this section, sixty per centum ad valorem.

PARAGRAPH 354.

Bags or sacks made from plain woven fabrics, of single jute yarns, not dyed, colored, stained, painted, printed, or bleached, and not exceeding thirty threads to the square inch, counting the warp and filling, seven-eighths of one cent per pound and fifteen per centum ad valorem.

See Everett Ames, page 4064.

PARAGRAPH 355.

Bagging for cotton, gunny cloth, and similar fabrics, suitable for covering cotton, composed of single yarns made of jute, jute butts, or hemp, not bleached, dyed, colored, stained, painted, or printed, not exceeding sixteen threads to the square inch, counting the warp and filling, and weighing not less than fifteen ounces per square yard, six-tenths of one cent per square yard.

JUTE BAGGING.

BRIEF OF THE CAROLINA BAGGING CO., HENDERSON, N. C.

HENDERSON, N. C., *January 27, 1913.*

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: At present, as you are aware, new jute butts come into this country duty free, a very decided advantage to the Jute Bagging Trust, but old bagging, which has been used on exported cotton, is taxed 10 per cent duty. Now, we handle a considerable quantity of this old bagging which has been shipped out of this country on cotton to foreign ports, and we fail to see the justice in allowing the new jute butts to come in free and charge a 10 per cent ad valorem tax duty on this old material.

There was no duty on this material prior to 1910, as it was used at that time altogether for making paper, but since it is being used largely for making re woven bagging, we understand the trust has been instrumental in having this tax levied.

There was during November, 1910, a trial held before Judge Summerville at the customhouse in New York with reference to charging duty on this old material. The decision of the judge allowed scrap for paper making free, but placed 10 per cent tax on all bales containing large selected sides, and while 90 per cent of a shipment may prove to be scrap, if there is found any large pieces they tax the whole shipment 10 per cent, which is a most unjust and unreasonable decision. The fact of the matter is there should be no duty on this old material, and we trust you will use your efforts in that end. This company produces 150,000 rolls of bagging, employ 400 laborers, and have a pay roll of more than \$75,000 annually, and we need your aid, and judging from your past record for a square deal, believe you will interest yourself in having this duty removed.

Yours, very truly,

CAROLINA BAGGING Co.,
S. S. PARHAM, *Vice President.*

GUNNY CLOTH OR BAGGING FOR COTTON BALES.

Bagging for cotton bales is dutiable at six-tenths cent per square yard, or much less than half the ad valorem rate of other jute goods.

The competition comes from Calcutta, India, and Dundee, Scotland.

	Yards.
Total sales in United States year 1911 (approximately).....	100, 000, 000
Of which—	
American manufacturers sold	83, 000, 000
Foreign manufacturers sold.....	17, 000, 000
	100, 000, 000

Of the above 100,000,000 yards this company manufactured about 47,000,000 yards. Of the balance of 53,000,000 yards 17,000,000 yards were made by seven foreign competitors and 36,000,000 yards by seven domestic competitors.

PARAGRAPHS 353-355—JUTE BAGGING.

Apart from raw material, which fluctuates greatly in market value, the cost of making, transporting, and marketing a yard of bagging is about 3 cents. Of this more than two-thirds or more than 2 cents per yard is labor in some form in or out of the mills.

Much of the raw material used in making bagging is charged with import duties.

The machinery has nearly all paid 45 per cent duty to the Government.

Average wages in our bagging mills per individual per week, 1896, 57 hours, \$4.58; average wages in our bagging mills per individual per week, 1910, 57 hours, \$8.79; an increase in 14 years of over 90 per cent in rate of pay. Average Calcutta jute mill wages per individual, per week, 1910, 70 cents.

Total increase in cost of manufacture in United States in 10 years, nearly 1 cent per yard, or one-third more than the entire present duty.

Our people are paid, for equal work, more than 12 times as much money as East Indian mill hands. We are unable to compete with Asiatic labor and pay American wages.

AMERICAN MANUFACTURING Co.,
By F. H. FILLEY, Vice President.

BROOKLYN, N. Y., January 21, 1913.

(See attached certificate from Haskins & Sells.)

[One of six signed copies.]

HASKINS & SELLS, CERTIFIED PUBLIC ACCOUNTANTS,
NEW YORK, June 16, 1911.

THE AMERICAN MANUFACTURING Co.,
Nos. 63-65 Wall Street, New York.

DEAR SIR: In accordance with your request, we have made an examination of the pay rolls of the American Manufacturing Co. for the calendar years 1892 to 1910, inclusive, for the purpose of ascertaining the average weekly wages paid to employees in the company's bagging manufacturing mills at St. Louis, Mo., equalized to the basis of 57 hours per week, and we find such average weekly wages to have been as follows:

Year.	St. Louis mills.		
	Average.	Standard.	Southern.
1892.....	(1)	\$5.3094	(1)
1893.....	(1)	5.5640	(1)
1894.....	\$4.5933	4.7851	\$4.4854
1895.....	4.4800	4.6505	4.3814
1896.....	4.4752	4.6565	4.3643
1897.....	4.5763	4.6669	4.5215
1898.....	5.3229	5.2922	5.3425
1899.....	5.7351	5.8875	5.6413
1900.....	6.2592	6.4015	6.0802
1901.....	6.3733	6.5782	6.2386
1902.....	6.3851	6.4984	6.2847
1903.....	7.3099	7.3277	7.3006
1904.....	7.6938	7.7587	7.6029
1905.....	7.7420	7.8147	7.6950
1906.....	7.8519	8.0789	7.7036
1907.....	8.6598	8.6908	8.6439
1908.....	7.8238	7.8774	7.7950
1909.....	8.0813	8.0804	8.0819
1910.....	8.7917	8.7350	8.8346
Ratio of increase 1910 over 1894 (per cent).....	91.40	82.55	96.96

¹ Southern pay rolls missing for this year.

These averages have been determined by dividing the total amount of the pay rolls by the total number of employees, equalized to the basis of 57 hours per week, and do not include salaried employees.

Yours, truly,

HASKINS & SELLS,
Certified Public Accountants.

PARAGRAPHS 353-355—JUTE BAGGING.

STATEMENT SUBMITTED BY C. LEE M'MILLAN & CO. (LTD.),
NEW ORLEANS, LA.NEW ORLEANS, *February 22, 1913.*HON. OSCAR W. UNDERWOOD,
Washington, D. C.

SIR: I beg to call your attention to latest Treasury decision on the subject of "Bagging for covering cotton."

If you will kindly read this decision, you will see that the "Bagging Trust" is making an effort now to have Treasury Department declare that "jute waste" is not jute. If the trust is successful when its appeal is heard, it will be unsafe to import any bagging that does not analyze pure jute.

Unless such a paragraph as the one written in your bill last year is incorporated in whatever new bill passes, there is going to be trouble for importers whether bagging is free or not, and much higher prices for the bagging the farmers have to buy.

If bagging is not going on the free list, please try and have the paragraph you approved last year used as a substitute for paragraph 355 of the present tariff act.

The "Bagging Trust" buys from all Europe and America any cheap fiber, new or second hand, to make the cloth it puts upon the domestic market.

None of the bagging imported from India or Great Britain is anything like as poor in quality as the major part of that produced by the trust in this country, but just the same, the "trust" has verbally notified importers that, "if any bagging is brought in which is not pure jute, that trust will see that the Government charges 45 per cent ad valorem duty, instead of the six-tenths cent per square yard," as contemplated in law as exists now.

Thanking you in advance for any efforts you may use in behalf of this matter, I beg to remain,

Yours respectfully,

C. LEE McMILLAN.

[Treasury Decisions, vol. 24, No. 7, Feb. 13, 1913.]

DECISIONS OF THE UNITED STATES COURT OF CUSTOMS APPEALS.

(T. D. 33161.)

American Manufacturing Co. v. United States (No. 818). Bagging for cotton.

The merchandise was classified by the collector as bagging, made of jute butts and wastes, and was assessed for duty under paragraph 355, tariff act of 1909. The protest claimed alternatively under two paragraphs—to wit, 358 and 480—of that act. On the date set for hearing the Government asked that a consent order sustaining the protest should be entered of record. The protestants objected to this, insisting on a hearing and a decision upon the question of law involved. The board denied this and, directing a submission of the case without a trial of the issues of fact, sustained the protest. An assessment was ordered under the provisions of paragraph 358. The appeal was taken from the order sustaining the protest.

A CONSENT ORDER, WHEN BOTH PARTIES DO NOT CONSENT.

The order sustaining the protest was not made by the consent of both parties nor upon the express admission by the Government of any of the facts alleged in the protest. This was not a consent order in the legal acceptance of the term. It was not an order legally following on an express admission of fact by one of the contending litigants. The protestant had the right to show by evidence whether the merchandise belonged to one or the other of the two classes, as alleged in the protest.

PARAGRAPHS 353-355—JUTE BAGGING.

United States Court of Customs Appeals, February 1, 1913.

Appeal from Board of United States General Appraisers, abstract 27492 (T. D. 32126).

(Reversed.)

Brown & Gerry for appellant; Wm. L. Wemple, Assistant Attorney General (Chas. E. McNabb, assistant attorney, of counsel; Wm. A. Robertson, special attorney, on the brief), for the United States.

Before Montgomery, Smith, Barber, De Vries, and Martin, Judges.

Smith, Judge, delivered the opinion of the court.

Certain goods imported at the port of New York was classified by the collector of customs as bagging for cotton, made of jute butts and wastes. The merchandise was accordingly assessed for duty at six-tenths of 1 cent per square yard under the provisions of paragraph 355 of the tariff act of 1909, which said paragraph reads as follows:

"355. Bagging for cotton, gunny cloth, and similar fabrics, suitable for covering cotton, composed of single yarns, made of jute, jute butts, or hemp, not bleached, dyed, colored, stained, painted, or printed, not exceeding 16 threads to the square inch, counting the warp and filling, and weighing not less than 15 ounces per square yard, six-tenths of 1 cent per square yard."

The importer protested that the merchandise was not composed of single yarns made of jute, jute butts, or hemp, and that therefore it was not dutiable under the provisions of paragraph 355. The protest claimed, first, that the goods were woven articles or manufactures composed wholly or in chief value of vegetable fiber other than flax, hemp, or ramie, dutiable at 45 per cent ad valorem under paragraph 358, and, second, that if not dutiable under paragraph 358, it was dutiable at 10 per cent ad valorem under the provisions of paragraph 480. Paragraphs 358 and 480, under which the importer claimed, are as follows:

"358. All woven articles, finished or unfinished, and all manufactures of flax, hemp, ramie, or other vegetable fiber, or of which these substances, or any of them, is the component material of chief value, not specially provided for in this section, 45 per centum ad valorem."

"480. That there shall be levied, collected, and paid on the importation of all raw or unmanufactured articles, not enumerated or provided for in this section, a duty of 10 per centum ad valorem, and on all articles manufactured, in whole or in part, not provided for in this section, a duty of 20 per centum ad valorem."

The paragraph under which the assessment was made by the collector imposed on the goods a total duty of 73 cents. If the importation had been classified as woven articles or manufactures composed wholly or in chief value of vegetable fiber other than flax, hemp, or ramie, the full duty on the goods at 45 per cent ad valorem under paragraph 358 would have amounted to \$3.60. Had the merchandise been assessed as a nonenumerated raw or unmanufactured article the duty thereon under paragraph 480 at 10 per cent ad valorem would have amounted to 75 cents.

When the protest came up for hearing apparently no sample of the goods or testimony on behalf of the Government was submitted to the Board of General Appraisers. At that time, counsel for the Government asked for a suspension, which, being denied, he announced to the board that inasmuch as the amount involved in the case was extremely small, he was authorized by the Assistant Attorney General to consent on the record to the entering of an order sustaining the protest. Counsel for the importer refused to accept the stipulation of Government counsel, and stated that the protestant desired to try the case and present testimony in support of its protest, inasmuch as the proceedings had been taken with the knowledge and consent of the Secretary of the Treasury for the purpose of securing from the board a ruling on the question of law involved. The Board of General Appraisers refused, however, to hear any testimony on behalf of the protestant, and after directing that the case be submitted without a trial of the issues of fact, ordered that the protest be sustained. To these rulings of the board counsel for the importer took their exception.

In the formal decision of the board it was directed that the protest be sustained and that assessment "be made under the provisions of paragraph 358, as claimed."

The order sustaining the protest was not made by consent of both parties, nor upon the express admission of the Government of any of the facts alleged in the protest.

PARAGRAPHS 353-355—JUTE BAGGING.

It was consequently not a consent order in the legal acceptance of the term, and neither was it an order which legally followed any express admission of fact by one of the contending litigants.

From the language used in consenting to the order sustaining the protest we can draw no other conclusion than that the Assistant Attorney General did not deem a contest worth while, and that so far as he was concerned the protest might be sustained on any of the grounds alleged by the importer.

Admitting for the purpose of this case only that the concession of the Assistant Attorney General eliminated the return of the collector from all consideration, the board was still confronted with the problem of determining on which of the two claims alleged by the importer the protest should be sustained. The board could not sustain both grounds of the protest, and even if the consent of the Assistant Attorney General could be construed into an admission of all the facts alleged in the protest, it was still necessary for the board to ascertain whether the merchandise imported was a woven article or manufacture composed wholly or in chief value of "other" vegetable fiber or whether it was a raw or unmanufactured article not specially provided for. Whether the merchandise belonged to one or the other of the two classes alleged in the protest was a question of fact, and that question could not be settled by the board without some evidence to justify the conclusion reached.

As the importer was not permitted to introduce any testimony in support of his protest, the decision of the board that the goods were dutiable under paragraph 358 finds no more warrant in the evidence disclosed by the record than would a finding that the goods were nonenumerated raw or unmanufactured articles under the provisions of paragraph 480.

True, the collector returned the merchandise as cotton bagging, and cotton bagging may be a manufactured article; but as the correctness of the collector's return was the very thing put in issue by the protest we do not see how the return can be invoked as conclusive evidence against the claims of the importer, who was not permitted to impeach it by testimony. We think the finding of the board is not sustained by the evidence, and that the board erred in refusing to permit the importer to introduce testimony in support of its protest. The decision of the board is therefore reversed, with directions that the case be retried, and that on such retrial the importer may be permitted to introduce proper testimony and evidence in support of either on any of the claims of its protest.

DISSENTING OPINION.

Barber, Judge. Among other reasons, therefore, I dissent because—

(a) I think the tender of the Government before the board gave to the importer the right to take an order from that tribunal sustaining its protest as to any claim made therein upon which it might elect to stand, and therefore that there was nothing further to litigate there.

(b) The Government in this court tenders its consent that the importer may have judgment sustaining the protest upon any claim made therein, or may have the judgment of the board reversed and the action of the collector sustained, and there is, therefore, nothing to litigate here.

(c) The logical result of the court's decision is, I think, that the Government can not consent that judgment may go against it, either before the Board of General Appraisers or in this court, unless the importer is willing. If this be so, it must follow that importers have not a corresponding right unless the Government is willing. To my mind such results are not justifiable and can not be sustained in principle or by authority.

Either party, by conceding all the other claims, should have, and I think has, a legal right to get out of court by suffering judgment in a civil case, like the one here.

The fact that the protest makes alternative claims is immaterial, as an importer should be able to select one on which he will take his judgment; otherwise he is using the courts to settle a question, real or fictitious, concerning which he is the only party who is interested in its determination.

PARAGRAPH 356—LINEN HANDKERCHIEFS.

PARAGRAPH 356.

Handkerchiefs composed of flax, hemp, or ramie, or of which these substances, or either of them, is the component material of chief value, whether in the piece or otherwise, and whether finished or unfinished, not hemmed or hemmed only, fifty per centum ad valorem; if hemstitched, or imitation hemstitched, or reversed, or with drawn threads, but not embroidered, initialed, or in part of lace, fifty-five per centum ad valorem.

LINEN HANDKERCHIEFS.

STATEMENT OF HENRY DOUGLAS, NEW YORK, N. Y.

DOUGLAS & BERRY,
New York, January 23, 1913.

I, Henry Douglas, partner in the firm of Douglas & Berry, linen and handkerchief importers and manufacturers of domestic handkerchiefs, 82 Franklin Street, New York, being duly sworn, deposeseth under oath that the annexed statement is a correct showing of the foreign cost to manufacture 1 dozen of a 14⁰⁰ 19-inch gents' handkerchief, punch hemstitch, damp smoothed, hemstitch fold, and put up in 5 dozen boxes, with a manufacturer's profit of 10 per cent added to same; also swears that the cost as given for the same article as per sample handkerchief attached, manufactured in Passaic, N. J., from imported linen cambric, on which the present rate of duty is 35 per cent, is also correct and true.

HENRY DOUGLAS.

STATE OF NEW YORK, *County of New York*, ss:

Subscribed and sworn to before me this 23d day of January, 1913.

[SEAL.]

HENRY S. HAWKS,
Notary Public, New York County.

Certificate filed in Kings County.

DOUGLAS & BERRY,
New York, January 22, 1913.

Gents' plain hemstitched linen cambric handkerchiefs.

Imported cost to land 14 ⁰⁰ 38-inch cloth, foreign costs.	Domestic costs for same goods. Duty on cloth 35 per cent.
Yards to the dozen 3½ at 9½..... 29.30	Cloth per yard 9½. Currency cost at 35 per cent, 27½ cents less 7 per cent discount.
Stitching, 14 stitches damp smoothed, 5 dozen box, H. S. fold..... 5.25	Yards to the dozen 3½, at 27 cents..... 87.87
34.55	Discount 7 per cent..... 6.15
Manufacturer's profit 10 per cent..... 3.45	81.72
38.00	Price paid for 14 stitches damp smoothed, 5 dozen box, H. S. fold..... 16.00
Discount 3½ per cent..... 1.33	97.72
36.67	Domestic cost for the same article.
Duty (to the penny):	
40 per cent at 3.10 3/2.	
55 per cent at 3.40 3/2.	
117.80	
129.20	
Discount 7 per cent.... 8.22	
9.04	
109.58	
120.16	
Cost to land foreign goods.	

Note the cost of stitching, etc., in the domestic-sewn goods is that charged by factories who stitch for the trade in which it is reasonable to presume they have a profit of 3 to 4 cents per dozen on what the worker is paid.

DOUGLAS & BERRY,
Per HENRY DOUGLAS.

PARAGRAPH 356—LINEN HANDKERCHIEFS.

DOUGLAS & BERRY,
January 23, 1913.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We herewith respectfully submit statement of foreign cost to manufacture hemstitched linen cambric handkerchiefs, also the cost to manufacture same goods in Passaic, N. J., from imported linen cambric, on which the present rate of duty is 35 per cent.

From these figures you will see the foreign completed handkerchief, paying present duty of 55 per cent, would cost to land, without any profit to the importer, \$1.2016, while the domestic article costs to produce \$0.9772. At 40 per cent duty the foreign article would cost to land \$1.0958, and at 35 per cent \$1.0602.

We therefore request that the present duty of 50 per cent on hemmed, and 55 per cent on hemstitched linen cambric handkerchiefs be reduced to 35 per cent on both, which in our judgment would give the domestic manufacturer ample protection, the foreign article having to pay the duty on the labor cost to complete the handkerchief, while the domestic manufacturer pays duty on his raw material only.

We regret not having particulars to give you the exact difference in cost between foreign and domestic initialed or embroidered handkerchiefs, but think it fair to assume the percentage of difference would be about the same as on the plain goods. The present duty on both initialed and embroidered handkerchiefs is 60 per cent.

Would therefore ask that it be reduced to 40 per cent.

Yours truly,

DOUGLAS & BERRY,
Per HENRY DOUGLAS.

BRIEF OF LINEN-HANDKERCHIEF MANUFACTURERS.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: The undersigned, manufacturers in the United States of handkerchiefs made from linen, desire to call the committee's attention to some facts in regard to the proposed reduction of duty which they desire to respectfully protest against.

The particular paragraph to which attention is called is paragraph 356, wherein provision is made for handkerchiefs composed of flax, hemp, or ramie, or or which these substances, or either of them, is the component material of chief value, whether in the piece or otherwise and whether finished or unfinished, not hemmed or hemmed only, 50 per cent ad valorem; if hemstitched or imitation hemstitched, or revered, or with drawn threads, but not embroidered, initialed, or in part of lace, 55 per cent ad valorem.

Paragraphs 349 and 350 cover handkerchiefs when made in part of lace, embroidered or initialed.

Under these provisions the rates of duty vary from 50 per cent (under pars. 350 and 356) on the plain handkerchief, 55 per cent if hemstitched, 60 per cent (under par. 349) if made in part of lace, and 70 per cent (under par. 350) when made on the Lever or Gotherough machine and composed in part of lace.

The several parties who have joined in this brief, use the linen cloth as their raw material. Inasmuch as all of this cloth is imported, the question of the rate and amount of duty to be collected thereon is one in which the question of protection is not involved in any sense, in so far as the linen cloth itself is concerned, and may have an incidental hearing on the question of the duty on cotton cloth, inasmuch as the removal of all duty on linen would, perchance, offer this cloth as a substitute for cotton cloth.

According to the press, this committee is accredited with the view that duties on a revenue basis should be assessed on such lines of merchandise as are not produced in this country and if this be true, then some measure of duty would be assessed on linen cloth imported. Under the present act this duty ranges from 30 per cent on fabrics containing not more than 100 threads to the square inch to 54.65 per cent on fabrics containing 120 and not more than 180 threads to the square inch, although on the total of importations fabrics made of flax, hemp, ramie, etc., for the fiscal year ended June 30, 1912, which amounted to \$46,687,000, including a certain amount of pile fabrics, on which the duty was 60 per cent, the average equivalent ad valorem on such total importations was 33.47 per cent. The quantity of handkerchiefs imported

PARAGRAPH 356—LINEN HANDKERCHIEFS.

under paragraph 350 is entirely negligible and the total importation of linen handkerchiefs, amounting to \$2,333,000, was subjected to an average ad valorem of 58.69 per cent, making a differential of 25.22 per cent, or 15 per cent, on handkerchiefs not hemmed or hemmed only; 20 per cent differential on hemstitched or imitation hemstitched or revered or with drawn threads, and 25 per cent differential on handkerchiefs embroidered, initialed or in part of lace. It is with respect to this differential that the manufacturers of linen handkerchiefs in this country are interested.

LABOR CONDITIONS ABROAD.

By far the largest quantity of linens imported into this country for use in manufacturing handkerchiefs come from Ireland and the labor conditions are such that a committee of inquiry was appointed by Mr. Winston Churchill, who was home secretary in 1911, and on December 10, 1912, a report of this committee was filed. In their report, leading up to the conclusions reached, the fact is commented upon that the total number of so-called outworkers is unknown; but that it is very likely in excess of the factory and workshop employees, who in 1907 numbered 22,000. The committee is satisfied that outwork is indispensable. Certain processes are carried on exclusively as home industries, and in the case of hand embroidery in rural Ulster to convert it into a factory industry would be nothing short of revolution in the trade. The committee investigating the causes of low earnings for outwork developed the proposition that these outworkers have no kind of organization and that no standard rate of pay for the various making up processes could be said to exist. Some firms paid considerably better than others; but in the more important processes, such as thread drawing, thread clipping, fancy sewing and embroidery, as low as a penny per hour and under was paid in the majority of instances furnished by the persons intrusted with inquiries. The facts just stated are taken from the issue of the Northern Whig of December 10, 1912, a paper published in Belfast, which clipping will be submitted to the clerk, with the request that it be printed as part of the record.

Whatever may be the actual conditions of labor in Belfast, the fact undoubtedly is that unless the differential as between the linen cloth and the completed handkerchief is preserved, as above outlined, the manufacturers here will be utterly unable to compete in maintaining their factories under the conditions extant in this country, against the home worker of Ireland.

The importation of handkerchiefs has increased practically every year from 1893 to 1912 on the handkerchief of the more expensive character. In 1893 the duties collected amounted to \$246,000, and in 1912 it amounted to \$1,048,142, so that at no time has the duty of 60 per cent been prohibitive and the importations have at all times furnished an increasing revenue to the Government.

Under the Wilson tariff the importations in the year 1895 or 1896 were about a million dollars, bringing into the Government the sum of \$400,000 on a 40 per cent basis, as against a revenue of over a million dollars in 1912 on a 60 per cent basis. We think, therefore, that these figures demonstrate the fact that in preserving a differential of 25 to 30 per cent, as between the duty on the linen cloth and the manufactured article, the revenue has constantly increased and, therefore, no harm has been done to the Government.

Succinctly, therefore, so far as we are concerned with respect to the duties on on handkerchiefs made from linens, we are not concerned with respect to the rate of duty assessed on the linen cloth, although that is our raw material, and the committee is, therefore, free to assess such rate of duty as in its wisdom shall be deemed wise and proper. We only ask that, in the light of the labor situation abroad, the present differential be maintained and, representing the general feeling of the domestic manufacturers of linen handkerchiefs, your petitioners aver that it is to the best interests of all concerned—the manufacturers and the Government alike—that our request be granted.

Respectfully submitted.

Howland & Wheaton Co., F. L. Wheaton; Samoq Mfg. Co., F. L. Wheaton; Newark Embroidering Works, per H. Borneman, prop.; The International Hki. Mfg. Co., Charles T. Grove, Treas.; The Acheson Harden Co., James Harden, jr., Secretary; Herrmann, Aukam Co., Milton C. Herrmann, President; Hellert Long, by Louis Long; E. Heller & Bro., per Carl Heller; H. Rosenthal & Co., Harry Rosenthal, Prest.; Phillips & Hyman, by A. M. Phillips; Hessel, Rains & Co., S. E. Rains.

PARAGRAPHS 357-358—LINENS, ETC.

PARAGRAPH 357.

Woven fabrics and articles not specially provided for in this section, composed of flax, hemp, or ramie, or of which these substances or any of them is the component material of chief value, weighing four and one-half ounces or more per square yard, when containing not more than sixty threads to the square inch, counting the warp and filling, one and three-fourths cents per square yard; containing more than sixty and not more than one hundred and twenty threads to the square inch, two and three-fourths cents per square yard; containing more than one hundred and twenty and not more than one hundred and eighty threads to the square inch, six cents per square yard; containing more than one hundred and eighty threads to the square inch, nine cents per square yard, and in addition thereto, on all the foregoing, thirty per centum ad valorem: Provided, That none of the foregoing articles or fabrics in this paragraph shall pay a less rate of duty than fifty per centum ad valorem. Plain woven fabrics, not including articles, finished or unfinished, of flax, hemp, or ramie, or of which these substances or any of them is the component material of chief value, including such as is known as shirting cloth; weighing less than four and one-half ounces per square yard and containing more than one hundred threads to the square inch, counting the warp and filling, thirty-five per centum ad valorem; weighing less than four and one-half ounces per square yard and containing not more than one hundred threads to the square inch, thirty per centum ad valorem.

PARAGRAPH 358.

All woven articles, finished or unfinished, and all manufactures of flax, hemp, ramie, or other vegetable fiber, or of which these substances, or any of them, is the component material of chief value, not specially provided for in this section, forty-five per centum ad valorem.

LINENS, ETC.

TESTIMONY OF MAX WILNER, REPRESENTING HENRY GLASS & CO., NEW YORK CITY.

Mr. WILNER. Mr. Chairman and gentlemen, the paragraphs of Schedule J, to which I wish to refer, are Nos. 357 and 358, under which we import tablecloths, napkins, towels, and articles of that description which are only in a very small amount manufactured in this country. They are practically all imported.

Owing to certain interpretations of paragraph 357 there has been brought into this country a class of merchandise which is not made or manufactured for any other country in the world, but is only made for the American trade.

The intention originally was to have this clause interpreted only for shirtings, but there are now brought into this country tablecloths and napkins of every description which are of such a nature as it is in the nature of a fraud on table linen.

I wish to offer to you gentlemen some practical illustrations of these goods. Owing to the workings of the tariff we are forced to import this class of goods where we could import goods of a decent class of material for the American people the same as they use all over the world.

You gentlemen may not know the merchandise business, but I will give you a practical illustration which you can readily understand. Here are two tablecloths that cost the manufacturer practically the same price, but owing to the workings of the tariff one of these samples pays duty at the rate of 45 per cent and the other pays duty at the rate of 30 per cent ad valorem and 6 cents per square

PARAGRAPHS 357-358—LINENS, ETC.

vard. This cloth in normal times would pay about 45 per cent and this one would pay about 67½ per cent, according to my brief.

The CHAIRMAN. Under what paragraph do they fall?

Mr. WILNER. Table linens.

The CHAIRMAN. Which paragraph does that one come under [indicating sample]?

Mr. WILNER. Under paragraph 357.

The CHAIRMAN. I thought you said that carried a 60 per cent duty?

Mr. WILNER. This is under 358, goods not provided for in this act.

The CHAIRMAN. That falls under the basket clause.

Mr. WILNER. This one [indicating sample] comes under the clause not provided for.

The CHAIRMAN. Tell us why that is so.

Mr. WILNER. This cloth [indicating] which is under 4½ ounces is not provided for. The paragraph 357 only provides for goods weighing over 4½ ounces per square yard. Paragraph 358 takes this in and goods not provided for.

The CHAIRMAN. And it costs the same to manufacture?

Mr. WILNER. Yes, sir. I wish to state that we ask for a lower rate of duty to enable us to import the housekeeping linens, which are not in any way a luxury. A tablecloth that we are selling to the retail trade for \$1 can not be called a luxury. A towel selling for 15, 20, and 25 cents could not be called a luxury, nor could a napkin be called a luxury. If we are provided with a lower rate of duty we can import a great many more of these goods than we are now importing at the present time. Owing to a heavy rise in the foreign market, we are practically cut out of importing a great many goods, and the Government is thereby losing the revenue.

The CHAIRMAN. You want a reduction, and you also want a change in classification so that they will all fall together?

Mr. WILNER. We ask for that. I believe it would be to the interest of the consumer as well as to the interest of the Government, and I think there would not be any loss by it.

The CHAIRMAN. Is there any reason why this classification should be limited to 4½ ounces? Is there any good reason for that?

Mr. WILNER. No; there is no good reason at all.

The CHAIRMAN. It is merely a change of the classification for the purpose of raising the rate on something, is that it?

Mr. WILNER. That was the intention. This article [indicating] is not made for any other country in the world, except for the American trade. You could not go to a man with a towel of this description and offer it to him for sale; you would be laughed at. This is like tissue paper, being sold as a towel. This towel could be made heavier for the same price. We must say to the manufacturer that these goods are too good for our country; our country will not allow our people to have such goods.

The CHAIRMAN. In other words, the law forces the importer to reduce goods below 4½ ounces in order to get them in under the lower duty?

Mr. WILNER. I ask that you eliminate the 4½ ounce clause on all but plain woven goods, and believe with the ad valorem rate of 35 per cent on all but the plain woven goods, it will enable us to import

PARAGRAPHS 357-358—LINENS, ETC.

good serviceable goods in larger quantities than we have been doing, which will give the Government increased revenue and the consumer increased value without extra cost to the manufacturer. The Government would lose nothing. The goods are not made in this country, and it therefore could not interfere with the American producer.

The CHAIRMAN. You simply ask that we eliminate the 4½-ounce clause?

Mr. WILNER. Yes, sir; so that we can sell them here at a proper price to the consumer. We want a reduction of the rate. Where the prices are a little higher we are absolutely shut off from importing the goods on account of the high rate of duty. We believe if we had a lower rate we could import these goods and the Government would obtain a revenue which it is now losing.

Mr. FORDNEY. Is that class of goods made in this country?

Mr. WILNER. No, sir; it is not made in this country. They have been trying for 50 years, and I think that the Government has done all that it should do for an industry that, after 50 years, has not progressed any further than this has at the present time.

I thank you.

BRIEF OF HENRY GLASS & CO., MANUFACTURERS AND IMPORTERS OF LINENS AND WHITE GOODS.

NEW YORK, January 8, 1913.

To the honorable Committee on Ways and Means, Washington, D. C.

GENTLEMEN: We respectfully beg to submit the following brief regarding sections 357 and 358, Schedule J of the tariff act.

Being actively engaged, and having been for over 30 years, in the importing of linens into this country, it is our knowledge and experience that the one important necessity for housekeeping linens, such as table linens, tablecloths, napkins, towels, towelings, etc., to allow for a fair amount of durability is to have a proper weight to the goods, but owing to the interpretation of sections 357 and 358 of this schedule there has been imported into this country to a very large extent household linens, viz, table linens, tablecloths, napkins, towels, etc., weighing under 4½ ounces to the square yard which pay the rate of 45 per cent ad valorem duty, coming in under section 358 as "articles not specially provided for in this section."

This class of goods of the weight as described above is made only for export to the United States, as no other country in the world would dream of purchasing household linens of this weight when it is common knowledge that the one essential necessity for durability is to have proper weight to these articles, and as household linens are a commodity used in every civilized country in the world we must admit our error and seek a remedy.

While it is true that article 357 provides for goods weighing over 4½ ounces to the square yard, its hardship on the importer and consumer is practically illustrated as follows: "The manufacturer is at all times able to manufacture a good weighty cloth, perhaps a few threads coarser, but a good substantial cloth at the same price as the lighter inferior cloth, but owing to the working of section 357 it is very difficult to import unless at a very high rate of duty, as per example.

"A lightweight table linen measuring 70 to 72 inches wide, counting about 135 to 140 threads to the square inch, we have in a normal market imported at 16 pence per yard which pays at the rate of 45 per cent ad valorem, as per section 358, or we have paid 14.40 cents duty to the Government, 16 pence equal to 32 cents."

At the same time we could have imported at the same price a good heavy substantial table linen, measuring the same width but counting, say, 130 threads to the square inch, but which comes under section 357 as weighing 4½ ounces or more, containing more than 120 and not more than 180 threads to the square inch, paying at the rate of 6 cents per square yard and in addition thereto 30 per cent ad valorem, which works out as follows: Sixteen pence per yard equals 32 cents at 30 per cent ad valorem

PARAGRAPHS 357-358—LINENS, ETC.

equals 9.6 cents; 72 inches wide equals 2 square yards at 6 cents per square yard, 12 cents; making a duty of 21.6 cents or 67½ per cent.

In other words, the Government takes the position that you must not give the American consumer decent, substantial goods at the same price as inferior goods or it will compel you to pay 22½ per cent extra duty. This naturally has hindered the manufacturer in giving the consumer fair goods at reasonable prices.

The importer prays your honorable committee to recommend a lower rate on this schedule, not for the purpose of importing goods in competition with American manufacturers (as it is admitted there are no American manufacturers making these goods to any extent), but solely to allow them to import decent, substantial goods at reasonable prices for the benefit of the American consumers, who are entitled to purchase substantial goods at the price of inferior goods, and recommend 35 per cent ad valorem as a fair and equitable rate on Schedule J.

We believe that part of section 357 relative to "plain woven fabrics, paying 30 per cent and 35 per cent" to be quite correct, as these goods are used for the purpose of manufacturing into wearing apparel, and the weight is correct.

We suggest that the wording in sections 357 and 358 mentioning "component material" should be eliminated, as it is continually a source of contention between the appraisers and the importers, and suggest that where any linen is a part, the same to come under the linen schedule.

Very truly, yours,

HENRY GLASS & Co.

TESTIMONY OF PHILIP W. THOMSON, ON BEHALF OF THOMSON & FESSENDEN, 264 DEVONSHIRE STREET, BOSTON.

Mr. Thomson was duly sworn by the chairman.

The CHAIRMAN. Proceed, Mr. Thomson.

Mr. THOMSON. Mr. Chairman and gentlemen of the committee, I wish to speak in regard to paragraphs 357 and 358.

The following fabrics are not manufactured in this country, and no attempt is being made to manufacture them: All-linen towels, all-linen napkins, all-linen tablecloths, linen for handkerchiefs, linen for sheets and pillowcases, linen for dress goods, linen for shirts, linen for waists, linen for underwear, and linens commonly known as canvases or paddings, and other miscellaneous sorts. On these goods there is no tariff for protection, since there is no industry to protect.

Therefore, in respect to these goods, the tariff can be considered only as a tax, justified perhaps in the same way as a tax on tea and coffee might be justified. What is the tax? On most of the goods, 50 per cent and over.

Now, in regard to the protected industry (to quote from the tariff hearings of 1908-9, on p. 4653). In a letter dated January 4, 1909, Mr. George F. Smith, of the Smith & Dove Manufacturing Co., makers of linen thread, says:

The Stevens Linen Works are the only mills in this country that are making real linens to any extent. The other mills are either making unions or so-called linens from waste.

The unions are combinations of cotton and linen.

The one mill making real linen to any extent makes coarse crash for roller towels and dish cloths—nothing else. This mill has made these goods since 1846, under all tariffs, and therefore presumably needs no more protection than was afforded by the Wilson bill—perhaps not so much.

Since, practically speaking, there is only this one mill which makes all-linen woven fabrics, and since this mill has been making one particular kind of linens since 1846, I think your committee will discard

PARAGRAPHS 357-358—LINENS, ETC.

the idea of a tariff for protection on plain woven linen fabrics. Therefore, to consider this tax of 50 per cent from the standpoint of revenue, let us examine Schedule J. If in the eyes of your committee this Schedule J seems relatively unimportant, you may be interested in the fact that an important principle of taxation is involved in this schedule. Your attitude toward it should be of interest. You are taxing the light-weight fine goods, the delicate, expensive materials, 35 per cent. You are taxing the non-luxuries, the coarse, strong, heavy, rough goods 50 per cent and more.

The fact that since Columbus landed never a yard of the goods that pay a 35 per cent duty has been made in this country would argue that the 35 per cent duty was set as the best revenue producer. One would hardly consider 50 per cent on linens as the best revenue producer. Fifty per cent might force consumers to use cotton fabrics wherever possible, and thereby serve perhaps to protect cottons.

As, if a coffee-growing industry should be started in the United States, and the coffee growers desired a tax on tea.

With a 50 per cent duty, those of lesser means can not use cheap coarse tablecloths of linen, can not buy cheap coarse linen for clothing.

The economy of using linen, instead of cotton, for these purposes is perhaps best indicated by the almost universal use in every kind of home of coarse all-linen crash for toweling. Its use is almost universal where the rotting effect of constant moisture is to be withstood; hence our industry of linen thread for shoes. (It is not considered unpatriotic to put linen threads into shoes.)

The only possible argument for the retention of the 50 per cent duty is the argument that a cut in the duty of 50 per cent on coarse linens of every description (for sheets, tablecloths, clothing, what not) that a cut in this duty will jeopardize the prosperity of one maker of one class of goods—crash or toweling. I should be sorry to see this industry, which is a worthy one, hurt; but I think that the mill was prosperous under the Wilson bill with a 35 per cent duty. I think that the 35 per cent duty, long existing, existing I think at the founding and during the upbuilding of this industry, was raised not in order to afford him protection, and not I think at his request.

I should recommend a tax of 45 per cent ad valorem on all union goods—a large tax—in order to protect the makers of union towels in this country and in order to protect this country where possible, as in the case of imports, against union goods which, generally speaking, are apt to deceive the ultimate consumer.

The CHAIRMAN. What do you call union goods?

Mr. THOMSON. Goods made of cotton warp and linen filling.

The CHAIRMAN. Is that a term generally used in the trade?

Mr. THOMSON. Yes, sir. There are union goods besides the unions of linen and cotton—linen and hemp, cotton and jute, etc.

Mr. PETERS. Is the term "union goods" sufficiently definite to allow that definition to apply to the class as a whole?

Mr. THOMSON. To appear in a schedule, no. I should think not, decidedly. In what I am saying here I am not trying to be technical, but I am trying to present some general ideas.

Mr. PETERS. What would be the difference in the cost of production between union goods and linen goods?

PARAGRAPHS 357-358—LINENS, ETC.

Mr. THOMSON. I am sure I can not answer that. I can only say that probably the development of the industry in union goods, such as union towels, in this country is because they are not able to make all linen towels. Warp threads of linen in this country tend to break.

The CHAIRMAN. Proceed.

Mr. HAMMOND. Just a moment. Are all the union goods made of cotton warp?

Mr. THOMSON. I should say so; that is, practically all of them.

Mr. HAMMOND. Are there any union goods made with linen warps?

Mr. THOMSON. I know of none.

Mr. HAMMOND. So that whatever the filling may be the warp is always cotton in union goods?

Mr. THOMSON. I would not say always, because——

Mr. HAMMOND. Well, as known to the trade?

Mr. THOMSON. Practically speaking, I should say offhand, certainly.

Mr. HAMMOND. That is all.

The CHAIRMAN. Proceed.

Mr. THOMSON. As to all linen goods: If I were a member of your committee, I should be very reluctant to deal radically with this schedule all at once, but I should want to proceed on some reasonable theory in seeing through this tariff on woven linen fabrics.

With this in view, I should suggest for your consideration:

(a) A tax of 35 per cent on all pure linen, plain woven fabrics, counting 100 threads and under 100 threads to the inch, regardless of weight.

(b) A tax of 50 per cent on all pure linen, plain woven fabrics, counting over 100 threads to the inch and under 200 threads, regardless of weight.

(c) A tax of 75 per cent on all pure linen, plain woven fabrics counting over 200 threads and over 200 threads to the inch, regardless of weight.

The CHAIRMAN. Is that all, Mr. Thomson?

Mr. THOMSON. I should like to add that my special point here is in regard to the weight. Some one spoke here a few moments ago and held up samples of napkins. I hope the committee understood that the difficulty is here: Over $4\frac{1}{2}$ ounces those goods pay a very high rate of duty; under $4\frac{1}{2}$ ounces they pay a low rate, regardless of count. It seems to me that this tax should be less on the coarse fabric and higher on the fine fabric. It seems to me that that is a reasonable way to work.

The CHAIRMAN. You would suggest that in making a classification we do so according to the thread instead of the weight?

Mr. THOMSON. Yes; and my point is, in answering that, that I do not see why this question of $4\frac{1}{2}$ ounces was put in, and I see no reason for its existing.

Mr. PALMER. Was this classified according to the number of threads to the inch?

Mr. THOMSON. I propose that.

Mr. PALMER. The cotton schedule, to which Mr. Underwood referred, is classified according to the number of yarns in the cloth.

Mr. THOMSON. Yes? I did not know that.

Mr. PALMER. What is your relation to the linen trade?

PARAGRAPHS 357-358—LINENS, ETC.

Mr. THOMSON. We are importers in Boston of fabrics of various descriptions.

Mr. PALMER. That is all.

Mr. HARRISON. From which country do you import your linen?

Mr. THOMSON. Belgium, Ireland, and Scotland, mostly.

Mr. HARRISON. Where are the domestic manufacturers of linen?

Mr. THOMSON. The Stevens Linen Works are at Webster, Mass.

Mr. HARRISON. What others are there?

Mr. THOMSON. I know little or nothing about the Stevens Linen Works, and I know nothing specially about the others. I know that a great many have been said to have been started like the Oxford linen mill. There is another linen firm, somewhat, perhaps, on the order of Mr. Stevens's, in Meredith, N. H. I think it is a very small mill, and I do not know what class of goods they make.

Mr. HARRISON. Can you give any estimate of what the total amount of linen goods produced in the United States is annually?

Mr. THOMSON. Produced?

Mr. HARRISON. Yes.

Mr. THOMSON. I should think that question could be answered by taking Mr. Stevens's figures which he gave you yesterday and by finding out what the union towel makers produce. I can not give you those figures.

Mr. HARRISON. It would be difficult to ascertain it from that, because you have just testified that union goods consist of about one-half linen and one-half cotton.

Mr. THOMSON. Yes.

Mr. HARRISON. Now, I want to ask you whether, in your judgment, the American manufacturers of linen manufacture articles which can be said to compete with the Irish linen?

Mr. THOMSON. Without any question.

Mr. HARRISON. It is as good as the Irish linen?

Mr. THOMSON. I have not had any experience with that particular kind of crash. I might say that the material that Mr. Stevens makes I am not interested in one way or another. We do not handle that class of material at all.

Mr. HARRISON. It is fine table linen, is it not?

Mr. THOMSON. No; Mr. Stevens makes crash for toweling.

Mr. HARRISON. What kind of goods do you import?

Mr. THOMSON. We import canvases, tailors' paddings, and fine linens of a certain kind, a very expensive sort, but a very small quantity of them.

Mr. HARRISON. Is it not true that in our markets linen is being more and more displaced every year by an improvement in the manufacture of cotton cloth?

Mr. THOMSON. I am not aware of that fact. The mercerized cottons, of course, present a very excellent appearance. You can not use cotton everywhere. Moisture has to be withstood, as I indicated in my remarks about toweling. The fact that Mr. Stevens's crash, as well as imported crash, exists everywhere, in this building, in factories, in homes, for towels, etc., shows that there is something about linen that makes cotton an impossible substitute, for certain purposes, at any rate.

PARAGRAPHS 357-358—LINENS, ETC.

Mr. HARRISON. Well, it has always been a matter of amazement to me to note the excessive cost of linen goods in the United States. Anybody who has ever done any traveling abroad can tell you what a very striking thing the small market for finer linen goods here, and how excessive the price is. I have never been able to understand it.

Mr. THOMSON. It can only be accounted for by the 35 per cent duty, the 35 per cent duty on these fine linen goods that you speak of.

ADDITIONAL STATEMENT MADE LATER IN WRITING.

In regard to my previous statement that the Stevens Linen Works had prospered under a 35 per cent duty, I failed to state the fact (which I was not aware of at the time) that the Stevens Linen Works, during the period of the 35 per cent duty, had the benefit of free flax and flax tow, which are now dutiable.

JANUARY 25, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman of Committee on Ways and Means, Washington, D. C.

DEAR SIR: The wooden cases in which imported merchandise is packed now pay duty—the same duty that is paid on the merchandise that the cases hold.

This may be a small point; but, as a matter of principle, is it just that a duty of a hundred per cent should be imposed on cases made of pine boards?

Yours, very truly,

PHILIP W. THOMSON.

TESTIMONY OF NATHANIEL STEVENS, OF THE STEVENS LINEN WORKS, OF WEBSTER, MASS.

The witness was duly sworn by the chairman.

The CHAIRMAN. What paragraphs do you desire to speak on, Mr. Stevens?

Mr. STEVENS. Paragraph 357.

The CHAIRMAN. You may proceed.

Mr. STEVENS. The Stevens Linen Works, of Webster, Mass., established in 1846, manufacture about 7,500,000 square yards of pure linen-crash toweling annually—400,000 square yards of this amount is what is known as "Russia crash." The goods are sold entirely in the United States, and are distributed and used for household purposes. They come under paragraph No. 357 in Schedule J of the present tariff, weighing over $4\frac{1}{2}$ ounces per square yard, and contain not more than 60 threads per square inch, calling for a duty of $1\frac{1}{4}$ cents per square yard and 30 per cent ad valorem.

The raw materials consist of flax and flax tow. Every pound of it used by us is imported, mostly from Russia. Upon this stock we now pay duty of 1 cent per pound on the flax and \$20 per ton on flax tow. No flax fiber suitable for our purposes is raised in the United States.

If your committee should decide to remove the duty from flax and flax tow, we should strongly urge retaining a duty under paragraph 335, flax hackled, known as "dressed line." If the duty was removed from hackled flax, it would throw a large number of people out of work in this country. We are now making large expenditures to improve our hackling department.

PARAGRAPHS 357-358—LINENS, ETC.

Nearly all of our machinery is of foreign manufacture. Flax machinery is very heavy, and requires mills of expensive construction. Goods similar to ours of the same grades and character are being continually imported and sold in our markets, indicating that the present rate of tariff does not prohibit the importation of foreign goods.

The following statistics give the importations and duties collected on same, under paragraph 357:

	1910	1911	1912
Square yards.....	\$3, 729, 853	74, 812, 943	78, 825, 318
Value.....	\$13, 305, 994	\$12, 654, 856	\$13, 798, 151
Duties.....	\$7, 000, 662	\$6, 612, 121	\$7, 144, 400

With the tendency in this country toward higher wages and shorter hours, together with the increased cost of the general expense of operating our mills, a radical reduction in the tariff would result in giving the business to foreigners and taking it away from our own people.

Mr. PALMER. I notice the figures you have given us agree with the figures given by the Department of Commerce and Labor. They are probably taken from the same source?

Mr. STEVENS. Yes.

Mr. PALMER. But the figures for the production in 1910, as given us by the department, are \$1,574,000. Is that correct?

Mr. STEVENS. Yes; and in 1910, out of 10,467,000 yards, we produced about 7,500,000 in our concern.

Mr. PALMER. What is that concern?

Mr. STEVENS. Our concern is the Stevens Linen Works, of Webster, Mass. We have been established since 1846.

Mr. PALMER. The foreign trade under the present rate runs to perhaps 80 per cent of the domestic consumption and more?

Mr. STEVENS. I should say so.

The CHAIRMAN. What are the items that come in under this paragraph 357?

Mr. STEVENS. Linen crash toweling. I have a sample of it here.

The CHAIRMAN. It is entirely limited to crash toweling?

Mr. STEVENS. Yes.

The CHAIRMAN. Nothing else comes in under it?

Mr. STEVENS. I do not know.

The CHAIRMAN. You need not show me the sample; I know what it is.

Mr. STEVENS. The duty on the flax used would amount to 5 per cent on the cost of the goods.

Mr. PALMER. How long have you been in the business?

Mr. STEVENS. Our concern has been in business since 1846.

Mr. PALMER. Making these same goods?

Mr. STEVENS. Yes; making the same goods.

Mr. PALMER. How does it happen that you are not able to get more of the American market?

PARAGRAPHS 357-358—LINENS, ETC.

Mr. STEVENS. We have increased our machinery. In 1900 we added 50 per cent. We have got the plans all ready to add more to it. In fact, we are now spending \$100,000 on our plant to improve our lapping, to get rid of what we call small help. As soon as the tariff is settled, we are ready to go on and spend the money.

Mr. PALMER. You think if this tariff rate is not reduced, despite the fact the foreign competition runs to 80 per cent of the domestic production, you can live and do business properly?

Mr. STEVENS. You mean under the present tariff?

Mr. PALMER. Yes.

Mr. STEVENS. Oh, yes.

Mr. PALMER. You are standing a good deal of foreign competition now, are you not?

Mr. STEVENS. Yes; they bring in a great many goods now. We put out our goods under our own trade-mark and they are distributed. All the leading jobbers carry our goods.

Mr. PALMER. Most of the manufacturers that come here say that it is absolutely ruinous to them to have that competition from abroad. They squeal at 10 per cent competition, when you have pretty nearly 90 per cent?

Mr. STEVENS. We manufacture about 7,000,000 yards out of 10,000,000.

Mr. PALMER. Yes.

Mr. STEVENS. We have had trouble. We have not reached where we are by any easy method.

Mr. PALMER. You have been prosperous, have you not?

Mr. STEVENS. Yes; we are now. For the last number of years we have been very prosperous. The linen industry all over the world has been exceedingly prosperous.

The CHAIRMAN. Proceed.

Mr. STEVENS. If your committee will decide to lower the duty on yarn, the duty on our goods should be lowered to a less degree. The difference between the duty on yarn and our goods is very slight. I do not know that in the yarn we use there is very much difference, and possibly that is why the industry has not flourished. I wish it would flourish. I would be glad to see competition.

The CHAIRMAN. Are the yarns competitive—is there a reasonable competition in yarns?

Mr. STEVENS. You mean in this—

The CHAIRMAN. I mean the imports as compared with the American consumption in yarns. In this paragraph it is apparent it is competitive, but I wish to know about the yarns.

Mr. STEVENS. I could not tell you, Mr. Underwood, about that because we do not handle yarn. We import the raw flax.

The CHAIRMAN. And manufacture your own?

Mr. STEVENS. And manufacture the finished product. We run on just one line of goods so as to keep our cost down. Our goods have been an established trade for years, and we are going on, we are progressing, and I simply come here to let you gentlemen know that we have got a flourishing business up there, and we want to be able to go on, and I hope to see the linen-weaving industry increase. That is all.

PARAGRAPHS 357-358—LINENS, ETC.

TESTIMONY OF JOHN L. HARPER, PRESIDENT OF THE NIAGARA FALLS LINEN CO., NIAGARA FALLS, N. Y.

Mr. HARPER. Mr. Chairman and gentlemen, the remarks I will make will have reference to paragraph 357 of the present tariff law.

I am president of the Niagara Falls Linen Co., a company organized under the laws of the State of New York. It has so far spent its money in building its plant and in the purchase of machinery and it is now just beginning to turn out finished linen articles. The goods we propose to manufacture are tablecloths, napkins, and linen towels.

So far as we know this is a new industry in the United States. It would seem to be the belief that the climate is not adapted to the making of finished linen articles, but we have carried on experiments which have shown to-day that we can do it very nicely. As I said, we are now just beginning to turn out the goods and have not been running long enough to know whether we will have any excess of profit even under the present tariff laws. We ask that there be no reduction in the tariff on articles of this kind.

As shown from your tabulated data, which I think each of you have before you, last year there was about \$13,798,000 worth of this class of goods brought in, bringing in a revenue of something over \$7,000,000.

As there is nothing except our own works to consider as a protective proposition, the whole matter is, as we understand it, that we have begun to work under a tariff that is producing revenue only, and we desire that it shall not be changed on the finished linen articles. We purchase our yarn at present from importers. The yarn is brought in in hanks, which we take and weave. We do no spinning. We are perfectly willing to purchase our yarn at home when the processes are so developed that we can get the proper class of yarn here.

That is all I have to say.

BRIEF OF THE LOWELL TEXTILE CO., NORTH CHELMSFORD, MASS.

NORTH CHELMSFORD, MASS., *January 8, 1913.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: We beg to call your attention to the following: Schedule J, flax, hemp, and jute. The goods we manufacture are towels and crashes made from cotton warp and linen filling, and are called union goods. We use 11's and 14's cotton warp and 14's and 18's bleached linen tow filling. These goods vary from 55 ends of warp per inch and 26 ends of filling to 80 ends of warp per inch and 34 picks of filling.

Now the point is this, we pay 45 per cent duty on the linen yarn and there is also a duty of 45 per cent on merchandise similar to ours. We claim that there should be a difference of 5 to 10 per cent, varying according to the fineness of the merchandise, between the duty on the yarns and the duty on the finished merchandise. That is, you cut the duty on the merchandise from 45 to, say, 25 and 30 per cent, according to the texture, the duty on the yarn should be cut from 45 to 20 per cent. This would give an opportunity to build up the linen-weaving industry.

Yours, respectfully,

THE LOWELL TEXTILE CO.
H. SELFRIDGE, *Treasurer.*

PARAGRAPHS 357-358—LINENS, ETC.

BRIEF OF ERSKINE BEVERIDGE & CO. (LTD.), NEW YORK, N. Y.

NEW YORK, *January 21, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

SIR: I am an American citizen, a tariff-for-revenue Democrat, engaged in the importation of housekeeping linens, and I wish respectfully to call your attention to the present unscientific and unjust tariff on manufactures of flax, hemp, etc. (Schedule J). It is unscientific because under the present classification the lower qualities in each subdivision pay a much higher rate of duty than the finer qualities in the same subdivision. This is unavoidable where there is a specific or a specific and ad valorem rate combined. It is unjust because the millions of people of moderate means who use the lower and medium qualities are compelled to pay a much higher rate of duty than those who can afford to purchase the finer grades.

The rate of duty on the lower and medium qualities ranges from 50 per cent (the minimum) to 75 per cent or over, while the finer grades pay the minimum rate (50 per cent). Even from a protectionist standpoint these rates are excessive, when, apart from the manufacture of a few linen crashes and union goods (about two-thirds cotton, one-third linen), there are no domestic industries to protect, as with the exceptions above noted there are no housekeeping linens manufactured in this country, never have been (commercially), and never will be, if a protection of 50 to 75 per cent will not enable manufacturers to make such goods at a profit, as the climatic and economic conditions are not favorable to the manufacture of linens in the United States. There is therefore absolutely no justification for such a high tariff on these goods.

As to a revenue-producing tariff. It is a fact well established that the lowering of the price of an article will result in much greater consumption, and I believe that a much lower rate will produce more revenue than the present high tariff, on account of increased importations. A 25 per cent tariff on Schedule J (manufactures of flax, hemp, etc.), which I strongly advocate, with a corresponding reduction in flax and flax yarn, will amply protect the few home industries engaged in the manufacture of crash and union goods, and will confer a great boon on the millions of consumers in this country who use housekeeping linens.

I strongly urge a straight 25 per cent ad valorem rate, as it is impossible to have an equitable tariff on the different grades of goods where the rate is specific or specific and ad valorem combined. The present tariff is unscientific, unjust, difficult to classify, expensive to collect, and a constant source of annoyance to importer and appraiser alike. I would suggest that the new rate take effect not later than July 1 of this year, if the bill is passed by that date.

Some people advocate a sliding scale, reducing the rate, say 5 per centum per annum for five years, but this I think would be a great mistake. It would mean that business would have to be carried on, on very conservative lines for that period, and would result, justly or unjustly, in dissatisfaction with the administration, and a probable change in Government in a few years.

If it were necessary for me to have a limb amputated, I would want to have it done all at once, and not by inches. In many cases, where importers have to carry large stocks of imported goods, it would mean a severe loss on goods on hand when the change takes place, but I believe that what is for the best interests of the country as a whole will ultimately be for the best interests of the individual.

Respectfully,

D. STRACHAN.

BRIEF OF JAMES McCUTCHEON & CO., NEW YORK, N. Y.

NEW YORK, *January 21, 1913.*

HON. OSCAR W. UNDERWOOD,

House Office Building, Washington, D. C.

DEAR SIR: In company with many other of the merchants in our line of business, we are looking forward with much interest to a reduction of the tariff on linen goods. For nearly 60 years we have made a specialty of dealing in household linens and linen goods of all kinds, and we do business with people residing in every State in the Union. Our standing in relation to linen goods is, we believe, very much the same as that of Tiffany to jewelry and the Gorham Co. to silverware. In view of all this we take the liberty of offering the following suggestions as to what seems to us the new tariff on linen goods ought to be.

PARAGRAPHS 357-358—LINENS, ETC.

In the first place, there are imported into this country large quantities of what are known as linen lawns (made in whole or in part of linen), to be manufactured into handkerchiefs. There are also imported large quantities of plain white linen goods (made in whole or in part of linen), to be manufactured into collars and cuffs, etc. These might in a measure be regarded as raw materials, and we believe, therefore, that all goods of this character weighing under $4\frac{1}{2}$ ounces to the square yard, without regard to count or value, ought not to be taxed more than 30 per cent.

On all other "linen goods" (made in whole or in part of linen), counting less than 120 threads to the square inch and weighing more than $4\frac{1}{2}$ ounces to the square yard, such as table linens, towelings, sheetings, and pillow linens, art and upholstery linens, etc., whether in the piece or made up by being hemmed, hemstitched, or with drawn work, a fair tariff would be 35 per cent. On these same goods under the same conditions, but counting more than 120 threads to the square inch, a fair tariff would be 40 per cent.

On all linen goods, including handkerchiefs, without regard to weight or count, which are embroidered, scalloped, tamboured, or lace-trimmed, whether the embroidering, scalloping, or tambouring is done by hand or by machine, whether the lace is made by hand or by machine, we believe that a fair duty would be 50 per cent.

On plain handkerchiefs, hemmed or hemstitched, plain white or colored (made in whole or in part of linen), we believe that a fair duty would be 45 per cent.

If we can be of service in any way in this matter please command us.

Yours, respectfully,

JAMES McCUTCHEON & Co.
JAS. M. SPEERS,
Vice President.

NEUSS, HESSLEIN & CO., WRITE ON LINEN GOODS.

NEW YORK, *January 18, 1913.*

HON. OSCAR W. UNDERWOOD,
The House Office Building,
Washington, D. C.

SIR: We take the liberty of writing you in reference to the new tariff rates under the present Schedule J on flax and manufactures of flax, a hearing on which your committee has set down for the parties interested on January 24.

As a firm, the members of which are American born, with one exception, who is an American citizen, we have been importing and selling linen goods in this country for ourselves and predecessors for the past 40 years and we are therefore in a position, we believe, to appeal for a tariff which will be revenue bearing to the Government, advantageous to an increased consumption, and also beneficial to the consumer.

The present tariff on flax and manufactures of flax, as also the preceding tariff, has been conducive to the manufacture and consumption of a great many so-called light-weight linen goods, because of the lower rate of tariff which goods of this description, i. e., linen fabrics weighing under $4\frac{1}{2}$ ounces per square yard, have paid. These goods are slightly, but of very little use to the consumer, being absolutely too thin for any continued satisfactory wear.

We believe, however, that there is still a reason for making a lower tariff on plain, woven, bleached cloths in the piece, as these goods are being used in this country largely in the manufacture of handkerchiefs and in a very small way in the manufacture of collars, cuffs, and shirt fronts. The latter use, however, is becoming smaller every year as cotton is replacing linen in this respect. But for the former, namely, the manufacture of handkerchiefs, this reason for a lower tariff on bleached, plain linen cloths weighing under $4\frac{1}{2}$ ounces per square yard will still hold.

Aside from these bleached plain woven cloths we believe it is in the interest of all concerned that all classes of linen goods should then come under one or two classifications, namely (a) counting both warp and weft not over 120 threads per square inch, 35 per cent; (b) counting both warp and weft over 120 threads per square inch, 40 per cent, regardless of weight, color, or whether in the piece or made up into finished articles, hemmed, hemstitched, or with drawn work, but not embroidered, tamboured, or scalloped, whether by hand or by machine.

A tariff of this nature would benefit the working classes who use goods counting under 120 threads per square inch in very large quantities, whereas goods counting over 120 threads per square inch could well afford to pay 5 per cent higher tariff, as they are used by a wealthier class of consumers.

PARAGRAPHS 357-358—LINENS, ETC.

As regards all manufactured articles composed of linen, embroidered, tambdaured, or scalloped, by hand or machine, we believe that a tariff of 50 per cent would be fair and just to all concerned and tend to stimulate larger importation of this class of merchandise.

We believe sincerely that this adjustment of the tariff schedule for linen goods will not injure any established manufacturing industry in this country, but would prove a great benefit to the consumer and an increased source of revenue to the Government.

The only classes of linen goods which are manufactured here are a few crash towelings, which are manufactured in Massachusetts, and a few union huck towels, which are manufactured in various small mills, but the sale of which is being replaced more and more by the all-cotton huck towel manufactured by American cotton mills.

We would thank you kindly to give this appeal from us the valued attention and consideration of your honorable committee and shall be pleased to forward you any further particulars or information which you may call for, upon a request from you.

We remain, yours, very respectfully,

NEUSS, HESSLEIN & Co.

LETTER OF MARSHALL FIELD & CO., CHICAGO, ILL.

CHICAGO, *February 15, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: We respectfully desire to recommend to your committee that in place of the various rates of duty upon flax fabrics and articles provided for in paragraphs 357 and 358 of the present act there be substituted in the bill now being framed one rate of duty only and would suggest 35 per cent.

The Wilson bill enacted in 1894 provided for one rate of duty only upon all fabrics of flax, viz, 35 per cent. The Dingley bill enacted in 1897 provided for various rates, according to the weight and count of thread. The provision in this act for flax fabrics weighing under 4½ ounces per square yard and counting over 100 threads per square inch at 35 per cent was inserted to permit the entry, at a rate of duty lower than the balance of the line, of such goods as are known as shirting cloths, used by shirt manufacturers. The result of this provision was to force the manufacture and importation of many articles, such as towels, tablecloths, napkins, doilies, etc., of lower weights, to meet this provision. Competition forced these goods upon the dealer, and the consumer obtained an article of inferior weight and durability.

The Payne bill enacted in 1909 continued the same conditions, except that such articles were provided for in the basket clause at 45 per cent, as against a duty of about 54 per cent on goods weighing over 4½ ounces, thus perpetuating the conditions which prevailed under the Dingley bill.

We believe that one rate upon all classes of linens would be more satisfactory to importers and dealers and would operate to give to the consumer a better quality of merchandise. Linens have not been, and we believe can not be, made in this country. There is no industry, therefore, which needs protection; and from a Government standpoint a straight rate of 35 per cent would, in our judgment, produce more revenue than the present act.

Respectfully,

MARSHALL FIELD & Co.,
By THOMAS H. EDDY.

BRIEF OF REMY, SCHMIDT & PLEISSNER, NEW YORK, N. Y.

NEW YORK, *January 21, 1913.*

HON. OSCAR W. UNDERWOOD,

The House Office Building, Washington, D. C.

SIR: We take the liberty to submit to you in the following our views in reference to the proposed change in the present tariff as regards Schedule J, on flax and manufactures of flax, etc., for your kind consideration.

The present rate of specific duty, with the addition of 30 per cent on all goods weighing over 4½ ounces, is so finely drawn in the present tariff that it invariably amounts to about 50 per cent ad valorem. At any rate the differences between the

PARAGRAPHS 357-358—LINENS, ETC.

straight ad valorem duty and the specific and ad valorem duty is so small that it is negligible. It is our opinion that the present specific duties should not be changed, and if a reduction is contemplated, this could be easily effected by reducing the now prevailing duty of 30 per cent to a lower figure.

We think this would make a very equitable rate, and would do away at once with any possible undervaluations, especially if no such proviso is added that no goods should pay a lower rate of duty than so and so many per cent.

As to goods under 4½ ounces, we think it but fair that all goods whether plain woven or not should be admitted at the same rate as the even-weight goods. These light goods are not serviceable, simply showy, and the consumer is constantly misled, and does not receive good value for his money.

We also believe that if the embroidered, tamboured, and scalloped goods were reduced to a 50 per cent rate, it would stimulate the sale of these, and thus be a greater source of revenue to the Government.

Very respectfully,

REMY, SCHMIDT & PLEISSNER.

BRIEF OF THE AMERICAN BOBBINET CO., NEWBURGH, N. Y.

NEWBURGH, N. Y., February 1, 1913.

Hon. Oscar Underwood and gentlemen of the Ways and Means Committee of the House of Representatives, Washington, D. C.

GENTLEMEN: The undersigned respectfully directs your attention to the bobbinet industry in these United States.

Under the belief that that tariff law of 1897 would give adequate protection to the making of bobbinet in this country, we engaged in its manufacture, imported the necessary machinery from Europe (on which we paid 45 per cent duty), and began to produce bobbinet in the city of Newburgh, county of Orange, twentieth congressional district, State of New York.

Since that time we have endeavored to continue its manufacture with the hope that by experience, thrift, and attention to strict economic management, we could build up our industry and meet foreign competition. But at this writing, we are forced to confess our inability to do so.

The value of importations into this country of this class of goods approximates annually \$10,000,000. In order to produce this amount it would require 1,000 looms, and as there are only 31 in this country at the present time, you can readily see what proportion of the home consumption is produced here.

This is an industry that should be fostered and developed so that it may give employment to American labor and keep for circulation within our own borders the large sums of money sent to Europe annually to pay for the product of European labor, instead of being paid out for sages in this country.

With the comparative cost of American and European production, you are, no doubt, familiar, as the writer had the honor of discussing this matter with you in 1909, while the present tariff law was in process of construction.

At the present time we are filling a contract with the United States War Department for mosquito bars made of bobbinet, and it has developed that, due to the high cost of production here compared with that in Europe, we can import this net cheaper than we can produce it in our own mill. In doing this our own machines remain idle and our own workman unemployed. This is an indisputable fact and will bring to your attention the absolute need of proper protection for the bobbinet industry in this country.

We believe that the duty on this kind of goods should be specific for the reason that in the year 1909, according to the schedule adopted by the United States Board of Appraisers, the European value for 27-hole mosquito net, such as that which we supply the Government, in 240-inch widths, was entered at the value of 25d. The same net in July, 1912, was entered at the value of 19¼d. You will readily see that though we got 60 per cent protection the real protection falls when the European value becomes less, as the United States cost does not become correspondingly cheaper. In 1909, when the duty was imposed on the value of 25d., the Government was getting a revenue of 60 per cent, which equalled 30 cents per yard, whereas to-day the Government is getting revenue of 60 per cent on 19¼d. value or 23.1 cents per yard. This shows a reduction of 14 per cent in protection given to the industry and a loss of 23 per cent in revenue to the Government.

PARAGRAPHS 357-358—LINENS, ETC.

Your attention is here respectfully directed to the fact that though the European value of these goods be reduced the American cost of production is not lessened—rather the labor conditions of our country insist on an increase. Hence our industry does not receive the protection it should get to enable it to compete with Europe.

This has been our experience, which we respectfully submit for your guidance when considering the duty that should be put on European-made bobbinet.

Yours, most respectfully,

THOS. J. DIAMOND, *President.*

BRIEF OF THE H. W. BAKER LINEN CO., NEW YORK, N. Y.

NEW YORK, *January 23, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: I am an American citizen, believing in a tariff for revenue and at the same time believing in moderate protection to our American industries.

I am engaged in the importation of household linens and I would respectfully call your attention to the unscientific and unjust tariff on manufactures of flax, hemp, etc., as classified under Schedule J. It is unscientific because under the present classification the lower qualities in each subdivision pay a much higher rate of duty than the finer qualities in the same subdivision. This is unavoidable where there is a specific or a specific and ad valorem rate combined. It is unjust because the millions of people of moderate means, who use the lower and medium qualities, are compelled to pay a much higher rate of duty than those who can afford to purchase the finer grades.

The rate of duty on the lower and medium qualities range from the minimum, 50 to 75 per cent or over, while the finer grades pay the minimum rate, 50 per cent. Even from a purely protectionist standpoint these rates are excessive, and the burden of this duty should not fall upon the millions of people who can only afford to buy the lower or medium grades of linens. There are no fine qualities of household linens manufactured in this country, never have been (commercially), and never will be even if a duty of 50 to 75 per cent were maintained, as climatic and economic conditions are not favorable to the manufacture of linens in the United States. There is therefore absolutely no justification for such a high tariff on linen goods.

As to a revenue-producing tariff, it is a fact well established that the lowering of the price of an article will result in much greater consumption, and I believe that a lower rate of duty will produce more tariff than the present high tariff on account of the increase of importation. A tariff of 25 per cent on Schedule J (manufactures of flax, hemp, etc.), which I strongly advocate, with a reduction in flax and flax yarns, will amply protect the home industries engaged in the manufacture of union crashes, union towels, and union damask, and will confer a great boon on the millions of consumers in this country who use this cheaper grade of goods.

I therefore strongly urge a straight 35 per cent ad valorem rate, as it is impossible to have an equitable tariff on the different grades of goods where the rate is specific or specific and ad valorem combined. The present tariff is unscientific, unjust, difficult to classify, expensive to collect, and a constant source of annoyance to the importer and appraiser alike. I would suggest that the new rate take effect not later than July 1, if possible.

Some people advocate a sliding scale, reducing the rate, say, 5 per cent per annum, but this I think would be a mistake. It would mean that business would have to be carried on on very conservative lines for the whole period of protection, and the result, I believe, would be unsatisfactory, not only to the administration but also to the merchants, consumers, and the producers as well. If I were to lose a hand I would not care to lose a finger at a time; I would rather have the amputation completed in one operation.

I am not interested in the manufacturing of union goods, such as towels, crashes, cheap union damasks, etc., that are made in the United States, although we buy and sell many thousands of dozens of union towels and millions of yards of union crashes made in the United States. This industry is growing very rapidly and the domestic manufacturers are producing some very good, serviceable, as well as slightly articles, in the way of union towels and union crashes; also in the cheap union damask, notwithstanding the fact that the linen yarns which they use, which are mostly bleached tow yarns, pay a duty of 45 per cent, leaving only 5 per cent difference between the flax yarns and the union towels that are made in Europe.

PARAGRAPHS 357-358—LINENS, ETC.

I would strongly urge a very liberal reduction on the flax and tow yarns, such as used in the manufacturing of these goods. I would recommend a duty of not over 15 to 20 per cent at the most. Would also recommend that the raw flax be put on the free list, as some of our manufacturers are spinning their own yarns. If the class of flax and tow yarns that are used in the manufacture of union towels and union crashes in this country were put down to 15 or 20 per cent our American manufacturers would soon be able to make all the union towels sold in America under \$2.50 per dozen. I am not recommending this low-rate duty on flax yarns because of any interest in the manufacture of these goods except to give employment to American workmen and give American manufacturers an opportunity to compete with the world on the class of goods which they are able to make.

Very respectfully, yours,

H. W. BAKER LINEN CO.
H. W. BAKER, *President*.

JANUARY 30, 1913.

Messrs. H. W. BAKER LINEN CO.,
New York, N. Y.

GENTLEMEN: We acknowledge receipt of yours of the 27th, and will go ahead with the 11-x crash and will send samples for your road men as soon as we can get a sufficient quantity of this finished up.

We would like very much indeed to do as you suggest, and make this crash a little heavier and better, but it is absolutely impossible for us to do so while we have to pay so much for tow yarns. We are just in receipt of advices from our manufacturers of tow yarns on the other side, giving us notice of a very stiff advance in the price of these yarns, and tow yarns, which are now coming in and which we will have to use in producing these goods for you, we are forced to declare at about 1½ cents per pound higher in price than we did a couple of months ago, and of course we have to pay 45 per cent duty on this amount, which adds greatly to the cost of yarns which are now coming in. So you can readily understand it is very hard for us to produce your goods and give you as high a percentage of linen as we have been doing; however, we are going to keep all of our goods up to standard, even though we have to make some of these goods at a loss.

All of your work is now in the looms and is coming forward nicely, and unless something unforeseen happens we will be able to make you very large shipments during the next few months.

We wish to state, however, that the present prices which the spinners are quoting on tow yarns makes all the goods which we are shipping to you look very cheap indeed to us, and on further quantities, unless the present duty on tow yarns is very materially reduced, we shall be obliged to advance our prices on all union goods in the very near future. This we shall very much regret to do, because of the fact that were we to advance our prices you would be able to import union crash and union huck towels at less than we can make them for you, and as we have been making these for you in very large quantities during the last few years, it would be a very serious matter indeed should tariff legislation be such that this business would go back to foreigners.

We would be pleased to have you, as an expert on these goods, use your influence with the members of the Ways and Means Committee now revising the tariff, to put the duty on these yarns down to 15 or 20 per cent, that is, for yarns bleached or half bleached. As you know, all the yarns which we use in these goods are partially bleached in the old country before they are shipped to us. This would enable us to compete successfully with the foreign manufacturers of these goods, and at the same time enable us to give you what you are continually asking for, viz, better and more satisfactory goods with a higher percentage of linen at lower prices.

Very truly, yours,

NIAGARA TEXTILE CO.

BRIEF OF ROBERT M'BRATNEY & CO., NEW YORK, N. Y.

NEW YORK, *January 22, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Exhibit A. I inclose you samples of goods made entirely of cotton, which are labeled and sold as linen-finish suitings. These goods are sold to many of the ignorant consumers as linen goods. The object of the brand or ticket and of the

PARAGRAPHS 357-558—LINENS, ETC.

finish is to imitate as closely as possible linen goods and to sell them to the consumer as linen goods.

Exhibit B. Glasgow suitings: These goods are finished in imitation of linen goods and are given a Scotch name with the idea of causing the buyer to associate with the finish the supposed country of origin, and as Scotland is a large producer of linens, the object is to convince the buyer, and more especially the consumer, that the goods are linen.

Exhibit C. We send a heading describing certain cotton goods which are called "Flaxon," with a description below that they are "linen thread finish." This gives the consumer the name of flax and linen both in relation to the goods, and by suggestion or intimation endeavors to deceive the consumer and give him or her the idea that the goods are linen goods, whereas they are entirely cotton.

Some cotton manufacturers have endeavored more than once to give the idea that large plants were to be put into operation for the manufacture of linen goods in this country and that all they needed to be successful was to have a high rate of duty to protect them.

The present excessive rates of duty have existed for a number of years without having produced a realization of any of these plants. In a number of cases it was simply to deceive Congress in order that high rates of duty would be placed upon linen goods, which would make it easier to secure fancy prices for imitation linen goods.

Some law should be enacted prohibiting misleading designations and descriptions of merchandise cunningly devised and for the sole purpose of deceiving the consumer.

Respectfully, yours,

ROBERT McBRATNEY & Co.

DEZELL & HELWIG WRITE CONCERNING FLAX MANUFACTURES.

NEW YORK, *January 21, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: Presuming that in framing Schedule J of the proposed new tariff bill your honorable committee would welcome suggestions from all native-born, public-spirited citizens, especially those who as merchants and importers are qualified to express an intelligent opinion on the subject, we respectfully offer for your consideration the following recommendation.

It is our opinion, based on an actual experience of 25 years in this trade, that a uniform rate of 35 per cent ad valorem should be assessed on all manufactures consisting wholly or chiefly of flax, regardless of weight, count, or color, whether such manufactures are plain or figured, in the piece or the finished article, whether unhemmed, hemmed, hemstitched, fringed, scalloped, embroidered, or tamboured, with or without drawnwork.

In making this recommendation we wish to disclaim any other motive than a desire to offer a satisfactory solution of a difficult public problem. We are not engaged in the manufacture of this merchandise, but purchase it outright from the manufacturers.

It is our firm belief that the suggested rate of 35 per cent would inflict no hardship on the domestic manufacturer and that it would, on the other hand, redound to the benefit of the ultimate consumer. It is also our belief that with a uniform rate of 35 per cent Schedule J would bear its proper share in producing revenue for the Government.

In our observation of the domestic manufacturer, who has entered largely into consideration in the construction of the present tariff, we have found that even with the exorbitant rate of duty exacted allegedly for his protection the progress he has made is a negligible quantity. In fact, the importance of the domestic manufacturer of the class of merchandise covered in Schedule J has in our opinion been greatly overestimated. There is really only one fair-sized mill involved which produces linen crases, and a few small mills which manufacture half-liner, or so-called "union" huck towels.

We sincerely trust our recommendation may receive due consideration at the hands of your honorable committee, and we shall hold ourselves in readiness to furnish such other information as you might require in this matter.

Respectfully, yours,

DEZELL & HELWIG.

PARAGRAPH 359—ISTLE OR TAMPICO.

SUGGESTED RATE ON LINENS, ETC.

NEW YORK, *February 6, 1913.*

HON. OSCAR W. UNDERWOOD,
Washington, D. C.

SIR: On January 17, 1913, I wrote you regarding the rate on goods covered by Schedule J, asking for a simplification of the tariff and an elimination of the features in the present bill which cause very needless trouble and delay to the customhouse authorities and importers, who are often at a loss to determine just what classification would apply to certain goods or what is their actual cost.

I also urged a reduction of the rate to 25 per cent, which would, in my opinion, benefit the public without harming any interest, for, with the exception of the Stevens Co., of Webster, Mass., there has not been any serious or successful effort made to manufacture linens in this country. All efforts have proved disastrous, with the one exception of the Webster company, and although it has been manufacturing since 1846, it has not produced anything but a low crash. And it has prospered in this manufacture when the tariff was very much lower than it is under the existing bill.

I regret very much to find that a most erroneous impression has prevailed since the publication of the hearings before your committee—that articles covered by Schedule J are luxuries and as such should bear a high rate of taxation. And I fear this idea may be reflected in your new bill. No doubt some laces and embroideries imported under this schedule might be regarded as luxuries, but the linen goods imported are really necessities of life, and there is not a householder in the land, no matter how small his income is, who has no interest in having the rate on and cost of linens reduced, as the latter can be by changing the rate to, say, 25 per cent ad valorem.

Heretofore when a tariff bill was framed under the Republican administration, promises to build up the linen manufacturing interest were given, but they have not been fulfilled, and loss and disaster attended the feeble trials made years ago.

Everything points to the desirability of giving us a simple, easily understood tariff, providing for a rate of 25 per cent, applicable to goods imported or in bond and duty paid after the new bill becomes operative.

With the request for your kind consideration of the above, I am,

Yours, faithfully,

RICHARD H. GROOCH.

PARAGRAPH 359.

Istle or Tampico, when dressed, dyed, or combed, twenty per centum ad valorem.

ISTLE OR TAMPICO.

BRIEF OF E. B. & A. C. WHITING, BURLINGTON, VT.

BURLINGTON, VT., *January 21, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: Referring to Schedule J, paragraph 359, "Istle or Tampico when dressed, dyed, or combed, 20 per cent ad valorem."

When the writer, with his father, started the business of preparing brush fiber ready for the brush, 40 years ago, brush makers were preparing their own fiber by hand and were glad to pay for the ordinary mixtures of tampico from 15 to 17 cents and up a pound.

The machinery which we invented reduced the cost, and other machines since have come in so that prices have gradually kept falling, until the same goods are now sold for 10 and 12 cents, and even cheaper mixtures are put out. For mixtures that the brush makers were then making, costing them in the neighborhood of 45 cents a pound, we have put out substitutes and reduced the cost to now 14 or 15 cents a pound.

Learning of the machines which we developed, English and European manufacturers sought for the same, and we sent several of them abroad. With these and other machines developed since by European manufacturers they are now, with their prison and other cheap labor, able to dress fiber very low, lower than it is possible to do it in this country. And they are continually quoting very low figures to the trade in this country. But the competition among the several brush-fiber manufacturers in this country is now so severe and the prices so low that the brush makers are content with the prices they are now paying, and it would be a great misfortune to give the Europeans

PARAGRAPH 359—ISTLE OR TAMPICO.

any further inside advantage than they now have with the duty of 20 per cent, which does not begin to cover the difference in cost between manufacturing in this country and in Europe.

We were surprised when in England a few years ago to find that one of the English manufacturers who had installed a full set of our machinery had shut down that department—was not running it. On inquiry they told us that the reason was that the continental manufacturers were putting goods into the English brush factories right alongside of them cheaper than they could possibly do it. We also learned that the English manufacturer was paying his help about 50 per cent of what we were paying ours at that time, and still they were unable to compete. We are to-day paying our help much higher than then, and higher than ever before.

Now, we do not want to see the same conditions developed in this country. We do not want to see our factory and the business which we nursed and built up thrown out of existence by the cheap labor of Europe. We therefore do most earnestly beseech you that no action be taken to further injure our business.

The present duty of only 20 per cent was not fixed by Congress, but came about in this way. When the European manufacturers had developed machinery so that they began sending dressed Tampico into this country a few years ago, the appraisers could not find any mention of it in the Dingley tariff; but, realizing that a duty should be imposed, they classed it under that "catch-all" clause.

This "catch-all" clause referred to read: "There shall be levied, collected, and paid on all articles manufactured in whole or in part, not provided for in this act, a duty of 20 per cent ad valorem."

Hence the duty now in force of 20 per cent was not fixed by Congress on the merits of the case, but simply adopted by the appraisers as the only clause they could find which would possibly cover the case. This was the situation when the tariff discussion came up in 1909, at which time there was a strong opposition to any advance in any of the schedules. But when the situation was fully explained and comprehended by the committee, they were convinced that 20 per cent was not adequate protection, and decided that the demonstration given showed at that time conclusively that we should have a larger duty, and the Finance Committee agreed to the following:

"Istle or Tampico, or mixtures thereof with other vegetable or similar fibers, when dressed, dyed, combed, treated, or manufactured in any manner, 35 per cent ad valorem."

Later the House committee concurred in this amendment, and everyone interested supposed there was no question about its going through all right. There was much surprise, therefore, the morning the bill was printed to find that the bill called for a duty on istle of only 20 per cent, as before. Just how or by whom this was done no one seemed able to find out.

Dressed Tampico never has had a duty large enough to cover the difference between the cost of dressing the stock in this country and abroad, and I presume we can not now expect a duty to cover this difference (about 35 per cent, as near as we can figure it).

The Europeans are offering the dressed stock in this country now so cheap that we can hardly meet their prices and get any profit at all.

The fiber-dressing trade is a small one; and if cut into by foreign competition, the volume of business would be so reduced that it would be practically impossible for the fiber dressers to live. The competition in the business in this country is so severe now that dressed fibers are being sold lower than ever, while the cost of crude stock is high.

It costs to dress the commoner grades of Tampico in this country from \$4 to \$6 and \$7 per hundred pounds. We have lately received an offer from Europe to dress these stocks for us at from \$2.14 to \$3 per hundred pounds. In other words, the Europeans are now offering the dressed stock delivered at our stations here in America at about the cost to the American manufacturers without any profit.

One of these European manufacturers has just established an agent in this country who is sending out samples and offering stocks very low. Unless we can be properly protected we shall suffer more and more from this very cheap European labor. Then, too, the crude Tampico fiber all comes from Mexico, and unless we are duly protected the cheap peon labor of Mexico will be used to produce the dressed fiber and bring it into this country.

There is considerably more stock imported now than we wish there was, but there would be more yet were it not for the difficulties in getting so many different mixtures and kinds. We have never been able to get statistics that accurately gave the importations, but at one time we know they were increasing quite rapidly until we American manufacturers had to cut our prices to just about cost or lose the trade.

PARAGRAPH 359—ISTLE OR LAMPICO.

A good deal of dressed Tampico and mixtures of Tampico with other fibers come in under the head of dressed vegetable fiber, polished or glazed fiber, and other names, so that it is impossible to find out how much dressed Tampico and mixtures thereof are coming in.

We think the wording of the amendment offered by the Finance Committee as above covers the ground better, and would be an improvement over the present wording of the tariff, and we would therefore suggest as a substitute for paragraph 359, Schedule J, the following:

“Istle or Tampico or mixtures thereof with other vegetable or similar fibers, when dressed, dyed, combed, treated, or manufactured in any manner, 30 per cent ad valorem.”

We therefore once more ask that you give us 30 per cent duty. While 30 per cent will not cover the difference in cost between American labor and the cheap labor of Europe, still we can get along with that, and we trust you will see your way clear to grant our request and save our industry and the capital invested therein.

Respectfully yours,

A. C. WHITING,
For E. B. and A. C. WHITING.

This concluded the hearings on Schedule J.

SCHEDULE K.
WOOL, AND MANUFACTURES OF.

SCHEDULE K—WOOL AND MANUFACTURES OF.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
January 27 and 28, 1913.

The committee met at 10 o'clock a. m., Hon. Oscar W. Underwood in the chair.

Present with the chairman: Messrs. Harrison, Kitchin, James, Rainey, Dixon, Hull, Hammond, Peters, Palmer, Payne, Hill, Fordney, and Longworth.

The CHAIRMAN. The committee will come to order. The first witness is Mr. Frank P. Bennett.

Before Mr. Bennett opens his remarks, I want to state that the committee started out to make a time schedule for the witnesses. We have found that we can not comply with that schedule on account of cross-examination by the committee. We have allowed 10 minutes to each witness, which does not count the time the committee itself takes in cross-examination. We desire that each witness should have a chance to be heard, and the committee reserves the right to extend the time if they desire to do so.

PARAGRAPH 360.

All wools, hair of the camel, goat, alpaca, and other like animals shall be divided, for the purpose of fixing the duties to be charged thereon, into the three following classes:

PARAGRAPH 361.

Class one—that is to say, merino, mestiza, metz, or metis wools, or other wools of Merino blood, immediate or remote, Down clothing wools, and wools of like character with any of the preceding, including Bagdad wool, China lamb's wool, Castel Branco, Adrianople skin wool or butcher's wool, and such as have been heretofore usually imported into the United States from Buenos Aires, New Zealand, Australia, Cape of Good Hope, Russia, Great Britain, Canada, Egypt, Morocco, and elsewhere, and all wools not hereinafter included in classes two and three.

PARAGRAPH 362.

Class two—that is to say, Leicester, Cotswold, Lincolnshire, Down combing wools, Canada long wools, or other like combing wools of English blood, and usually known by the terms herein used, and also hair of the camel, Angora goat, alpaca, and other like animals.

PARAGRAPH 363.

Class three—that is to say, Donskoi, native South American, Cordova, Valparaiso, native Smyrna, Russian camel's hair, and all such wools of like character as have been heretofore usually imported into the United States from Turkey, Greece, Syria, and elsewhere, excepting improved wools hereinafter provided for.

PARAGRAPH 364.

The standard samples of all wools which are now or may be hereafter deposited in the principal customhouses of the United States, under the authority of the Secretary of the Treasury, shall be the standards for the classification of wools under this act, and the Secretary of the Treasury is authorized to renew these standards and to make such additions to them from time to time as may be required, and he shall cause to be deposited like standards in other customhouses of the United States when they may be needed.

PARAGRAPHS 360-369—RAW WOOL.

PARAGRAPH 365.

Whenever wools of class three shall have been improved by the admixture of Merino or English blood, from their present character as represented by the standard samples now or hereafter to be deposited in the principal custom-houses of the United States, such improved wools shall be classified for duty either as class one or as class two, as the case may be.

PARAGRAPH 366.

The duty on wools of the first class which shall be imported washed shall be twice the amount of the duty to which they would be subjected if imported unwashed; and the duty on wools of the first and second classes which shall be imported scoured shall be three times the duty to which they would be subjected if imported unwashed. The duty on wools of the third class, if imported in condition for use in carding or spinning into yarns, or which shall not contain more than eight per centum of dirt or other foreign substance, shall be three times the duty to which they would otherwise be subjected.

PARAGRAPH 367.

Unwashed wools shall be considered such as shall have been shorn from the sheep without any cleansing; that is, in their natural condition. Washed wools shall be considered such as have been washed with water only on the sheep's back, or on the skin. Wools of the first and second classes washed in any other manner than on the sheep's back or on the skin shall be considered as scoured wool.

PARAGRAPH 368.

The duty upon wool of the sheep or hair of the camel, Angora goat, alpaca, and other like animals, of class one and class two, which shall be imported in any other than ordinary condition, or which has been sorted or increased in value by the rejection of any part of the original fleece, shall be twice the duty to which it would be otherwise subject: Provided, That skirted wools as imported in eighteen hundred and ninety and prior thereto are hereby excepted. The duty upon wool of the sheep or hair of the camel, Angora goat, alpaca, and other like animals of any class which shall be changed in its character or condition for the purpose of evading the duty, or which shall be reduced in value by the admixture of dirt or any other foreign substance, shall be twice the duty to which it would be otherwise subject. When the duty assessed upon any wool equals three times or more that which would be assessed if said wool was imported unwashed, the duty shall not be doubled on account of the wool being sorted. If any bale or package of wool or hair specified in this act invoiced or entered as of any specified class, or claimed by the importer to be dutiable as of any specified class, shall contain any wool or hair subject to a higher rate of duty than the class so specified, the whole bale or package shall be subject to the highest rate of duty chargeable on wool of the class subject to such higher rate of duty, and if any bale or package be claimed by the importer to be shoddy, mungo, flocks, wool, hair, or other material of any class specified in this act, and such bale contain any admixture of any one or more of said materials, or of any other material, the whole bale or package shall be subject to duty at the highest rate imposed upon any article in said bale or package.

PARAGRAPH 369.

The duty upon all wools and hair of the first class shall be eleven cents per pound, and upon all wools or hair of the second class twelve cents per pound.

RAW WOOL.

TESTIMONY OF FRANK P. BENNETT, EDITOR OF THE WOOL AND COTTON REPORTER, BOSTON, MASS.

MR. BENNETT. Mr. Chairman and gentlemen, I do not think I have condensed my remarks into a 10-minute space, but I will endeavor to do so.

THE CHAIRMAN. If you appear for this paper we will give you a little more time. How much time do you desire?

PARAGRAPHS 360-369—RAW WOOL.

Mr. BENNETT. I think I should have half an hour.

The CHAIRMAN. We have a large number of witnesses here. Do you think you could get through in 20 minutes?

Mr. BENNETT. I will try to.

The CHAIRMAN. The committee will allow you 20 minutes.

Mr. BENNETT. I want to urge the committee to report a reduction of the duties on goods to 50 per cent, and the entire removal of the duties upon wool, which would be substantially a reenactment of the Wilson law, the best tariff law that this country has ever seen, so far as wool and woollens are concerned.

The panic of 1893 was followed in August, 1894, by the Wilson law, and one year from that time the country was very prosperous and the textile industry was very prosperous. In September, 1895, came the Venezuela message, of which I think most of us are proud now, but it caused considerable fright just at that time. Then followed the campaign of 1896, which was fought, not on the tariff, but somewhat upon the tariff and more upon the financial question.

I have figures here in a little pamphlet to show that of \$3,300,000,000 of agricultural products this year, wool was $1\frac{3}{4}$ per cent. That is what all this disturbance and noise has been about all these years— $1\frac{3}{4}$ per cent of the agricultural products of the United States.

It has been a political movement. I have attempted and participated to some extent in every tariff hearing since and including the tariff of 1883. In 1889 I presented a petition signed by over 500 woolen manufacturers in favor of free wool. I have copies of the signatures and of the preamble here to-day, which I will hand to the clerk of the committee.

Following that period was the enactment of the McKinley law, which, as you know, lasted a very short time. We then had the Wilson law under which the country was very prosperous.

The main objection to the duty on wool is not only that it hampers the manufacturers, but it hampers a proper sheep husbandry in the United States. The people of the United States are very fond of lamb, roast lamb, lamb chops, and lamb in every form; but there is not the desire in this country for heavy mutton that there is abroad in England and France and elsewhere. There have never been half enough lambs produced in this country to supply the demand. During the past year there has been something in the sheep and wool business of the United States approaching what we call a liquidation in the stock market—there has been a liquidation of sheep, due to the scarcity of pork and mutton, and I do not know that anybody knows to how low a point the supply of sheep and lambs in the United States has been reduced.

If we had free wool and the enormous political atmosphere which has surrounded the sheep husbandry was removed, instead of producing 50 per cent of the lambs in the United States we would produce 100 per cent. They do in England. They have twins enough to offset the male sheep and their losses in other directions, and they produce 100 per cent. The demand exists in this country for 100 per cent of lambs, but the attention of the farmer has been directed to such an extent to wool that they have never developed in that direction as they should.

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I have been familiar with the wool growing in the West and sheep husbandry in the West for 35 years, and it is astonishing the extent to which they keep what they call dry sheep—that is wethers or denaturalized male sheep. They could sell them as lambs for \$7; they keep them for three years, and have to sell them as full-grown sheep for three or four dollars, for the sake of the wool. I maintain that it will not be difficult for this committee to satisfy itself that with free wool and the proper development of the sheep husbandry in the United States more sheep will be kept than to-day, and it will be a growing industry instead of a decadent industry.

It has been said that we should have a duty on wool as a revenue tariff, and the expression has been used, "Tariff for revenue with incidental protection." I maintain that you can not have such a thing as a tariff for revenue with incidental protection on a single article. You may have a whole tariff list of that kind, in which some duties shall be protective and some shall be for revenue. Take the case of wool—speaking of the tariff for revenue with incidental protection on a single article, and what do you find? In the first place, a revenue tariff should be placed upon luxuries and not upon necessities. In the second place it should be imposed upon something which is not produced in this country. Otherwise, what is the result? If you take wool you could get, say, \$20,000,000 of revenue, and your statistics and percentages give the percentage of duty as 44 or 45 per cent, or somewhere along there. As a matter of fact, the percentage of duty should be figured on what is shut out as well as what comes in, and the duty is 80 per cent and 100 per cent in many cases. Then what is the result in order to raise \$20,000,000 of revenue, under the absurd idea of tariff for revenue with incidental protection? In order to raise \$20,000,000 of revenue you impose forty or fifty million dollars of tax upon the manufacturers and upon the consumers in the raised price upon the domestic wool, and foreign competition is excluded. I say that is as plain as two and two make four.

Mr. HARRISON. If you will pardon me a moment. You spoke of \$20,000,000 revenue on raw wool. For the year ending June 30, 1912, we only received \$14,455,000, which is about an average—

Mr. BENNETT (interrupting). I am simply presenting the theory of the matter. I think it has been more than that sometimes. But that is not particularly important. The question is, What burden do you impose upon the consumer for the sake of raising \$14,000,000 or what not of revenue?

Now, Mr. Chairman, that that is a fact is proven by the compensatory duty which you give the manufacturer and have ever since the Morrill tariff, or at any rate since 1867—I think since 1861. If it were not true that the duties are a tax upon the consumer in respect to the wool produced in the United States and not alone on that which comes in from abroad; if that were not true, then there would be no justification for the compensatory duty. The compensatory duty proves that it is a tax upon the consumer.

Mr. HARRISON. May I ask your opinion as an expert whether it is possible for the woolen manufacturer under all circumstances to obtain the compensation supposed to be accorded to him by the compensatory duty, or whether there is not a price beyond which the

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public will not go in buying woolen goods, and therefore he can not collect out of the public his compensation?

Mr. BENNETT. Mr. Chairman, this is as true as the Ten Commandments, and that two and two make four, that an enormous protection has been concealed in the compensatory duties. Not only do they get the whole of it, but they get a great deal more than an offset to the duties upon the raw wool. I am simply presenting the theory as an argument of the philosophy of the matter in order to show that it is a most absurd revenue tariff.

That it hampers the manufacturer everybody knows. During the Wilson law, every day men who knew a little about wool supposed that wool that came from Russia was long staple, coarse wool for carpet purposes. We got into Boston the greatest lot of fine, heavy shrinkage wools from Odessa from the Merino sheep, dating back to the Greek Empire and beyond that. We got in Morocco wools dating back to the Roman occupation of North Africa. Most people did not know that those wools existed or that kind of sheep was kept there.

We do not make the finest worsted yarns in this country. They do not get the superfine Australian wool in here at all; they do not get the selection. As an animal product every fleece of wool differs from every other fleece, and each fleece has its value for certain manufacturing. As a practical fact, they grade all the wool in the world—I do not speak with exactness, but very nearly so—into perhaps a hundred grades or something like that. Our manufacturers are handled for selection. They have given a promise to the wool growers—I do not remember that old quotation—but they have given it to his hope, and broken it in the actual performance of the act.

The wool tariff from the beginning has been a marvel of loopholes to enable wool to come in here. The skirting clause is now so well known a commercial method that nobody would dispute it; but that was first started for the purpose of getting the wool in at a light shrinkage and for the purpose of evading the duty. This was applied to carpet wools in the same way, for the purpose of evading the duty.

A great many people are strong for the specific duty. I have heard a manufacturer say—and I think he was a little extravagant in this—that for a great deal of the wool he was getting at the present time 20 per cent duty would be an increase. He was referring to the very light shrinkage South American cross-breeds, because the shrinkage was so very light. The main argument for this is that the light shrinkage wools can be brought in and relieve the absolute necessities of the manufacturer.

Why, Mr. Chairman, you would think, to notice the great space which the wool tariff occupies in the bibliography of husbandry and the textile manufacturing industry, that it was of commanding importance; but it is only $1\frac{3}{4}$ per cent of the agricultural products of the United States. For years woolgrowers who used to take interest in it as woolgrowers do not take any interest in it. There was a certain fine man, an excellent man, a politician up around Syracuse, N. Y., who used to work it as a political instrument. In the framing of the Dingley law, as late as that, it was transferred from Syracuse to Ohio, and Mr. Columbus Delano used it for years; and then Judge

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Lawrence. But as late as the framing of the Dingley law there was not but one man west of the Mississippi River who came on to the hearings here primarily for the purpose of being heard and exerting an influence in the framing of the wool tariff. There were a couple of bankers here and there was one man who happened here with his wife from Colorado and who was making a tour somewhere. But there was only one man, one woolgrower, who came here for that purpose. It used to be in Ohio. Columbus Dlano had it, and then Judge Lawrence had it.

I have shown you how sheep husbandry has been distorted in the United States and how it has been distorted for these political reasons.

In a general way you can divide all the sheep husbandry in the United States into two classes. Of course there are lots of other classes; the raising of early lambs, and the raising of stud sheep for breeding purposes. But you can divide it pretty nearly into two classes—one in which your wool is a by-product, and another in which mutton is a by-product. Where wool is a by-product, the tariff on wool does them harm; where mutton is a by-product, it does not do them a particle of good, because the other elements are so controlling that I do not know that a thousand per cent duty would make a bit of difference. I refer to the primitive sheep husbandry for wool. Almost always this is upon elevated tablelands which are the natural habitat of these sheep—free sheep lands, preferably; free Government lands, on which woolgrowing is purely a pioneer incident. When the sheep disappear it is invariably an indication of prosperity. I used to go down into San Antonio, Tex., when San Antonio was one of the leading wool markets of the United States. Now, why did they lose that business around there? Because cotton came in and took its place, and land which was worth 50 cents an acre is worth—I do not know how much—\$200 an acre or more. The plow drives out the sheep always.

In New England in 1840 they had three and a half million sheep. In 1900 they had half a million sheep, and to-day they have two or three hundred thousand. It is diminishing like that.

Now, let us take Ohio. This is a coincidence merely. I do not give it as cause and effect, but it is a coincidence that the number of sheep in Ohio which had been rising at a tremendous pace up to 1867, dropped off enormously the moment that the famous tariff of 1867 the result of a conference between the manufacturers and growers at Syracuse, was framed and went into effect. That is merely a coincidence, I think. The number rose up to about 7,000,000 in 1866. It had been rising right up, and immediately dropped, until now they have a couple of million.

Mr. LONGWORTH. How many did you say?

Mr. BENNETT. About a couple of million.

Mr. LONGWORTH. Where do you get your figures?

Mr. BENNETT. I get them from the Agricultural Department, the last issue of this paper, and I will give them to you exactly. I do not wish to lose any time on this. Those figures are in the pamphlet. It is somewhere about 2,000,000.

Mr. RAINEY. What kind of sheep do they have—wool sheep?

Mr. BENNETT. They did have merino, but now they have very largely mutton sheep. They used to have those merinos. I would

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like to tell you something about the difficulty in regard to merino sheep. The most famous flock of sheep is the Rambouillet flock in France, where they keep 100 sheep. I established a flock of 500 of those sheep, bred without any mixture of blood from 1797—from the conclusion of the French Revolution. I established a flock of 500 of those sheep and kept them for a long time. I would like to take a little time and tell you about the difficulties had with merino sheep in general husbandry.

The CHAIRMAN. Mr. Bennett, your time is up, but I will allow you five minutes more if you wish.

MR. BENNETT. I will endeavor to conclude.

I want to call attention to Texas. The number of sheep in Texas rose to five or six million and fell back to a couple of million. Kansas used to be a wool State and to-day it is no wool State at all; they have a few sheep. They are riding in automobiles out there and the farmer in Kansas who does not keep an automobile is conspicuous by not having one or two. They have not any sheep. They used to have sheep, but higher forms of agriculture have driven the sheep out.

Just a word in regard to the merino sheep. They are the only sheep that will herd in large bands. They must have some merino blood to make them herd in large bands. The Lincolns, the Southdowns, the Cheviots, and the Shropshires will not. If you watch them feed you will see that they scatter out. The merino sheep will herd, and on those sheep there form diseases which take the form of animal parasites, inside and out—25 or 30 commonly known animal parasites. You can not get the mutton from them, because in order to get mutton you have got to have English grades of sheep and sheep of that description.

Mr. Chairman, I will not take up any more time. I would like to have an opportunity to take a few minutes later on after the hearing has progressed; maybe about five minutes.

MR. FORDNEY. You have stated that the plow drives out the sheep?

MR. BENNETT. Yes, sir.

MR. FORDNEY. That was true from 1892 to 1897, but not just now.

MR. BENNETT. That is absolutely inevitable and inviolably true, so far as sheep are concerned, in which wool is the product aimed at and not a by-product.

MR. FORDNEY. In southern Michigan, my dear friend, the most highly cultivated part of the State, there are more sheep to-day than ever before.

MR. BENNETT. I think, if you will ask the Agricultural Department, that that is not correct.

MR. FORDNEY. You think so or you would not say so; but I think I am right.

MR. BENNETT. Even if that were true, what kind of sheep were they? They used to keep merino sheep in Michigan, but they do not now; they keep the mutton sheep. Is not that true?

MR. FORDNEY. No; I differ with you.

MR. BENNETT. Ask any Boston wool merchant here to-day what kind of wool he gets to-day. Let him go and make an offer for wool up there and ask him what kind of wool he gets to-day as compared with what he used to get. Just ask him that question, and he will tell you that it is the medium wool that comes from mutton sheep.

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Mr. HARRISON. You agree with the statement of the Tariff Board that in the States east of the Missouri River wool production is incidental to general farming?

Mr. BENNETT. Absolutely.

Mr. FORDNEY. Ten million pounds in our State. That is merely an item. You say that removal of the duty or the destruction of the industry will be a kindness to the men engaged in the industry?

Mr. BENNETT. I did not say anything of the kind.

Mr. FORDNEY. You said it would benefit the country?

Mr. BENNETT. I did not say anything about that. I am sure I did not say that the destruction of the industry would be a benefit to anybody. I did not say anything of that kind.

Mr. FORDNEY. Well, words to that effect.

Mr. BENNETT. No; not to that effect.

Mr. FORDNEY. I think if the stenographer will read his notes—

Mr. BENNETT (interrupting). Not the slightest to that effect. Don't you think we had better make that clear, brother?

Mr. FORDNEY. I took a note of what you said. Maybe I am wrong, but I think I am right.

Mr. BENNETT. I can not control your interpretation of my remarks.

Mr. FORDNEY. I would not misquote you. That is the inference I drew from your remark and I made a note of it to that effect.

Mr. BENNETT. What is your note?

Mr. FORDNEY. There are over \$40,000,000 worth of wool produced in this country according to the Tariff Board, for which the farmer received 16 cents a pound in 1911.

Mr. BENNETT. Yes, sir.

Mr. FORDNEY. And you think that is an industry that is not worth considering?

Mr. BENNETT. What I said was that the farmer would be benefited by taking off the duty on wool. That is what I said—that more wool would be produced.

Mr. FORDNEY. Was that true when they did take it off in 1894 and 1896? Is it not true that the number of sheep in this country at that time dropped from fifty-two to thirty-seven million, during the life of the Wilson bill?

Mr. BENNETT. The time was very short.

Mr. FORDNEY (interposing). Oh, yes. If it had been a little longer it would have finished the industry entirely.

Mr. BENNETT. It takes time to increase flocks.

Mr. FORDNEY. Indeed it does.

Mr. BENNETT. But, as a matter of fact, you can not take the sheep industry or sheep husbandry by itself, except on the part of those few people who are occupying sheep lands and pursuing it as a primitive pursuit. You can not take it alone for the people of Michigan, because it is simply an element of miscellaneous agriculture.

Mr. FORDNEY. One of the agricultural products. In the State in which I have the honor to live, and in the district which I have the honor to represent, there are many sheep raised and much wool grown.

Mr. BENNETT. I know a great deal about Michigan.

Mr. FORDNEY. It is one of the highest cultivated districts in this country.

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Mr. BENNETT. Yes, sir.

Mr. FORDNEY. There is no greater efficiency in the cultivation of farms than is found right in that territory. There is a large number of sheep there, so that it does go with farming.

Mr. BENNETT. Yes.

Mr. FORDNEY. When wool was on the free list I have seen sheep sold for 75 cents a carcass in the State of Michigan, and wool for 9 cents a pound.

Mr. BENNETT. They were sheep that ought to have been sold years before.

Mr. FORDNEY. They ought to have been sold before they took the duty off, and then they would have gotten something for them.

Mr. BENNETT. Those sheep should have been sold—

Mr. FORDNEY (interposing). Yes. The man ought to have gotten out of the business in 1902.

Mr. BENNETT. He should have kept the right kind of sheep.

Mr. FORDNEY. He did have the right kind of sheep but he did not have the right kind of market.

Mr. BENNETT. He did not have the right kind of sheep. West of the Mississippi River, Mr. Chairman, for years it used to be customary to keep their ewes until they died on the range. There was no effort made and no care used in bringing up the flock and keeping the right kind of sheep.

Mr. FORDNEY. Under free trade, from 1894 to 1896, they did have to keep them until they died. Nobody would buy them.

Mr. BENNETT. I understood you to say they were sold for—

Mr. FORDNEY. For 75 cents.

Mr. BENNETT. Then they did not keep them until they died; they sold them off.

Mr. FORDNEY. In the State of Michigan the report shows there were over 1,500,000 sheep in 1910.

Mr. BENNETT. Yes.

Mr. FORDNEY. And every sheep was worth \$4 or \$5 a head. That is quite an industry?

Mr. BENNETT. Yes.

Mr. FORDNEY. And you would depreciate the value of that industry by taking the duty off of wool?

Mr. BENNETT. I do not think you would depreciate the value of those sheep a bit.

Mr. FORDNEY. The Tariff Board report here says that in the western part of the United States it costs an average of 11 cents a pound to produce wool outside of the lowest grade. Taking that grade into consideration, the cost of production to the farmer was 9½ cents a pound in 1911, and that is after giving credit to the wool industry all moneys received from the sale of mutton, etc. In 1911 the farmer received an average of 16 cents a pound for his wool, according to the Tariff Board report. Under those circumstances do you believe that the farmer was as prosperous under free trade from 1894 to 1896 as he has been since that time?

Mr. BENNETT. I deny the circumstances entirely.

Mr. FORDNEY. Then you deny the Tariff Board report?

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Mr. BENNETT. If I may be permitted to say, you are guilty of generalizing from insufficient data.

Mr. FORDNEY. This is not where I belong if I am guilty of a wrong—

Mr. BENNETT. You are generalizing from insufficient data.

Mr. FORDNEY. So did the Tariff Board.

Mr. BENNETT. I am here for one thing, and that is to drive the nail right in here in regard to what the gentleman says about sheep in Michigan. He says there were a million and a half sheep in Michigan in 1910, and he has said that there are more than ever before. I will get the figures and give them to the committee to show that that statement is absolutely wrong.

Mr. FORDNEY. I said in the farming section of the country. That is what I am talking about.

Mr. BENNETT. You said the State of Michigan.

Mr. FORDNEY. In the highly cultivated agricultural districts of southern Michigan. The census report shows that we had 1,545,000 head of sheep, not including lambs,

Mr. RAINEY. In 1890 the report shows they had 2,400,000. Does that include lambs?

Mr. BENNETT. If it does not, so much the better.

Mr. FORDNEY. This does not include lambs. The Tariff Board report says so.

Mr. HARRISON. If you will pardon me a moment, I would like to correct what seems to be an error in Mr. Fordney's statement of what the Tariff Board report shows. Here is what they say: "That if account is taken of the entire wool production of the country, including both fine and coarse wool, the average charge against the clip is about 9½ cents per pound."

Mr. FORDNEY. That is what I said exactly.

Mr. BENNETT. That is a very different proposition, and I will tell you why. It has very little value, because the wool is a by-product. I heard that a Lincoln ram was sold for 1,500 guineas by a man named Dutton in England. I immediately packed my grip and went over there with letters of introduction to see Dutton and found that it was true. He sold that ram for 1,500 guineas. That ram would shear about 40 pounds of wool. What did the wool cost? Isn't it absurd to consider anything about the cost of the wool? What was the wool cost in that case? A man sells early lambs, which is not a very general industry nor a very attractive one; but there are people who get into it and make a pretty good showing. He gets a dollar a pound for his lamb. What does the wool cost? I used to send two carloads of rams to Utah every year and used to get \$25 or \$30 per head. What did the wool cost? It was a by-product, an incident, and therefore you can not figure the cost of the wool with any exactness. You can not figure it unless you are figuring it on the great primitive steppes of Russia, Montana, and Wyoming, or such quarters as that, which are the natural habitat of the sheep, and where they have a free range.

Mr. FORDNEY. The Tariff Board report shows that they consulted 1,200 farmers in 173 counties in 19 States in the United States in order to get the average cost of the production of wool and the value of sheep?

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Mr. BENNETT. Yes, sir.

Mr. FORDNEY. You say that is of no value?

Mr. BENNETT. It is of no value——

Mr. FORDNEY (interrupting). But you would have the committee believe that the information you are giving, without investigation, except through newspapers, is absolutely correct and very valuable. That is what I deduct from your statement.

Mr. BENNETT. I would be very glad to answer that for a moment, if I may.

Mr. FORDNEY. I would like to have you answer it.

Mr. BENNETT. There are trained investigators for special interests acting without prejudice to it. The trained investigator has become to be very much sought after and very much relied upon. But I have owned more sheep than the gentleman has, probably far more. I owned them under different conditions and I have bought and sold wool. I have received on commission something like 5,000,000 pounds of wool.

Mr. FORDNEY. If I had any now I would sell them just as quickly as I could.

Mr. BENNETT. You would be wise, probably, according to the method of sheep husbandry with which you are familiar.

Mr. FORDNEY. Because of the sheep husbandry that you are here advocating.

Mr. BENNETT. No; I am urging the committee to release the textile industry and to release the agricultural industry and to give them an opportunity to proceed along the right line, and to cut politics out of the tariff. That is what I am urging them to do. I do not care to make any defense of myself in the matter. Let the facts stand upon their merits. They are at the disposal of the committee.

Mr. FORDNEY. Are you a manufacturer of wool, Mr. Bennett?

Mr. BENNETT. No, sir; I am not.

Mr. FORDNEY. How long have you been in the woolen industry or raising sheep for wool?

Mr. BENNETT. My business is textile journalism. I have been at it 35 years. Very nearly every textile journalist in the United States has been trained with me. Very nearly every journalist in the textile industry in the United States began with me and got his training with me. I have been in it 35 years.

Mr. FORDNEY. The Tariff Board did not get their training from you, did they?

Mr. BENNETT. I do not think so; no. They matriculated elsewhere.

Mr. HULL. Mr. Fordney has been complaining about the conditions in this country under the Wilson bill. How do you account for the decline, according to the Agricultural Yearbook, of the number of sheep in this country from 50,000,000 in 1884 to 43,000,000 in 1891?

Mr. BENNETT. For the reasons which I think I have already described.

Mr. HULL. How do you account for the decline in Texas alone from 4,281,812 in 1891 to 2,852,269 in 1894, under the McKinley law, and the previous high tariff rates on wool? Then how would you account

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for the decline in the number of sheep from 50,360,000 in 1885 to 42,000,000 in 1889?

Then I find these further figures. There was a decline from 63,965,000 in 1903, under the Dingley law, to 45,170,000 in 1905, a space of two years, under the Dingley law.

Mr. BENNETT. Yes, sir.

Mr. HULL. Is it not also true that the number and value of other live stock, such as hogs and cattle, declined in proportion to sheep during the panic of the early nineties?

Mr. BENNETT. I would like to say that where sheep have been declining in that way—I show it in the pamphlet here—the value of farms has increased prodigiously, with leaps and bounds. In the last ten years the value of farms in the United States has doubled. The present astonishing and amazing crop of corn is worth \$1,700,000,000 according to the Agriculture Department. While agriculture has been jumping ahead with leaps and bounds in every direction, this decline in sheep which you speak of has occurred. It is in many sections due, as I have said, to the primitive pursuit of sheep husbandry being superseded by more profitable farm products. If you put a thousand per cent duty on wool you could not keep the farmers in some sections from going into the raising of corn and cotton in place of sheep. Take Washington County, Pa., which was the largest sheep county in the United States. The sheep began to be driven out of there by other products, namely, coal and oil. These men made so much money in coal and oil that they would not fool any longer with sheep. That was the first blow to the sheep husbandry of Washington County, Pa. Is that depression? Is that adversity? No, that is prosperity. A thousand per cent duty would not have kept the sheep there.

Mr. FORDNEY. The coal and oil did not reduce the acreage of pasture at all, during that time?

Mr. BENNETT. Absolutely.

Mr. PETERS. I think I understood you to say that a duty of 20 per cent on raw wool would result in a higher duty than the present duty on certain South American wools of light shrinkage.

Mr. BENNETT. I did not make that statement. I quoted a manufacturer as making that statement. I thought it was rather extravagant, as I stated; but it was very near the truth.

Mr. PETERS. I notice in 1912 there were imported from Argentine Republic 21,000,000 pounds and a little over that, and from Uruguay about 3,000,000 pounds.

Mr. BENNETT. Yes, sir.

Mr. PETERS. Will you tell me whether that was substantially all the light shrinkage wool to which you referred?

Mr. BENNETT. It is growing in that direction; it is absolutely growing fast in that direction. When I was first around the markets the wools from that section were very heavy shrinkage wools. That is what became of that 1,500-guinea ram I spoke of. He went down there for the purpose of crossing with those open-wool sheep, and now the tendency in that direction is more marked all the time to produce that class of wool.

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Mr. RAINEY. In order to corroborate what you have stated about the State of Michigan and also to answer Mr. Fordney's contention, I have here the total number of sheep and lambs in Michigan in 1900 according to the census report. There was a total of sheep and lambs in Michigan in 1900 of 2,747,609; in 1910, according to the census report, there were of sheep and lambs in Michigan a total of 2,309,504, a falling off in the 10-year period of over 440,000.

Mr. BENNETT. Yes, sir.

Mr. RAINEY. I have here the census report as to all the States for 1900 and 1910, and it shows a similar falling off in all of the States where agriculture is the principal industry, even including the State of Montana.

Mr. BENNETT. Yes, sir.

Mr. RAINEY. Where they had in 1910 over a million less sheep and lambs than they had in 1900.

Mr. BENNETT. Those are the facts.

Mr. FORDNEY. You know those to be the facts, because they are in the record.

Mr. BENNETT. They are agricultural reports.

Mr. FORDNEY. I made a statement in reference to the highly cultivated districts in the State of Michigan.

Mr. BENNETT. Yes, sir.

Mr. LONGWORTH. Are you willing to take those figures with regard to the number of sheep in Ohio?

Mr. BENNETT. The figures which I present?

Mr. LONGWORTH. Do you insist on the report that you have from the Agriculture Department? I will say for your information that you are wrong in your estimate by about 50 per cent.

Mr. BENNETT. In the number of sheep?

Mr. LONGWORTH. If you prefer to stand by that report of the Agriculture Department.

Mr. BENNETT. Where will you get the figures if you don't take those?

Mr. LONGWORTH. I take them from the census. You have agreed with the census figures so far as Michigan is concerned, but you do not agree with them so far as Ohio is concerned.

Mr. BENNETT. Mr. Chairman, I stand here to say that these figures in the census and in the Agriculture Department are substantially as I have stated. For the State of Ohio I will leave it to the committee.

Mr. RAINEY. Here is what the census report shows for the State of Ohio. It shows that in 1900 they had a total of sheep and lambs of 4,020,628.

Mr. LONGWORTH. Mr. Bennett had it down to over 2,000,000.

Mr. BENNETT. There were 7,000,000—

Mr. LONGWORTH (interposing). Only 60 per cent wrong, that is all.

Mr. RAINEY. That is the number of sheep. That does not include lambs. In 1910 there was in the State of Ohio a total number of sheep and lambs of 3,912,411, a falling off of 1,100,000 in 10 years.

Mr. LONGWORTH. Mr. Bennett's statement was that in 1900 they had in Ohio over 2,000,000 sheep.

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Mr. BENNETT. In 1910 we had over 2,000,000 sheep in Ohio.

Mr. RAINEY. That is a great many more over.

Mr. LONGWORTH. We had 2,648,250 sheep in Ohio.

Mr. RAINEY. In what year?

Mr. LONGWORTH. In 1900.

Mr. RAINEY. I am speaking of 1910.

Mr. LONGWORTH. In 1910 we had 2,897,648 sheep, not including lambs. How many sheep did we have in 1896?

Mr. BENNETT. Before the tariff of 1867 you had over 7,000,000.

Mr. LONGWORTH. I am asking you a question. You can answer it if you can. How many sheep did we have in Ohio in 1896?

Mr. BENNETT. I have not got it right at my finger tips.

Mr. LONGWORTH. Have you any remote idea?

Mr. BENNETT. If we are to pursue the truth—

Mr. LONGWORTH (interposing). I am asking you a plain question. You can answer it or not. You may refuse to answer it.

Mr. BENNETT. I will not refuse to answer any question.

Mr. LONGWORTH. How many sheep did we have in Ohio in 1896?

Mr. BENNETT. The general tendency in Ohio has been downward. It was over 7,000,000 previous to 1867. I have those figures right here. I will take the time to get the figures for the specific year 1896.

Mr. LONGWORTH. Have you any idea how many there were? But I will put the question in another way. Have you any idea how greatly the number declined under the Wilson law?

Mr. BENNETT. Mr. Chairman, you must have statistics on these matters.

Mr. LONGWORTH. But you are here giving us information.

Mr. BENNETT. Yes, sir.

Mr. LONGWORTH. If you do not know about these figures, you need not answer.

Mr. BENNETT. I would not trust the figures from a protectionist wool-growing source, manufactured upon the moment, as having influence upon legislation.

Mr. LONGWORTH. You mean the Census Bureau report?

Mr. BENNETT. No; I will trust the Census Bureau report.

Mr. RAINEY. He can not give the year 1906, because it was not a census year. You can not give it either. He can give it for any census year.

Mr. BENNETT. That seems a pretty good answer. My argument in regard to the State of Ohio was not made on the year 1896 or any particular year. I was not there. There might have been scab or some other kind of disease.

Mr. LONGWORTH. During those three years the number of sheep fell off nearly 75 per cent. It has been very hard work getting them back since, although we had managed in 1910 to get back approximately—

Mr. BENNETT (interrupting). The statement you make to me, which you put to me in the form of a question, is that during the three years from 1893 to 1896 the number of sheep in Ohio fell off 75 per cent?

Mr. LONGWORTH. About that.

Mr. BENNETT. I will get some figures on that.

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Mr. RAINEY. By the same census figures, in 1890 there were 4,081,000 sheep and in 1910 there were 2,898,000 sheep. Those are reliable, because they are for census periods.

Mr. BENNETT. What caused the falling off in 1893?

Mr. LONGWORTH. Free wool caused it.

Mr. BENNETT. Free wool did not come until 1894.

Mr. FORDNEY. The party that was in power had promised to give it.

Mr. BENNETT. The Wilson bill was immediately followed by a tremendous increase in prosperity. It was better than anybody hoped.

The Wilson bill was followed in September of the following year by the greatest forward step in prosperity this country had ever seen. Look over the newspapers of September, 1905, before the Venezuela message, which we are all proud of now, but which frightened everybody most to death in 1905. They thought we were going to have war with England. It marked a forward step that we are all proud of now. In September, 1895, business was generally good. Look over the papers of that day and you will be surprised at the enthusiasm over the upward trend of affairs in September, 1895.

Mr. FORDNEY. Yes; we were quite surprised at the number of soup houses in existence.

Mr. BENNETT. Every intelligent advocate of one side or the other has abandoned that soup kitchen argument.

Mr. RAINEY. The falling off of the sheep industry, according to the census report, in Ohio commenced in 1880 when lambs in Ohio commenced to be valuable. In 1880 they had 4,903,000 sheep in Ohio. Ten years later, as their lambs increased in value all the time, they had a million less sheep. That shows a falling off before the Wilson bill was thought of. During that decade, prior to the enactment of the Wilson bill, the number of sheep in Ohio fell off over a million and it has been falling off ever since.

Mr. LONGWORTH. Of course, when they lost 75 per cent it is very hard to get that back. It takes time.

Mr. RAINEY. They lost a million sheep in the 10 years prior to the time that the Wilson bill was enacted.

The CHAIRMAN. Gentlemen, if you will allow the chairman to proceed, I would like to take up another witness.

Mr. PAYNE. I want to ask the witness a question. This is your brief, I suppose?

Mr. BENNETT. Yes, sir.

Mr. PAYNE. On page 16 you make this statement: Total duties upon wool for 1910 were \$21,128,728.74?

Mr. BENNETT. Yes, sir.

Mr. PAYNE. And have recently run above that amount?

Mr. BENNETT. Yes.

Mr. PAYNE. And so forth?

Mr. BENNETT. Yes, sir.

Mr. PAYNE. The facts are, according to Government statistics, that in 1910 they were, as you state, \$21,128,000; in 1911 they were \$12,482,854; and in 1912 they were \$14,454,234?

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Mr. BENNETT. Yes, sir.

Mr. PAYNE. It seems you are quite out of the way in those statistics. Of course they do not have much bearing on the case except the fact that in 1910, according to the statistics, over 250,000,000 pounds of wool came in and paid a duty.

Mr. BENNETT. Yes.

Mr. PAYNE. In excess of the home production of wool. But you figure from that as though it was a normal importation of wool as compared with home production, and then go on to state how much came to individuals in the United States who raised wool, and figure a large amount of money paid by the people of the United States. I think it would be fair for you to correct those figures.

Mr. BENNETT. To answer that question more fully, do I figure against myself in that; do I figure against my own argument?

Mr. PAYNE. No; in favor of your exaggerated statements all the way through.

Mr. BENNETT. I think I figure against my argument.

Mr. PAYNE. It does not, sir, if you take what you know to be the fact, that the average importation is nowhere near 250,000,000 pounds in the United States, but that it was a larger proportion of the importation to the consumption of wool in the United States, and shows a smaller use of the domestic wool in that instance. And being much smaller, your figures of forty millions paid by the people to the wool-growers are very much off, as you will find if you take the time in your fuller moments to sit down and figure it out.

Mr. BENNETT. Now, ought I not to answer that question before my friend proceeds with another?

The CHAIRMAN. I think you are entitled to that privilege.

Mr. BENNETT. I think I ought to.

Mr. PAYNE. Look at the figures and add the amount I have given.

Mr. BENNETT. I do not want to, and you do not want to, either.

Mr. PAYNE. All right; go ahead.

Mr. BENNETT. The whole thing shows, Mr. Chairman, the debauching influence of this tariff upon the minds of otherwise judicially minded men. [Laughter.] Does it not?

Mr. PAYNE. I think it does; I agree with you.

Mr. BENNETT. It absolutely does.

Mr. PAYNE. Yes.

Mr. BENNETT. Mr. Chairman, I have given the reasons here to show why the duty on wool is not a proper revenue duty, and if I have got a big year it seems to me I am figuring against myself. It seems to me it is an example of candor worthy to be emulated. [Laughter.]

Mr. PAYNE. Are you through with that?

Mr. BENNETT. Yes, sir.

Mr. PAYNE. As I understand your argument for free wool, you think the lamb industry would be increased 100 per cent instead of about 50?

Mr. BENNETT. Yes, sir; absolutely.

Mr. PAYNE. What would be the effect on the lamb industry of 20 per cent wool?

Mr. BENNETT. I should have to consider that a little. Now you have asked me that question, let me ruminate on it and take time to

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answer it. What would be the effect upon the lamb industry with 20 per cent—

Mr. PAYNE (interposing). Duty on wool.

Mr. BENNETT. With 20 per cent duty on wool?

Mr. PAYNE. Yes.

Mr. BENNETT. I think the lamb industry would begin to increase, I am free to confess. So far as that statement is concerned, I am free to confess I think the lamb industry would begin to increase. But the manufacturing industry would be hampered and the lamb industry would not increase any faster, or so fast, as it would with free wool.

Mr. PAYNE. And according to your idea, then, 29 per cent would have a still less beneficial effect upon the lamb industry?

Mr. BENNETT. Yes, sir; unquestionably.

The CHAIRMAN. That is all.

Witness excused.

SIXTH PAMPHLET—AN ARGUMENT IN FAVOR OF ENTIRE REMOVAL OF DUTIES UPON WOOL.

[Written by Frank P. Bennett and copyrighted 1913 by Frank P. Bennett & Co. (Inc.)]

THE WOOL TARIFF.

Mr. Chairman and gentlemen, I appear in favor of entire removal of duties upon wool and a reduction of the tariff upon goods to 50 per cent, and I desire to call your attention first to some reasons for believing that, with free wool, more sheep would be kept in the United States, and sheep husbandry would be more profitable than under a duty upon wool.

In brief, I urge a reenactment of the Wilson law of 1894, which was the wisest and most satisfactory tariff act within half a century. It has become customary in some ill-informed quarters to refer to it as the cause of the panic of 1893, but, as a matter of fact, that panic occurred in June, 1893, while the Wilson law was not enacted until August, 1894, and was followed by conditions of overwhelming prosperity. I make this assertion without fear of contradiction, and any of you who will examine the newspapers of September, 1895, can readily verify this statement. But in December, 1895, a panic was precipitated in Wall Street by President Cleveland's Venezuela message, and industries fell off 24 per cent in seven months. I think most of us are now proud of the underlying sentiment of that message, but at the moment its influence was very disturbing. Financial affairs were again seriously upset in 1896 when the gold standard was threatened by the Bryan campaign of that year. While the promise of tariff revision in the presidential campaign of 1896 was wholly upward under the candidacy of Mr. McKinley, yet, if the issue of that campaign had depended upon the tariff alone, Mr. McKinley would have been defeated and Mr. Bryan would have become President of the United States. I think there are plenty of you gentlemen who remember distinctly that threats of the "sixteen to one" silver coinage brought to the Republican side sufficient funds and sufficient influence to decide the contest in their favor. The danger of what was called "dishonest money" introduced into the campaign a degree of enthusiasm which never has been, and never can be, aroused by a tariff question. There was a feeling of great moral issues on both sides in the McKinley-Bryan campaign. Mark the contrast between that campaign and the presidential campaign through which we have just passed, when expectations of tariff revision caused hardly a ripple upon the surface of business. In fact manufacturers and merchants were so well employed and help was so scarce and everybody so prosperous during the year 1912 that the old myth that a presidential year was necessarily a bad business year has been forever exploded.

I think the members of this committee will agree with me that the tariff upon wool has been exploited as the corner stone of agricultural protection. For political reasons the farmer has been led to believe that the wool duty is of supreme benefit to him. But the value of the wool clip of the United States is now about \$60,000,000 per annum. Its value on the scoured basis at the seaboard markets is usually stated somewhat above this figure, but the value at first hands is about \$60,000,000. The value of the

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egg product of the United States is \$350,000,000; the wheat crop is estimated to be worth \$596,000,000; the oat crop is \$478,000,000; the potato crop is valued at \$190,000,000; the cotton crop is worth \$735,000,000 in lint cotton, to which is to be added \$117,000,000 for the value of the seed, or a total of \$860,000,000 for the combined value of the cotton lint and seed; the hay crop of the past year was valued at \$861,000,000; this year's corn crop is valued at \$1,759,000,000. These figures show the slight importance of the wool crop as compared with the great agricultural products of the United States. The dairy cow is one of the principal producers of wealth on the farm, and the value of her products in 1912 is estimated at about \$830,000,000, an amount which exceeds the value of the cotton lint and is nearly equal to the combined value of lint and seed. The total value of the annual products of the farm in 1912 is estimated to be about \$3,395,000,000. Hence the wool clip of the United States comprised about $1\frac{3}{4}$ per cent of this great total of agricultural products.

The tariff upon wool has distorted the sheep husbandry of this country by encouraging growers to keep unprofitable animals. The people of the United States are very fond of roast lamb and lamb chops, and although they are not especially fond of mutton of older growth, the lamb crop has been so insufficient in recent years that during the past 12 months sheep meat of all ages has been rushed to market in enormous quantities. We are not raising anywhere near enough lambs to supply the demand of American consumers. The lamb crop of the United States ought to be 100 per cent of the number of mature sheep, because there are twins enough to offset the proper proportion of male animals. But, as a matter of fact, the annual lamb crop has not exceeded 50 per cent of the mature sheep from year to year, because the demand for wool has led a multitude of growers to keep neutralized male sheep for the sake of their fleeces until they were 3 or 4 years old, and finally sell them for half what they would have brought when they were lambs 11 months old. There may be two forms of profitable woolgrowing in the United States. One is the by-product of the raising of mutton and the fertilization of land in the older agricultural regions. The other is purely incidental to the opening of new areas with temporary and primitive forms of agriculture.

The high tariff and the present labyrinthine classification of duties upon raw wool, which have served as the basis of all subsequent wool tariffs, were imposed by the famous act of 1867. Then the immediate result of that act was a falling off of the number of sheep in the United States. In Ohio, which was the leading wool State at that time, the number of sheep fell steadily from 7,631,338 in 1867 to 5,052,028 in 1870. The number of sheep in Ohio at the present time, enumeration of 1911, is 2,900,000. In a report of the United States Department of Agriculture, prepared by J. R. Dodge, special agent in 1900, occurs the following paragraph:

"Between 1860 and 1870 a very rapid advance was made from about 22,000,000 sheep in the whole United States to possibly 42,000,000, followed by a decline in the later years of the decade to 31,000,000."

In the State of Ohio the growth in number and value of sheep for 20 years previous to the tariff of 1867 had been almost steadily upward as follows:

Number and value of sheep.

Year.	Number.	Value.
1846.....	3,141,946	\$1,758,433
1848.....	3,677,171	1,988,316
1850.....	3,812,707	1,984,983
1851.....	3,619,674	2,060,012
1852.....	3,059,796	3,581,385
1853.....	4,104,450	6,448,391
1854.....	4,845,189	8,031,854
1855.....	4,337,943	5,664,829
1856.....	3,513,680	5,009,410
1857.....	3,276,539	5,357,275
1858.....	3,377,840	4,755,215
1859.....	3,366,073	5,442,984
1860.....	3,442,856	5,879,357
1861.....	3,943,436	6,681,427
1862.....	4,448,227	7,839,041
1863.....	5,042,439	14,337,058
1864.....	5,560,318	17,502,657
1865.....	6,305,796	22,088,176
1866.....	6,966,028	20,081,944

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The total number of sheep of shearing age in Pennsylvania on April 15, 1910, was 638,000, representing a decrease of 33.6 per cent, as compared with the number on June 1, 1900, of 959,000. Washington County, Pa., used to be the best sheep section in the United States, but not only has the number of sheep diminished but the average weight per fleece in 1909 was 6.4 pounds, as compared with 6.7 pounds in 1899. In Texas, the number of sheep in 1890 was 4,264,187, and in 1910, 1,108,709. In Kansas, the number of sheep in 1884 was 1,206,297, but had fallen to 272,475 in 1910, in which year only 1.8 per cent of the farms in the State reported sheep. The number of farms reporting sheep in Texas in 1910 was 1.6 per cent. In those States woolgrowing was but an incident of the opening up of new areas.

The number of sheep in the six New England States in 1911, 1900, and 1840 was as follows:

	1911	1900	1840
Maine.....	150,000	237,502	649,264
New Hampshire.....	33,000	76,176	617,390
Vermont.....	90,000	159,136	1,681,819
Massachusetts.....	23,000	39,790	378,226
Rhode Island.....	5,000	10,394	90,146
Connecticut.....	15,000	31,015	463,462
Total.....	316,000	554,013	3,880,307

At this point I desire to introduce a letter which I wrote recently to a Boston daily paper respecting the steady disappearance of sheep as an element of agriculture in New England:

To the EDITOR OF THE HERALD:

I desire to take issue with the letter in this morning's Herald in which the statement occurs that "if we should increase the dog tax and pass a law in Massachusetts that no person shall keep a dog and allow him to run at large, our hills and valleys, now so much neglected, would be covered with sheep and cattle and the meat problem would be solved." The writer of the letter even goes so far as to intimate that this would do more to reduce the high cost of living than anything else which has been suggested.

THIS ANCIENT FALLACY.

Now, my reason for writing you is to suggest your help in puncturing this ancient fallacy about sheep husbandry in New England, which has less basis than Salem witchcraft. I have kept larger numbers of sheep in New England than most any other man in the past half century, with a great flock on hills in Maine, where hunters had been in the habit of roaming with their dogs. I scarcely ever lost sheep from dogs. I have kept valuable sheep in Saugus, Mass., and elsewhere within a few miles of Boston, and have had very little trouble with dogs here. Moreover, the average farmer is not much distressed when he loses a few sheep by dogs, and the county pays more for them than he could have received in any other way.

CLIMATIC OBSTACLES.

The obstacles to sheep husbandry in New England are mainly climatic. The natural habitat of the only races of sheep which can be herded in large bands is an elevated table-land like the steppes of Russia and the great plains of Asia, Argentina, Montana, Wyoming, and others of our Western States, where an open-air range is possible for 12 months in the year, barring an occasional blizzard. On those elevated table-lands are grasses which cure on the root and are more nutritious in winter than in summer. The climate of New England does not permit the growth of such grasses. Even winter rye, which maintains a green appearance through the cold months with us, is frost bitten and nonedible for live stock. Every grass which will grow in New England becomes frozen wood fiber during the winter months.

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HOSTILE VEGETATION.

This controlling feature of vegetation is accompanied by a frigid and penetrating atmosphere which necessitates continual housing of the sheep, and these animals can not be closely housed in sufficiently large numbers to be profitable without immediately engendering a variety of parasitic diseases. Sheep are subject to 25 or more distinct varieties of animal parasites. There are lung worms, liver worms, three or four varieties of animal parasites in the head, several varieties of stomach worms, and cutaneous parasites. The origin of some of these is very curious, and they travel from other animals into the sheep and through the soil and back into the sheep again. Nearly all of them are developed by housing.

LIMITED POSSIBILITIES.

There are only three forms of sheep husbandry which can be profitable in New England, and on a very limited scale. First, a few animals in the hands of a small farmer as an adjunct of miscellaneous husbandry to run with the cows and clean up the corners of the pasture and to be so housed in winter that they can run in and out in all sorts of weather and each sheep receive the personal attention of the farmer, who can secure an addition of \$40 to \$50 per year to his income in this way; second, the raising of very early lambs to a limited extent for near-by markets; third, the raising of a few high-class thoroughbred sheep for stud purposes, which requires the attention of a very accomplished breeder and herdsman.

DECLINE IN NUMBERS.

The last-named form of sheep husbandry could be more profitable in New England when sheep raising in the Great West was more primitive. But now western ranchmen can develop bands of thoroughbred sheep and sell the pedigreed rams and ewes to their neighbors and at the gatherings at Salt Lake City, Pocatello, Caspar, and other points at prices representing but a fraction of the cost of production in New England.

WASTE OF WOOL DUTY.

As one who for half a century has had more experience than most men with sheep and wool and every process of sheep husbandry and wool manufacture, I hope the incoming administration and Congress will entirely remove the duty upon wool and free us from a great waste of American energy and an obstruction of American industry partially based upon such ancient fallacies as that to which I refer in the opening of this communication. With free wool and 50 per cent duty upon goods, more sheep would be kept in the United States than at present, because about the present number is required for mutton purposes, and more attention to mutton would lead to vastly increased exports. The number of sheep exported from the United States for the fiscal year ending June 30, 1911, was but 121,491; the number exported for the fiscal year ending June 30, 1912, was only 157,263. Moreover, there is absolute truth in the statement that free access to the wools of the world on the part of our manufacturers would increase the demand for various kinds of domestic wool. A prohibitory duty upon manufactured goods would not seriously advance prices because they would be regulated by domestic competition, but a thousand per cent duty upon wool would not develop sheep husbandry in New England, because this section is no more fitted for sheep husbandry on a large scale than for raising fur seals.

COMPETING INDUSTRIES.

In some other sections of the United States sheep husbandry could not be increased because of the competition of other forms of agriculture and industry. In West Virginia and the adjoining counties of Pennsylvania and Ohio sheep husbandry was partially driven away, because the owners of the land made fortunes from oil wells and coal mines. Sheep can not compete with wheat and corn anywhere, and, of course, not with fruit growing. Sheep husbandry in most forms is a primitive pursuit. The plow drives away the sheep, except for advanced forms of mutton raising. So far as the fleeces of wool are concerned, every sheep differs from every other sheep, and advanced and varied forms of manufacture require almost as great a variety of wools as there are sheep in the world.

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To attempt to develop profitable sheep husbandry upon a large scale in New England by the extermination of dogs or by a tariff or by any other artificial way is a waste of good American energy, which must be so replaced as to cause an increased cost of living.

BOSTON, November 22.

FRANK P. BENNETT.

NOTE.—The above letter appeared in the Boston Herald of Sunday, November 24. I present herewith a table showing the farms, farm land, and farm property of the United States of each decade from 1850 to 1910.

Farms, farm land, and farm property of the United States, 1850 to 1910.

	1910	1900	1890	1880
Population.....	91,972,266	75,994,575	62,947,714	50,155,783
Number of all farms.....	6,361,502	5,737,372	4,564,641	4,008,907
Land area of the country.....acres..	1,903,289,600	1,903,461,760	1,903,337,600	1,903,337,600
Land in farms.....do.....	878,798,325	838,591,774	623,218,619	536,681,835
Improved land in farms.....do.....	478,451,750	414,498,487	357,616,755	284,771,042
Average acreage per farm.....	138.1	146.2	136.5	133.7
Average improved acreage per farm.....	75.2	72.2	78.3	71.0
Per cent of total land area in farms.....	46.2	44.1	32.7	28.2
Per cent of land in farms improved.....	54.4	49.4	57.4	53.1
Per cent of total land area improved.....	25.1	21.8	18.8	15.0
Value of farm property, total.....	\$40,991,449,090	\$20,439,901,164	\$16,082,267,689	\$12,180,501,538
Land and buildings.....	34,801,125,697	16,614,647,491	13,279,252,649	10,197,096,776
Implements and machinery.....	1,265,149,783	749,775,970	494,247,467	406,520,055
Domestic animals, poultry, and bees.....	4,925,173,610	3,075,477,703	2,308,767,573	1,576,884,707
Average value of all property per farm.....	6,444	3,563	3,523	3,038
Average value of all property per acre of land in farms.....	46.64	24.37	25.81	22.72
Average value of land and buildings per acre.....	39.60	19.81	21.31	19.02
		1870	1860	1850
Population.....		38,558,371	31,443,321	23,191,876
Number of all farms.....		2,659,985	2,044,077	1,449,073
Land area of the country.....acres..		1,903,337,600	1,903,337,600	1,884,375,680
Land in farms.....do.....		407,735,041	407,212,538	293,560,614
Improved land in farms.....do.....		188,921,099	163,110,720	113,032,614
Average acreage per farm.....		153.3	199.2	202.6
Average improved acreage per farm.....		71.0	79.8	78.0
Per cent of total land area in farms.....		21.4	21.4	15.6
Per cent of land in farms improved.....		46.3	40.1	38.5
Per cent of total land area improved.....		9.9	8.6	6.0
Value of farm property, total.....		\$8,944,857,749	\$7,980,493,063	\$3,967,343,580
Land and buildings.....		7,444,054,462	6,045,045,007	3,271,575,426
Implements and machinery.....		270,913,678	246,118,141	151,587,638
Domestic animals, poultry, and bees.....		1,229,889,609	1,089,329,915	544,180,516
Average value of all property per farm.....		3,363	3,904	2,738
Average value of all property per acre of land in farms.....		21.94	19.60	13.51
Average value of land and buildings per acre.....		18.26	16.32	11.14

The table which I have presented shows that the population of the nation increased from 23,191,876 in 1850 to 91,972,266 in 1910. The increase was continuous throughout each decade, and the increase in farms kept pace with the population. The value of the farm property will be seen to have been \$3,967,343,580 in 1850, and to have advanced steadily until it reached the immense total in 1910 of \$40,991,449,090. In the decade from 1900 to 1910 the value of farm property in the United States doubled. During this decade, when the increase in value of farm property was so enormous, the Census Bureau reports a decrease of 9,056,000, or 14.7 per cent, in the total number of sheep and lambs in the United States. The total number of sheep and lambs reported as on farms and ranges in 1910 was 52,448,000, as compared with 61,504,000 in 1900.

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The principal decrease was in the number of lambs, partially due to the fact that all of the present number of sheep in the United States is necessary to supply the demand for lamb and mutton. The following table shows the decrease in number of sheep in various sections of the United States:

Section.	Decrease.	Per cent.
United States.....	9,055,852	14.7
New England.....	491,886	53.3
Middle Atlantic.....	1,480,485	44.5
East North Central.....	1,674,039	14.9
West North Central.....	¹ 100,726	12.0
South Atlantic.....	185,362	6.9
East South Central.....	¹ 73,182	13.0
West South Central.....	260,777	10.6
Mountain.....	4,195,861	15.6
Pacific.....	941,350	14.4
The North.....	3,545,684	17.4
The South.....	372,957	4.9
The West.....	5,137,211	15.3
East of Mississippi.....	3,758,590	18.3
West of Mississippi.....	5,297,262	12.9

¹ Increase.

During the same decade the number of mules in the United States increased from 3,264,615 in 1900, to 4,209,769 in 1910. In spite of the introduction of automobiles and trolley cars the number of horses increased from 18,267,020 in 1900 to 19,833,113 in 1910, and the value of the horses increased from \$896,513,217 in 1900 to \$2,083,588,195 in 1910.

As in the case of sheep, so there was an enormous decline in the number of calves and steers in the United States between 1900 and 1910, but there was an increase in dairy cows from 17,135,633 to 20,625,432. The textile manufacturing industries of the United States are adjusted to the theory and practice of protection, while woolgrowing has utterly failed to thus adjust itself. Even New Mexico, which is one of the natural woolgrowing sections of the United States, had 2,895,000 sheep in 1910, as compared with 3,334,000 in 1900, a decrease of 13.2 per cent. On the other hand, the total value of crops in New Mexico in 1909 was 191.2 per cent greater than in 1899, following the general rule to which we have previously referred that a decrease in the more primitive forms of sheep husbandry is an indication of agricultural prosperity.

VERIFICATIONS OF STATEMENT.

In Utah, the number of sheep in 1910 was 1,671,000, representing a decrease of 34.6 per cent, as compared with the number in 1900 of 2,553,000, but Utah reported a production of 3,118,000 quarts of strawberries in 1909, as compared with 1,695,000 quarts in 1899, and the total value of all crops in Utah was 124.2 per cent greater in 1909 than in 1899. This increase of more than 124 per cent in production occurred upon a gain of only 12.8 per cent in acreage. Even in Colorado—many sections of which include as natural areas for sheep husbandry, as Idaho, Wyoming, and Montana—the number of sheep of shearing age in 1910 was 1,306,800, representing a decrease of 3.5 per cent, as compared with the number of 1,353,000 in 1900, but the total value of crops in Colorado in 1909 was 200.4 per cent greater than in 1899, and this increase of over 200 per cent in value was based upon an increase of 68.7 per cent in acreage. Colorado produced \$6,059,000 worth of potatoes in 1909, and \$4,652,000 of orchard fruits.

To endeavor to drive prosperous farmers and planters of Colorado, Kansas, and Texas back into sheep husbandry by means of a protective tariff would be like trying to divert express traffic between Boston and New York from the railroads to the ox teams of less than a century ago. We have in our office an autobiography of a New England farmer who used to carry express matter from Boston to New York and even to Philadelphia 70 years ago in an oxcart, and it is as interesting a memento of the past as the sheep husbandry of many sections of the United States which has been displaced by cereals, hoe crops, fruits, and other improved forms of agriculture. During the present year the marketing of sheep and lambs throughout the United States has reached such proportions that the term "liquidation of flocks" has been almost as common as "liquidation of stocks" in a financial panic, and the next annual

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enumeration will probably show a very great further diminution in the sheep and lambs of the United States.

LIQUIDATION OF FLOCKS.

It will probably be argued by and by that this was in anticipation of a Democratic administration. But if so, the sheep men who depleted their flocks must have been gifted with abnormal foresight, because the depletion occurred mainly before the Republican convention at Chicago and the subsequent Republican disintegration. The important and primary cause of the enormous sale of sheep and lambs was the high price of other kinds of meat. Owing to beef and pork scarcity during the past year, a meat famine was averted in many sections only by plenty of mutton. First, the supply of lambs was exhausted, and then even breeding ewes were sent to market. The only influence of the tariff upon wool in this state of affairs had been to distort sheep husbandry into strange and unprofitable channels.

While the duty upon wool has been of no benefit to our agricultural interests, it has been a severe tax upon domestic manufacturing industries. This is proven by the allowance of compensatory duties upon woollen goods in every tariff law for the past 45 years, since 1867. The duty upon wool is a tax upon the manufacturer, and is by him transferred to the ultimate consumer through the compensatory duties. If the consumer does not pay the tax upon wool, then there is no argument in favor of a compensatory duty to the manufacturer. The very existence of compensatory duties upon wool is an admission that the duty upon wool is a tax.

Previous to our Civil War no such feature as compensatory duties upon wool ever occurred to framers of our tariff laws. Under the Walker tariff of 1846 the duty upon goods was 30 per cent and the duty upon wool was also 30 per cent. Under the succeeding tariff of 1857 the duty upon both wool and goods was reduced to 24 per cent, and the woollen industry flourished greatly during that period except for the brief interval incident to the short-lived panic of 1857. In fact, the distinguished author of the Morrill tariff of 1861, with its higher range of duties, is on record as saying that the high tariff which has made his name famous was not particularly favored by woollen manufacturers. They seem to have been pretty well satisfied with existing conditions. The only argument in favor of compensatory duties is that the duty upon wool is a tax upon the manufacturer, and is by him transferred to the ultimate consumer through the compensatory duties. In so far as the cost of domestic wool falls below the foreign price plus the duty, the compensatory duty is, of course, unnecessary.

Under our recent tariff laws a duty of 33 cents per pound upon scoured wool has imposed a tax of nearly \$100,000,000 upon the American people, besides greatly hampering manufacturers in the selections best adapted for their varied products. We regret that some protectionists are still encouraging a standpat tariff policy upon the mistaken belief that tariff revision by the incoming Congress will be followed by the discomfiture and defeat which often overtakes the administration that participates in extra-session tariff legislation.

The present demand for tariff revision extends beyond party lines, and is embraced in the widespread feeling that great wealth has been acquired by unfair means, including the legislative intrigues of tariff beneficiaries no less than by railroads and trusts, rather than by honest service to mankind. We are here simply stating the existence of certain sentiments and not expressing an opinion. If the dry goods jobbers of the United States could be joined in the conference between wholesale clothiers and woollen manufacturers, and all could unite in favor of free wool and 50 per cent upon goods, a tariff bill upon that basis could be presented to Congress with such business support and popular favor that it would insure the safe pilotage of President Wilson's administration through the dangerous channels of tariff revision.

The present duties upon wool average 43.47 per cent, ranging from 25.76 per cent upon inferior carpet wool on the skin up to 64.35 per cent upon some selections of washed fleeces.

It has been urged in some quarters that the tariff upon wool is a revenue tariff, because imported wools contribute \$20,000,000, or thereabouts, per annum to the national income. The total duties upon wool in 1910 were \$21,128,728.74, and have recently run above that amount; but the duties upon wool would come very far from measuring up to the Democratic idea of a revenue tariff. In the first place, duties for revenue only should be imposed upon luxuries and not upon necessities; second, a tariff for revenue only must be so framed that all the tax which the people pay the Government shall receive; in the third place, the Democratic literature of the past is replete with declarations that a tariff for revenue with incidental protec-

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tion, is one of the most costly methods of raising revenue, for while revenue to the State accrues only from the tax levied on what is imported, another tax arising from an increase of price is also paid by the nation upon all domestic products that are sold and consumed in competition with the foreign article. Hence the old-fashioned Democrat will exclaim to the "tariff for revenue, with incidental protection," in a paraphrase of Scripture, "Protective tariffs we know and revenue tariffs we know, but who are ye?"

The customs duty upon any commodity must be either solely a revenue duty or a protective duty. If a revenue duty, the entire tax should be turned into the National Treasury, because the article taxed should be one which can not be produced in this country. If a protective duty, the results should be shown in a development and growth of the industry which is protected. There has been no such growth of sheep husbandry in the United States. The duties on wool have always been indefensible, except as a political expedient or log-rolling device to secure votes for a general tariff bill.

THE ONLY PARALLEL.

The only parallel to the present obstruction of American industry by the wool tariff is the Russian example of hampering the cotton industry by duties upon raw cotton. For the purpose of stimulating cotton growing in its dominions the Russian Government burdens its cotton manufacturers with a tax on all imported raw cotton of 4 rubles per pound, or \$2.06 per 36.1 pounds, equivalent to about \$28.75 for a 500-pound bale. For the purpose of encouraging cotton production in Asiatic Russia a great hardship is imposed upon the Russian spinner. Even then he can sometimes buy American cotton to greater advantage than he can Russian cotton, and he is not partial to the latter, because it takes about a month to transport it, the freight charges are heavy, the cotton is very dirty, and the quality of the staple is undergoing a constant deterioration, because new seed is not supplied. The ocean freight from New York to Russia is only about 50 cents per hundred pounds, while the freight from the Russian growing sections to Moscow is \$1.10 for 36 pounds. The Russian duty upon raw cotton and the American duty upon raw wool are the very few antique instances remaining where modern nations tax raw materials.

WOOL SHRINKAGES.

The discussions of the past three years have made everybody familiar with the fact that what is commercially known as wool is not really wool suited for manufacturing purposes, but that when this wool is ready for manufacturing the amount of grease and dirt which has been washed out varies all the way from 20 to 80 per cent, more or less; hence, the duty being 11 cents per pound upon unwashed wool, the real tax upon the scoured wool which shrinks 80 per cent is 55 cents per pound, while the real tax upon the wool shrinking 20 per cent is less than 14 cents per pound. Hence, 20 per cent ad valorem would be an actual increase upon the lightest shrinkage wools. It should be borne in mind that many manufacturers prefer to buy their wools, both foreign and domestic, in the grease and do the scouring themselves. Therefore, 20 per cent upon grease wool would mean the payment of a duty upon a large amount of grease and dirt.

The carded woolen manufacturers, who have been such intelligent advocates of ad valorem duties upon wool, desire the very heavy shrinkage foreign wools of the world, and if these wools are placed at their disposal in the grease they would have to pay 20 per cent upon 80 per cent of grease and dirt in order to get their scoured foreign wool. Suppose the wool cost 12 cents in the grease and the phenomenal tax of 20 per cent ad valorem to be but 2.2 cents, but as it would be necessary to scour 5 pounds of commercial wool to get 1 pound of scoured wool, the actual tax would have been 11 cents a pound, to be offset by a sufficient compensatory duty, or tax, upon the consumer. I need not present any figures to repeat the facts with which you are all familiar respecting the great growth of manufactures in the United States, the enormous development of textile manufacturing, and the change in the character of our exports by the growing trade in American manufactures throughout the world. Where 23,000,000 American people received much of their household textiles and apparel from abroad in 1850, 92,000,000 American people secure nearly all of their household textiles and apparel from domestic manufacturers in 1910. As the Dutch captured Holland, so the Americans have captured America, so far as textiles are concerned.

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FREE WOOL AND PROSPERITY.

With free wool, and a duty of 50 per cent upon goods, the textile industries of the United States, with a cultivation of close economy and effectiveness, would extend to proportions which would be as beneficial to our agricultural as to our manufacturing communities. That 50 per cent would be necessary upon goods with free wool is proven by the moribund condition of the Canadian woolen industry, where 35 per cent maximum is reduced to 30 per cent actual by the 5 per cent preferential in favor of the mother country. The prosperous condition of our agricultural industries during the past decade has been largely due to our growth in manufactures. Sheep husbandry has almost entirely disappeared in Kansas, and yet that State is so prosperous that the demand for farm mortgages so far exceeds the supply that Kansas mortgages are actually hard to get. It is a mistake to suppose that years of bountiful crops have been invariably periods of prosperity. Three or four of the great panics of the United States have occurred in years of bountiful crops, because prosperous manufactures are as important as prosperous agriculture. Good crop years are frequently panic years, but periods of successful manufacturing are always free from financial crises and business depression.

It is hardly to be believed that the incoming Congress will propose any lower duty upon goods than those of the Wilson Act, which were 50 per cent upon goods costing above 50 cents per pound, and 40 per cent upon goods costing less than 50 cents. This will be equivalent to cutting the duties upon goods in halves, as the present average is 97 per cent. With free wool, I have no hesitation in predicting an increase in the number of sheep in the United States, and that the successful achievement of such a tariff upon manufactures of wool, with equivalent duties upon cottons, will weld New England and the South into a social, political, and industrial alliance such as existed in the founding of this Nation.

STATEMENT BY MR. RAINEY.

Mr. RAINEY. I ask permission to print in the record, after Mr. Bennett's testimony, a table showing the number of sheep and lambs by States in 1900 and in 1910, as shown by census reports, and also a table showing the number of sheep of shearable age in the United States by States in the decades from 1840 to 1910.

The CHAIRMAN. The tables referred to will be printed in the record, as Mr. Rainey requests.

The tables referred to are as follows:

Number of sheep of shearable age in the United States, by States and by decades, from 1840 to 1910.

[Census returns. In 1850 and 1900 lambs were specifically excluded; at other censuses probably a few lambs were included in the returns. The figures for 1880 and 1890 include the estimated number of range sheep.]

[The figures are to the nearest thousand.]

State.	1840	1850	1860	1870	1880	1890	1900	1910
New England:								
Maine.....	649	452	514	435	566	371	252	132
New Hampshire.....	617	385	317	249	212	132	65	31
Vermont.....	1,682	1,014	770	580	439	334	182	95
Massachusetts.....	378	189	123	79	68	51	34	26
Rhode Island.....	90	44	38	24	17	11	7	4
Connecticut.....	404	174	120	84	59	38	23	14
Total.....	3,820	2,258	1,882	1,450	1,361	937	563	302
Middle Atlantic:								
New York.....	5,119	3,453	2,621	2,182	1,715	1,529	985	608
New Jersey.....	219	160	147	120	117	55	26	16
Pennsylvania.....	1,768	1,822	1,685	1,794	1,777	1,612	959	639
Total.....	7,106	5,435	4,453	4,096	3,609	3,196	1,970	1,263

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Number of sheep of shearable age in the United States, by States and by decades, from 1840 to 1910—Continued.

State.	1840	1850	1860	1870	1880	1890	1900	1910
South Atlantic:								
Delaware.....	39	28	19	23	22	12	7	4
Maryland.....	258	178	157	130	171	133	111	126
West Virginia.....				552	675	785	573	565
Virginia.....	1,295	1,310	1,156	370	497	495	392	1,392
North Carolina.....	538	595	624	463	462	402	209	1,209
South Carolina.....	233	286	234	125	119	80	52	152
Georgia.....	267	560	633	419	527	440	259	1,259
Florida.....	7	23	32	27	106	98	103	1103
Total.....	2,637	2,980	2,855	2,109	2,579	2,445	1,706	1,710
East North Central:								
Ohio.....	2,028	3,943	3,679	4,929	4,903	4,061	2,648	2,898
Michigan.....	100	746	1,320	1,986	2,189	2,400	1,626	1,548
Indiana.....	676	1,122	1,023	1,613	1,101	1,081	1,011	816
Illinois.....	396	894	803	1,568	1,037	923	629	672
Wisconsin.....	3	125	345	1,009	1,337	985	986	631
Total.....	3,203	6,830	7,170	11,165	10,567	9,450	6,900	6,565
East South Central:								
Kentucky.....	1,008	1,102	1,006	937	1,000	937	716	1,716
Tennessee.....	742	812	803	827	673	541	308	1,308
Alabama.....	163	372	383	242	347	386	229	1,229
Mississippi.....	128	305	354	233	288	452	236	1,236
Total.....	2,041	2,591	2,546	2,239	2,308	2,316	1,489	1,489
West North Central:								
Minnesota.....			16	132	268	399	360	453
Iowa.....	15	150	281	855	455	547	658	770
Missouri.....	348	763	1,033	1,352	1,411	951	664	1,126
Kansas.....			19	109	630	401	180	214
Nebraska.....			2	23	247	209	336	260
South Dakota.....						239	507	503
North Dakota.....				2	85	136	451	240
Total.....	363	913	1,351	1,473	3,096	2,882	3,156	3,566
West South Central:								
Arkansas.....	42	91	209	161	247	244	169	1,169
Louisiana.....	98	110	203	119	136	186	169	1,169
Texas.....		101	1,074	714	3,652	4,264	1,440	1,440
Oklahoma.....					55	17	62	161
Total.....	140	302	1,486	994	4,090	4,711	1,840	1,839
Mountain:								
Montana.....				2	279	2,353	4,215	4,997
Wyoming.....				6	450	713	3,327	3,393
Colorado.....				121	1,092	897	1,353	1,322
New Mexico.....		377	972	619	3,939	2,475	3,334	3,080
Arizona.....				1	467	515	669	857
Utah.....		3	42	60	523	1,937	2,553	1,721
Idaho.....				1	117	358	1,966	2,140
Nevada.....				11	231	273	568	828
Total.....		380	1,014	821	7,098	9,521	17,985	18,338
Pacific:								
Washington.....			10	44	389	265	558	1,558
Oregon.....		15	97	318	1,368	1,780	1,961	1,983
California.....		18	1,111	2,768	5,727	3,373	1,725	1,456
Total.....		33	1,218	3,130	7,484	5,418	4,244	3,997
Total United States.....	19,311	21,723	23,975	28,478	42,192	40,876	39,853	39,069

¹ Figures for 1910 not available and those for 1900 brought forward except for Wyoming, which are estimated on the basis of returns for that group of States.

² Includes 1 in District of Columbia.

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Sheep and lambs, by States, in 1900 and 1910.

The statistics for the number of lambs are not strictly comparable owing to the change of the census enumeration date from June 1 in 1900, which is after the close of the lambing season, to Apr. 15, in 1910, which is in the midst of the lambing period; yet making due allowance for this, the figures further substantiate the decline of the sheep industry.]

	June 1, 1900.			Apr. 15, 1910.		
	Total sheep and lambs.	Sheep.	Lambs under 1 year old.	Total sheep and lambs.	Sheep	Lambs born between Jan. 1 and Apr. 15.
Arizona.....	924,761	668,458	256,303	1,075,256	857,276	217,980
California.....	2,563,353	1,724,968	838,385	2,249,878	1,456,285	793,593
Colorado.....	2,044,814	1,352,823	691,991	1,433,411	1,322,272	111,139
Connecticut.....	36,987	23,021	13,966	22,606	14,241	8,365
Delaware.....	11,765	6,964	4,801	7,817	4,426	3,391
District of Columbia.....				1	1	
Idaho.....	3,121,532	1,965,467	1,156,065	2,930,703	2,140,198	790,505
Illinois.....	1,030,581	629,150	401,431	1,073,371	672,172	401,199
Indiana.....	1,742,002	1,010,648	731,354	1,340,130	815,590	524,540
Iowa.....	1,056,718	657,868	398,850	1,145,723	770,091	375,632
Kansas.....	262,013	179,907	82,106	280,133	214,159	65,974
Maine.....	420,116	252,213	167,903	188,793	132,293	56,500
Maryland.....	191,101	111,520	79,581	237,479	129,593	110,886
Massachusetts.....	52,559	33,869	18,690	35,868	25,871	9,997
Michigan.....	2,747,009	1,625,930	1,121,679	2,309,504	1,548,269	761,235
Minnesota.....	589,878	359,328	236,550	638,741	453,233	185,508
Missouri.....	1,087,213	663,703	423,510	1,819,978	1,126,156	693,822
Montana.....	6,170,483	4,215,214	1,955,269	5,390,636	4,996,960	393,676
Nebraska.....	511,273	335,950	175,323	308,119	259,818	48,301
Nevada.....	887,039	568,251	318,788	1,121,163	828,247	292,916
New Hampshire.....	105,113	65,318	39,795	44,005	31,434	12,571
New Jersey.....	47,730	26,363	21,367	30,622	16,769	13,853
New Mexico.....	4,899,487	3,333,743	1,565,744	3,435,675	3,080,591	355,084
New York.....	1,745,746	984,516	761,230	931,638	607,746	323,892
North Dakota.....	681,952	451,437	230,515	290,295	240,055	50,240
Ohio.....	4,020,628	2,648,250	1,372,378	3,912,411	2,897,628	1,014,783
Oregon.....	3,040,291	1,961,355	1,078,936	2,697,655	1,983,428	714,227
Pennsylvania.....	1,531,066	959,483	571,583	884,396	638,913	245,483
Rhode Island.....	11,207	6,629	4,578	6,817	4,234	2,583
South Dakota.....	775,236	507,338	267,898	611,506	503,283	108,223
Utah.....	3,818,423	2,553,134	1,265,289	1,865,453	1,721,193	144,260
Vermont.....	296,576	182,167	114,409	128,684	94,493	34,191
West Virginia.....	968,843	572,739	396,104	906,946	565,231	341,715
Wisconsin.....	1,675,453	986,212	689,241	832,737	631,493	301,244
Other 15 States.....	12,434,198	8,229,064	4,205,134	10,358,331	8,288,358	2,069,973
Total.....	61,503,746	39,853,000	21,650,746	50,646,481	39,069,000	11,577,481

1 Estimate based on per cent of decrease in numbers reported

STATEMENT BY MR. HARRISON.

Mr. HARRISON. Before this subject is passed, I would like to have it appear in the record in connection with revenues from raw wool, that I investigated this subject about a year and a half ago, and my recollection is that for the past decade, exclusive of the year 1910, \$13,000,000 is about an average revenue from raw wool. As to 1910 we collected something more than \$21,000,000, but my information is that inasmuch as the Payne tariff law went into effect in August, 1909, the returns for the year 1910 are given as of June 30, 1910, and that woolen manufacturers in this country in some volume refrained from importing their wool the year before, in the hope that there might be a reduction of the duty under the Payne law, and when they found that was not the case they had to bring in more wool than usual in the following fiscal year under the old rate of duty.

Mr. PAYNE. That all goes to discountenance the statement of the previous witness as to \$21,000,000.

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FURTHER TESTIMONY OF MR. FRANK P. BENNETT, EDITOR
OF THE WOOL AND COTTON REPORTER, BOSTON, MASS.

Mr. BENNETT. Mr. Chairman, Mr. Fordney asked me a question yesterday and I want to modify my answer. I think his question was something like this: Would 20 per cent duty on wool divert sheep husbandry into less unprofitable channels than 29 per cent? The question came to me suddenly and I gave a somewhat hasty answer in the affirmative. As I have thought it over, I think my answer is in the negative, absolutely. It is not the amount of the duty on wool, it is the influence of the duty, deceiving the farmer and misleading him into unprofitable work and an unprofitable expenditure of his energies by extending the hand of the Government over an industry which ought not to be protected. I remember when I was a boy that the Army, or the Board of Agriculture, introduced a lot of camels down in the Southwest for the purpose of breeding them and using them for transportation purposes down there. I think some of their descendants are wandering around there yet. It was a most unprofitable expenditure of energy.

In the same way I remember that the Department of Agriculture was perfectly enthusiastic and seemed to be devoting all its energies to the promotion of tea gardens in the United States and the culture of tea. That was diverting energy into an unprofitable channel. That is what the duty on wool is. Twenty per cent would be as bad as 29 per cent.

There is one thing more that I want to say, Mr. Chairman. I do not know what impression Mr. John P. Wood left on your minds yesterday; but if he left on your minds the impression that the manufacturers did not believe that this committee is almost painfully trying to do right and that the manufacturers want to cooperate with you just as far as they possibly can, having in mind some differences of opinion, they left an entirely wrong impression on your mind. I have been in conference with manufacturers, large and small, in the New England and other States. In New England recently five States went Democratic. I have been in conference with them and I know that they recognize this amount of mutual interest between this committee and themselves, namely, that neither you nor they want to go through this thing again two years hence. You do not want to be dragged into this again two years hence. They want something that will stand and you want something that will stand, and the most that you care about is to get something permanent; something which is right and permanent, and that is the most that they care about. There is certainly that ground of mutual interest and I stand here to say, Mr. Chairman, that if Mr. John P. Wood left any contrary impression on your mind, he left an entirely wrong impression. The manufacturers, large and small, desire to cooperate with you on a basis of free wool and 50 per cent on the goods.

I remember that quite a number here considered it quite funny yesterday when I said that the Wilson law was followed by great prosperity.

Mr. FORDNEY. They just laughed; that is all.

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Mr. BENNETT. Yes; they laughed. They thought it was funny. However, if you will just have the files of the newspapers for September, 1895, brought to the committee you will be convinced of the correctness of that. Last night while the manufacturers were standing around in groups at the hotels and elsewhere there was occasionally a man who would refer to the failures following the Wilson bill. They could not name one; they could not name a single one. One fellow dragged up the Thomas Dolan case at that time. Dolan went out of the textile-manufacturing industry and became one of the multimillionaires of the United States in the street-railway business.

Now, Mr. Chairman, I say that free wool and 50 per cent will cause the textile industries to adjust themselves permanently or for a series of years—10 years under a tariff—and it will make them satisfied, and 2 years hence you would not have this all to go over again. They can get along with it. The textile industry, more than any other industry, adapts itself to protection. I can remember within my own knowledge when such a thing as worsted fabrics for men's wear was not known. Worsted first meant these zephyrs and these shawls for women, and so on; then it meant dress goods. Sixteen or seventeen years ago they used to say that they could not make certain kinds of cotton fabrics in the United States because we did not have the climate. The climate is artificial. Humidifiers and all those things have come in.

Mr. FORDNEY. Mr. Chairman, is this not rather an extended explanation or answer to my question?

Mr. BENNETT. I am talking about something besides your question. I got through with your question some time ago.

Mr. FORDNEY. You are not through with it yet. I want to ask the chairman whether the gentleman is going to be allowed time to make a speech?

The CHAIRMAN. We are very nearly through with our witnesses this morning, and I was allowing Mr. Bennett some latitude for that reason.

Mr. BENNETT. I do not desire to make a speech. There is nothing further from my desire than to make a speech, but I do want to impress upon the minds of this committee my belief—and my belief is shared by the bulk of the manufacturers—that there is a ground of cooperation between the manufacturers and this committee. I desire to do it and I do it with a great deal of seriousness, because, traveling through the different parts of the United States—in the Southwest, in Utah, in South Carolina, and the Northwest—I find an astonishing degree of misunderstanding.

Mr. HULL. Do you know what the attitude of the manufacturers is relative to the position that you have just stated on this proposition?

Mr. BENNETT. They are all in favor of it.

Mr. HULL. I have not been able to see the brief filed by Mr. Wood on yesterday, because we have not received a copy—

Mr. BENNETT (interrupting). You would not find in any brief filed by him what I am saying. They let the duty on wool alone.

The CHAIRMAN. The truth about the business is that they must apparently stand up for the woolgrower?

Mr. BENNETT. That is their tradition.

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Mr. HARRISON. Right on that point. I asked you a question yesterday which I did not care to pursue because your time was so limited. I would like to take advantage of this opportunity to repeat it and to carry it on a little bit further. I asked you whether the compensatory duties compensated the manufacturer.

Mr. BENNETT. Yes, sir.

Mr. HARRISON. You replied that they got a great deal more than the compensatory duty because the duty is a great deal higher than it should be.

Mr. BENNETT. Yes, sir.

Mr. HARRISON. That is not all of the question. We recognize that the rates upon the finished product are prohibitory; that they give the whole American market to the manufacturer.

My question really was this: Can the manufacturer collect out of the public the amount of the tax which he has to pay upon his raw wool? For example, suppose the duty upon raw wool instead of being 45 per cent were 100 per cent. The manufacturer probably could not collect that 100 per cent out of the public, and he would probably have to resort to an extended use of cotton substitutes or shoddies. He would not be able to get any wool from the foreign grower. So that there is a question whether the manufacturer has gained by the agreement or alliance between the woolgrowers and the woolen manufacturers. I think it is a serious question whether the manufacturers, by reason of their prohibitory rates, have been able to collect out of the public the tax they had to pay for their raw wool. The Tariff Board says, for example, that on the cheaper fabrics the compensatory duties in some cases equaled 200 per cent, and that the prices charged by the manufacturers instead of being as high as that, are only 60 or 80 per cent more than the foreign price on similar fabrics. If my reasoning is correct, instead of the compensatory duties compensating, they are more of a hardship upon the manufacturer because he can not make use of them, and consequently a bill such as we proposed and put through the last House, which lowered the duties upon the manufactured product to the competitive point, would be really of more advantage to the manufacturer by giving him his raw material at a cheaper rate, and consequently putting him in a better position than he is under the apparently compensatory duties. If you follow my reasoning—

Mr. BENNETT (interrupting). I follow your reasoning, and that is true, but here is the trouble: The duty on wool shuts out a great deal of wool that the manufacturer ought to have; it limits his selections.

Mr. HARRISON. Do you think the manufacturer has got his share of this bargain made in 1867 and which has been in force ever since?

Mr. BENNETT. I haven't any doubt about it.

Mr. HARRISON. You think the manufacturer has collected out of the public prices which have compensated him for the tax he has had to pay upon raw wool?

Mr. BENNETT. He has gone on and done business. The domestic competition has a great deal of effect there.

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Mr. HARRISON. But do you not believe he would be in a better position with a competitive rate upon his product, if he was able to buy his raw wool in the world's markets?

Mr. BENNETT. Absolutely. There is no question about it.

Mr. HARRISON. And the net result of a revision downward, if it preserves the proper balance on the raw material and the finished products, will be a benefit to the manufacturer even though he may not think so?

Mr. BENNETT. But 20 per cent on wool and 20 per cent on goods is not a proper balance. I was amazed at the statement of Mr. Goldman, of Cohen & Goldman, who talked in favor of 20 per cent on the wool and 40 per cent on the goods. It was very ill considered. I have not found a man who agrees with him—not one single man who agreed with him. It is very ill considered. It would cause the tariff law to be all ripped open again two years hence. If you want to do something permanent do not listen to it for a moment. With 20 per cent on wool and 40 per cent on goods the balance would be all wrong.

Mr. KITCHIN. Before Mr. Fordney gets to you, I want to ask one or two questions.

Mr. BENNETT. I am perfectly willing to place myself in his hands.

Mr. FORDNEY. I am not at all dangerous.

Mr. KITCHIN. Do you and the manufacturers of woolen goods regard free wool and 50 per cent on the finished product as the proper proportion?

Mr. BENNETT. Yes, sir.

Mr. KITCHIN. Will that furnish them as much protection as the present act furnishes them?

Mr. BENNETT. I do not think it will.

Mr. KITCHIN. I mean as much real protection.

Mr. BENNETT. It would not furnish them anywhere nearly as much protection as the present bill does.

Mr. KITCHIN. Would it not furnish as much protection as they are now utilizing?

Mr. BENNETT. It will afford them protection enough to continue in business and to grow. They would not be a bit injured by it.

Mr. KITCHIN. Of course, I understand that some of these tariff duties in the statute amount to 100, 150, and 200 per cent, but they do not utilize that much. I believe the Tariff Board found that they were utilizing about 65 or 75 per cent on a great many kinds of cloth, instead of 100 or 125.

Mr. BENNETT. I do not want to worry this committee, but I would like to talk a moment or two on that subject.

Mr. KITCHIN. Your idea is that free wool and 50 per cent would be all the protection generally that the manufacturers would want.

Mr. BENNETT. Yes, sir; absolutely.

Mr. KITCHIN. Now, another thing. Does the farmer or grower of wool sell directly to the manufacturer or does he sell his wool to the packers?

Mr. BENNETT. They sell largely to the wool dealers and the wool merchants.

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Mr. KITCHIN. I do not know whether you call them packers or storers.

Mr. BENNETT. They sell largely to those; yes, sir.

Mr. KITCHIN. In your opinion, does the farmer or grower of wool get the benefit of this tariff or do these packers or wool storers get it?

Mr. BENNETT. Nobody gets the benefit of it. There isn't any benefit to it.

Mr. KITCHIN. Take it over a period of three or four years, and you will find that the farmer gets a certain amount, say, 12 or 15 cents a pound. It is packed away or stored and finally it goes up—after it is out of his hands. I have noticed that several times. Who gets the benefit of that?

Mr. BENNETT. When it goes away up the speculators get the benefit of it, but when it goes away down they lose it. In a series of years it is evened up.

Mr. KITCHIN. The real benefit of a tariff on the raw product would go to the speculators and wool packers instead of to the woolgrowers.

Mr. BENNETT. Nobody gets any benefit from it, Mr. Kitchin, absolutely none. It is the most absurd thing that I have ever seen on the statute books.

Mr. LONGWORTH. If wool was put on the free list, how much do you think the price of raw wool would go down?

Mr. BENNETT. I do not think it would go down at all. All the manufacturers and pretty much all the growers agree with me about that. It would not go down. We would have a freer and more regular market and we would have a better selection.

Mr. LONGWORTH. Do you really think that free wool would reduce the price of wool?

Mr. BENNETT. I do; yes, sir.

Mr. LONGWORTH. Are you gentlemen in favor of free raw material?

Mr. BENNETT. I would not know how to answer that question. It depends upon what you mean by free raw material. I would say that in a general way, yes, sir.

Mr. LONGWORTH. I am speaking of raw materials generally used by the manufacturers.

Mr. BENNETT. I do not want to argue, but there is another question that comes in there. If by raw materials you mean something that we can exhaust, the supply of iron ore or lumber or coal, or something of that kind?

Mr. LONGWORTH. I am not speaking of lumber or iron or coal. I regard those as independent articles by themselves.

Mr. BENNETT. Yes, sir.

Mr. LONGWORTH. But free wool?

Mr. BENNETT. I am in favor of free cotton, free flax, free raw silk. They are all free now, every one of them. Wool is the only one of those fibers that has a duty on it. Cotton is free, flax is free, jute is free, and silk is free.

Mr. LONGWORTH. Are you in favor of free sugar?

Mr. BENNETT. I do not know much about sugar. I fancy that what we call raw sugar represents a considerable amount of labor and is to a certain extent a finished product.

Mr. LONGWORTH. You realize of course that sugar and wool are two of the largest revenue producers there are in the tariff.

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Mr. BENNETT. I imagine if you get the income tax through—and you are going to get it through without question—that you will have enough revenue in that way and that it will probably help us to get the tariff in the right shape.

Mr. LONGWORTH. You are in favor of free sugar, free wool, free raw material and the income tax?

Mr. BENNETT. I do not know about sugar. I do not know enough about it. I fancy that it represents labor; that it can be controlled by labor more than wool can. I do not know about it and I can not answer your question.

Mr. LONGWORTH. Would you see any logic in keeping a duty on wool if they took the duty off of sugar?

Mr. BENNETT. Absolutely no. If they take it off sugar, I say to take it off wool. But reasoning the other way, whether you should take it off sugar if you do take it off wool, I do not know.

Mr. HILL. Do you ask for a single rate of duty on all grades of woolen cloth?

Mr. BENNETT. Absolutely; yes, sir.

Mr. HILL. In the Wilson bill they had a distinction——

Mr. BENNETT. (interrupting). That did not amount to anything. It was about 50 cents a pound and 40 cents on below 50 cents a pound. I do not think that distinction was of any consequence.

Mr. HILL. You realize that 50 per cent duty on a cheap piece of low-grade cloth is a great deal more in the difference in the cost of production and the conversion cost than in a high-grade piece of cloth?

Mr. BENNETT. I do not know about that. I think I could call on some of the gentlemen here who would tell you that the percentage of labor in the cheap clothes is higher than in the high-priced clothes.

Mr. HILL. Would you apply the same principle?

Mr. BENNETT. To cotton? No; I do not think so.

Mr. HILL. Why not?

Mr. BENNETT. I would have to take a little time to answer that question.

Mr. HILL. Is there not far more labor in sorting, coloring, dyeing, weaving, and in designs and patterns in ordinary woolen cloth for daily use than there is in cotton?

Mr. BENNETT. I think I would say in a general way that the labor cost on the very cheap fabric—that the percentage of labor cost—is greater than on the high-priced fabric in woolens and worsteds. It is the high-priced dyestuffs and the high-priced machinery that makes the high prices in woolens and worsteds. I think I would say—and there is no manufacturer here that would not agree with me—that the percentage of labor cost in the cheaper fabric is greater than in the higher-priced fabric.

Mr. HILL. You would not say that in regard to blankets, would you?

Mr. BENNETT. No, sir.

Mr. HILL. (continuing). Which are practically all wool, and on which there is very little labor.

Mr. BENNETT. No, sir; I do not think so.

Mr. KITCHIN. With regard to cotton, the proportion, of course, would not be as great. In wool you can make the cheap piece of

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fabric out of a very cheap grade of wool; but the cotton all sell for practically the same, and you make sometimes the cheapest product from the very best cotton—short staple cotton, I mean.

Mr. BENNETT. Yes, sir.

Mr. KITCHIN. You make the finest goods out of 12-cent cotton and the commonest goods out of that cotton, while in wool the cheap products are made out of the very lowest-priced wool. Therefore, your proportion of labor cost would be quite different.

Mr. BENNETT. That is largely true. That will be denied. Where the cotton has been quoted at 12 cents they have been paying 18 cents for it—

Mr. KITCHIN (interposing). That is on long-staple cotton.

Mr. BENNETT. Not especially long; $1\frac{1}{8}$ -inch and $1\frac{1}{16}$ -inch.

Mr. KITCHIN. A very small proportion of long-staple cotton is used anyway.

Mr. LONGWORTH. If your proposition is adopted of free wool and 50 per cent for the manufacturer, how much do you think the price of cloth to the ultimate consumer will be decreased?

Mr. BENNETT. I think it will be decreased somewhat. You understand that this \$1.45, or what not, that they have been giving as the cost of wool in a suit of clothes under the tariff, and all that—you understand that is multiplied all the way through. If it is \$1.45 for the wool in the grease, it takes a great deal more when you get through. The other expenses are multiplied in proportion, and it would cost more in the fabric. But the great objection to the duty on wool is that it hampers selection.

Mr. LONGWORTH. You are speaking, now, from the manufacturers' standpoint, and I am speaking from the consumer's standpoint.

Mr. BENNETT. From the consumer's standpoint?

Mr. LONGWORTH. Yes.

Mr. BENNETT. Well, it would be appreciable.

Mr. LONGWORTH. How appreciable?

Mr. BENNETT. I am not prepared to say.

Mr. LONGWORTH. Let us take a concrete example. Let us take a \$7.50 suit of clothes that one of the witnesses had on yesterday. In your proposition how much do you think the retail price of that suit would be reduced to the consumer?

Mr. BENNETT. I do not know, but I do not think it is important.

Mr. LONGWORTH. You are only considering the interests of the manufacturers and not of the consumers.

Mr. BENNETT. No; I am considering the consumers, which are the people of the great American public.

Mr. LONGWORTH. Let us take this concrete example: Would that suit of clothes sell for \$5 instead of \$7.50?

Mr. BENNETT. I am sure I do not know.

Mr. LONGWORTH. Do you think it would?

Mr. BENNETT. I should think so; yes, sir. They are working down all the time. They are working the prices down all the time.

Mr. LONGWORTH. Do you think that particular suit of clothes under your proposition would sell for \$5?

Mr. BENNETT. I should not be surprised if it did.

Mr. LONGWORTH. Do you think it would sell for \$4?

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Mr. BENNETT. I should not think so.

Mr. LONGWORTH. Would it sell for \$4.50?

Mr. BENNETT. No; I should not think so.

Mr. LONGWORTH. For \$5?

Mr. BENNETT. I should think so. I do not know of a \$5 suit manufactured at the present time. There is a \$6.75 suit which is a regular standard, and there are \$6 suits, but I would not be surprised if they should get out a \$5 suit.

Mr. LONGWORTH. Let us take the \$6 suit. What would that sell for under your proposition?

Mr. BENNETT. The \$6 suit?

Mr. LONGWORTH. Yes.

Mr. BENNETT. I do not know. I am not considering it from your aspect at all.

Mr. LONGWORTH. I know; but I want to consider it from the consumers' aspect.

Mr. BENNETT. I consider the consumer is the great American public and he is interested in prosperous industries. He is not getting the greatest possible results from the least expenditure of energy and he does not want the energies of the American people diverted into unprofitable channels or into artificial channels. He wants to make the goods in this country and he wants to make them with the least expenditure of money and of energy. That is my argument.

Mr. LONGWORTH. Then he is not interested in the price?

Mr. BENNETT. Yes; he is interested in the price, too.

Mr. LONGWORTH. But only incidentally. His main desire is to see the industry conducted profitably.

Mr. BENNETT. Yes, sir; to see it prosperous.

Mr. LONGWORTH. And he does not care what he pays for a suit of clothes.

Mr. BENNETT. Yes; he does.

Mr. LONGWORTH. How will he benefit under this \$6 suit of clothes? How much?

Mr. BENNETT. I do not think that is where the real benefit is.

Mr. LONGWORTH. But you say there is bound to be a benefit.

Mr. BENNETT. I do not think that is where the great benefit is.

Mr. LONGWORTH. Then you think, under your proposition that the extent of the reduction in the retail price is a secondary consideration?

Mr. BENNETT. It is one consideration. I do not think it is the whole consideration.

Mr. LONGWORTH. But it is not the primary consideration.

Mr. BENNETT. No; it is not the primary consideration.

Mr. LONGWORTH. If it was the primary consideration, then you would have definite views on the price.

Mr. BENNETT. Yes, sir.

Mr. LONGWORTH. You have no definite views on the benefit from the reduction of the retail price?

Mr. BENNETT. I have definite views in a large way in regard to the whole business, but I have not any specific definite views in regard to a particular suit of clothes.

Mr. LONGWORTH. You advocated a certain proposition and I wanted to take it up from the retail price standpoint.

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Mr. BENNETT. Yes.

Mr. LONGWORTH. You reduced the duty on wool 100 per cent.

Mr. BENNETT. Yes.

Mr. LONGWORTH. And you say that in your opinion that will not reduce the price of wool.

Mr. BENNETT. I do not think it will, absolutely.

Mr. LONGWORTH. You know it did.

Mr. BENNETT. No; I did not know anything of the kind.

Mr. LONGWORTH. Do you mean to say that the price of American raw wool did not decrease in price?

Mr. BENNETT. In a series of years?

Mr. LONGWORTH. During the time of the Wilson bill.

Mr. BENNETT. Oh, we have had ups and downs in the market all the time. If there is any little flurry—you know very well that when you think the stock of a railroad is going to soar up, just then it goes down—

Mr. LONGWORTH (interposing). The tariff has no effect on the price, then?

Mr. BENNETT. The tariff has no effect on the price?

Mr. LONGWORTH. Yes.

Mr. BENNETT. Over a long series of years I do not think it has.

Mr. LONGWORTH. Well, it did have, certainly, according to the statistics.

Mr. BENNETT. I do not think it has.

Mr. LONGWORTH. In 1895 and 1896 the wool was a great deal below what it has been.

Mr. BENNETT. Everything was less along that time. The panic of 1893 was followed by another panic of 1895, and another panic of 1896. Right along there we had a period of industrial depression.

Mr. LONGWORTH. You just said that there was great prosperity.

Mr. BENNETT. Yes, sir; there was, in between. I have tried to make myself plain. In between, in September, 1895, we were on the high road to prosperity. In November, 1895, along came the Venezuela message; we all got frightened and everything tumbled down a little.

Mr. LONGWORTH. It was the Venezuela message that depressed wool and not the reduction of the tariff?

Mr. BENNETT. Well, I suppose that participated with everything else.

Mr. LONGWORTH. We have gotten to this point, that your proposition was that a reduction would not reduce the price of wool.

Mr. BENNETT. In a series of years, no. At the moment, as I illustrated by the railroad stock a moment ago, the wise, judicious, beneficial speculators may get wool up a little or get it down a little. They take advantage of an event to do that.

Mr. LONGWORTH. Let us confine ourselves just to this line. We have got to the point where wool is put on the free list and no reduction in price takes place. Then the manufacturers—

Mr. BENNETT (interrupting). I do not consent to that just as you put it.

Mr. LONGWORTH. You have said it repeatedly.

Mr. BENNETT. All right.

Mr. LONGWORTH. What did you say?

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Mr. BENNETT. I tried to make myself plain. I said in a series of years under free wool that wool would be no lower.

Mr. LONGWORTH. Well, I am speaking of this one benefit.

Mr. BENNETT. That is what I mean. I am trying to make myself plain.

Mr. LONGWORTH. And I am trying to understand you. I am speaking simply about putting wool on the free list. Will or will not that reduce the price of raw wool in this country?

Mr. BENNETT. In a period. In a reasonable period it will not.

Mr. LONGWORTH. Well, in a year?

Mr. BENNETT. I do not know whether it will in a year or not. Those things adjust themselves more quickly some times than they do at other times.

Mr. LONGWORTH. In a period of two years, what do you think the effect on the price of raw wool would be by putting it on the free list?

Mr. BENNETT. In a period of 10 years it would not make a particle of difference.

Mr. LONGWORTH. In two years?

Mr. BENNETT. Well, that would depend on a great many other things. I could not say.

Mr. LONGWORTH. Do you think it would be reduced?

Mr. BENNETT. In a period of two years?

Mr. LONGWORTH. Yes.

Mr. BENNETT. I would not think so.

Mr. LONGWORTH. You do not think so?

Mr. BENNETT. No; I would not think so.

Mr. LONGWORTH. The manufacturer would be precisely in the same position as he is to-day?

Mr. BENNETT. No; he would not at all, because his selection is thereby hampered.

Mr. LONGWORTH. We would pay the same price?

Mr. BENNETT. He would pay the same price?

Mr. LONGWORTH. Yes.

Mr. BENNETT. He would pay the same average price for all kinds he bought.

Mr. LONGWORTH. He would pay the same or a greater price if it were not reduced?

Mr. BENNETT. Mr. Chairman, I want to answer these questions. I am trying to be candid, and I do not want to appear to be fencing at all. I want to be candid, and I want to appear to be so.

Mr. LONGWORTH. If anybody in this committee can understand what your proposition is, I would be glad to know it.

Mr. BENNETT. If I am not making myself plain, that is not the fault of my intention.

Mr. LONGWORTH. Well, am I or am I not right in assuming your position to be this, that the reduction of the tariff on wool, or the placing of wool on the free list, in a two-year period, will have no effect on the price?

Mr. BENNETT. I would prefer to say in a 10-year period.

Mr. LONGWORTH. I am asking about 2 years, because we are not assuming that free wool is going to last for 10 years.

Mr. BENNETT. My answer would be, for the most part, in the affirmative, but that would depend on a great many things.

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Mr. LONGWORTH. Can you answer yes or no whether the price of wool will be reduced—yes or no?

Mr. BENNETT. During a period of two years?

Mr. LONGWORTH. Yes.

Mr. BENNETT. Because of that duty? It might be reduced for other reasons.

Mr. LONGWORTH. I am talking about the effect of putting wool on the free list. Would or would not that, in a period of two years, reduce the price of wool? Can you not answer that yes or no?

Mr. BENNETT. That particular influence would not.

Mr. LONGWORTH. It would not?

Mr. BENNETT. But it might be reduced from other influences.

Mr. LONGWORTH. That would not do it?

Mr. BENNETT. If general business was depressed, the price of wool might go down at the same time, but I think we get near enough together when I say absolutely that in a period of 10 years wool would not be lowered by being put on the free list.

Mr. LONGWORTH. Would it in a period of two years?

Mr. BENNETT. In two years? It might or might not.

Mr. LONGWORTH. Well, if it does not—

Mr. BENNETT. What?

Mr. LONGWORTH. If the price of wool is not reduced—

Mr. BENNETT. Yes.

Mr. LONGWORTH. Then, the manufacturer is in the same position, so far as the cost of his material is concerned, as he is to-day?

Mr. BENNETT. Have I not answered that two or three times, Mr. Chairman? Have I not said he is obstructed in his selection?

Mr. LONGWORTH. I am talking about his price. You can answer that or not.

Mr. BENNETT. I am answering it.

Mr. LONGWORTH. You are not answering it.

Mr. BENNETT. Yes, I am, too.

Mr. LONGWORTH. Well, answer it.

Mr. BENNETT. I have answered it. I say that he is obstructed in his selection.

Mr. LONGWORTH. I am not talking about his selection; I am talking about his price. Now, answer that or not.

Mr. BENNETT. If you know anything about business at all, you know that the price is affected by the selection the manufacturer desires.

Mr. LONGWORTH. Would his price be reduced or not?

Mr. BENNETT. Would his price be reduced?

Mr. LONGWORTH. Yes.

Mr. BENNETT. Well, I can not give you a general understanding of the mercantile situation in a few minutes. I could give you some facts.

Mr. LONGWORTH. I am not asking for information on the general mercantile situation. I am asking your information on a subject upon which you assume to have knowledge.

Mr. BENNETT. Yes.

Mr. LONGWORTH. And it is a perfectly simple question, and you can answer it, yes or no.

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Mr. BENNETT. You have to assume knowledge in order to ask me a question, don't you?

Mr. LONGWORTH. I assume enough knowledge, at least, to ask you that question.

Mr. BENNETT. Yes.

Mr. LONGWORTH. If you have not the knowledge to answer it, you may refuse to do so.

Mr. BENNETT. I do not refuse.

Mr. LONGWORTH. Then answer it.

Mr. BENNETT. I would be glad to give you all the information your experience—

Mr. LONGWORTH. I am asking you a simple question now.

Mr. BENNETT. Gives you ability and intelligence to comprehend.

Mr. LONGWORTH. Can you answer that yes or no?

Mr. BENNETT. I have answered that question.

Mr. LONGWORTH. You have not answered it.

Mr. BENNETT. But I can not furnish you business experience, my friend.

Mr. LONGWORTH. No; you can not furnish me any experience that I covet.

Mr. BENNETT. Any more than I could furnish you experience to dance a cotillion, because I do not know anything about it.

Mr. LONGWORTH. I think you probably know as much about that as you do about the question I am asking you.

Mr. BENNETT. That is your opinion.

Mr. LONGWORTH. Or else you would not refuse to answer it.

Mr. BENNETT. I am glad to answer you candidly.

Mr. LONGWORTH. You have not answered the question.

Mr. BENNETT. I think the gentleman is trying to grill the witness.

Mr. LONGWORTH. No; I am trying to get facts. I am asking you about the price of wool.

Mr. BENNETT. Yes.

Mr. LONGWORTH. I want to know whether your proposition is going to reduce it?

Mr. BENNETT. No.

Mr. LONGWORTH. If it does not reduce the price of raw wool, and the manufacturer pays the same for his raw material, where is the reduction going to come in?

Mr. BENNETT. If I have said it once I have said it ten times, that it is going to afford him the necessary selection of wool.

Mr. LONGWORTH. But I am speaking of the cost to the retail buyer.

Mr. BENNETT. Yes.

Mr. LONGWORTH. If he does not get a benefit on the price of raw wool, where does he get the benefit?

Mr. BENNETT. Well, I will see if I can make a different answer from what I have made eight times already.

Mr. LONGWORTH. You have not answered it yet.

Mr. BENNETT. Where is who going to get the benefit—the consumer?

Mr. LONGWORTH. Yes.

Mr. BENNETT. It is going to reduce the cost to him, sir. I said that before.

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Mr. LONGWORTH. I know you have; but you have not said where.

Mr. BENNETT. Where?

Mr. LONGWORTH. Yes.

Mr. BENNETT. Everywhere, in the cost of manufacture—why, I know a lot of men who run a cotton mill, who say——

Mr. LONGWORTH. I am talking about wool.

Mr. BENNETT. Well, a woolen mill, who say that the whole story is this: Improve the product and cut the price. That is the whole theory of woolen manufacture—improve the product and cut the price, and that is in a great measure the philosophy of woolen manufacturing and worsted manufacturing and every other textile manufacturing.

Mr. LONGWORTH. Under a 50 per cent duty, the manufacturer is going to cut the price?

Mr. BENNETT. Of course. He is doing it all the time.

Mr. LONGWORTH. He is doing it now, is he?

Mr. BENNETT. He is all the time reducing the cost of manufacture and reducing the cost of clothing, and reducing the cost of every textile fabric. You know that, and everybody knows that.

Mr. LONGWORTH. I am asking you, under your theory, how much the manufacturer is going to cut it?

Mr. BENNETT. That is one step in the right direction.

Mr. LONGWORTH. Well, I am unable to get the information I want.

The CHAIRMAN. Gentlemen, the chair would like to proceed with the other witnesses.

Mr. HILL. Without expressing any opinion as to the duty on wool, would not the effect of free wool and the opening of this market and the injecting of the competition of 90,000,000 American people into the European market raise the price over there, and consequently tend toward an equalization?

Mr. BENNETT. Yes, sir; absolutely.

Mr. FORDNEY. Mr. Bennett, just a few words. You came before the committee this morning to answer what you say was a question put my me, as to whether or not there would be a different effect, as I understand you, upon the price of wool in this country, by a 20 or 29 per cent reduction?

Mr. BENNETT. I do not think that was the question.

Mr. FORDNEY. What was the question?

Mr. BENNETT. The question was: Would 20 per cent divert sheep husbandry into less unprofitable channels than 29 per cent. I understand that to be the question.

Mr. FORDNEY. Well, that is the same thing.

Mr. BENNETT. It seems to me a little different.

Mr. FORDNEY. I do not believe I asked you that direct question, because my opinion is that every one of these rates will destroy the industry in the United States. That is my candid opinion.

You say, Mr. Bennett, that this is an industry that ought not to be protected, that is, the wool industry?

Mr. BENNETT. Yes.

Mr. FORDNEY. Do you know that the Tariff Board's report shows the difference in the cost of producing wool in Australia and in the Western States of the United States to be 12 cents a pound?

Mr. BENNETT. I presume so.

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Mr. FORDNEY. About that.

Mr. BENNETT. I presume it is so. I do not remember the figures.

Mr. FORDNEY. Then, if we were to have free trade, the Australian wool people would be willing to sell their wool on our markets at the same price as they are to-day?

Mr. BENNETT. There would be more sheep in the United States than there are now.

Mr. FORDNEY. Under free trade, the industry would be encouraged?

Mr. BENNETT. Yes, sir.

Mr. FORDNEY. You stated yesterday that there would be more land devoted to that purpose under free trade than under protection?

Mr. BENNETT. Yes, sir.

Mr. FORDNEY. You even pass over the chance that a lower rate of duty or free trade would slaughter the flocks or reduce the flocks, so that you are willing to kill the mother, and increase the income?

Mr. BENNETT. I think you will find that raising the tariff would decrease the flocks also, if that were the reason; but that is not the cause, in either instance. They are simply incidentals.

Mr. JAMES. Is it not true that there are fewer sheep now in the United States by 2,000,000 than there were two years ago?

Mr. BENNETT. Yes, sir; more than that.

Mr. JAMES. If a protective tariff on wool encourages the sheep industry, how is it that there has been a decrease of 2,000,000 sheep in two years?

Mr. BENNETT. If you will get the facts and figures up to date on sheep, I think you will be amazed at the reduction that has taken place within the last three months. Wool has shot up in price. According to the argument of my friend you would think, from the result of the last election, that the price of wool ought to have fallen off.

Mr. FORDNEY. What is the price of wool to-day?

Mr. BENNETT. It is from 8 cents to \$1.08.

Mr. FORDNEY. What was it before election? That does not answer my question.

Mr. BENNETT. What was it before election?

Mr. FORDNEY. What was it on some day before the election, when you say it shot up like a skyrocket?

Mr. BENNETT. I think the advance was 3 to 5 cents a pound in the grease.

Mr. FORDNEY. And it is now from 8 cents to \$1?

Mr. BENNETT. Yes.

Mr. FORDNEY. Oh!

Mr. JAMES. That was caused by Mr. Wilson's election?

Mr. BENNETT. No; I do not think so. It was caused by scarcity of beef and pork.

Mr. JAMES. If the price had been reduced our friends at the present time would have claimed that it had been caused by the election?

Mr. BENNETT. Sure thing, and the Democrats will probably say it was raised by Wilson's election.

Mr. FORDNEY. Is it not true that those temporary advances that follow are due to the scarcity of meat and food supply and a greater demand?

Mr. BENNETT. Very often.

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Mr. FORDNEY. And that has affected it in the last few years, if anything has affected it?

Mr. BENNETT. Yes; surely.

Mr. FORDNEY. Mr. Bennett, are you authorized to speak for any manufacturers; and if so, whom?

Mr. BENNETT. I do not think so; no. I would not say I am.

Mr. FORDNEY. You do not represent any manufacturing institutions in the wool industry here?

Mr. BENNETT. No.

Mr. FORDNEY. Whom are you representing here, Mr. Bennett?

Mr. BENNETT. I represent the same person I represent when I go to vote. If I am a public-spirited citizen, I do not go to vote for my own interest. I go to vote for the Nation as a whole, but——

Mr. FORDNEY. Then you do not represent anybody before this committee but yourself?

Mr. BENNETT. Well, I——

Mr. FORDNEY. Except as a representative citizen?

Mr. BENNETT. I do not represent any special interests as against the public interests; no.

Mr. FORDNEY. Do you represent the public interest here by authority from anybody? If so, have you powers of attorney, or are you here as the result of a resolution or instructions?

Mr. BENNETT. Nothing of the kind; no, sir.

Mr. FORDNEY. Then, you represent the special interests as much as you do the public, do you not, because the special interests are a part of the public?

Mr. BENNETT. Yes; to that extent.

Mr. FORDNEY. That is what I thought. Now, you spoke about the world's supply of wool. If, Mr. Bennett, we are now producing in the United States about three-fifths of the wool consumed in the United States, by putting wool on the free list and getting a greater proportion of free wool, which, in the opinion of a great many men, would destroy the wool industry in this country, so far as the production is concerned, do you believe the world's supply of wool to the woolen manufacturers in this country would be higher or lower or would be changed?

Mr. BENNETT. We would produce more wool in the United States.

Mr. FORDNEY. Suppose it would have the opposite effect, then what?

Mr. BENNETT. It will not have the opposite effect.

Mr. FORDNEY. Suppose it would?

Mr. BENNETT. It will not.

Mr. FORDNEY. Suppose we had the same situation we had in 1905 and 1906, would that be followed by a lowering of the price?

Mr. BENNETT. Then it would meet the reduction by an increase in the number of sheep.

Mr. FORDNEY. After the tariff had been restored?

Mr. BENNETT. Without any tariff being restored. The minute sheep went down, the law which I do not believe Mr. Bryan would want to repeal, the law of supply and demand, would bring it up again.

Mr. FORDNEY. You stated yesterday that when the Wilson bill went into effect, that immediately prosperity come into this country, and that threw a damper on your whole argument.

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Mr. BENNETT. Yes; some people were amused, but look at the facts.

Mr. FORDNEY. The value of the entire property of the United States shrunk about 50 per cent during that time.

Mr. BENNETT. Yes; but due to what? The Silver Purchase Act was in at that time.

Mr. FORDNEY. In 1896 they spoke out as to what they thought.

Mr. BENNETT. What did they speak out about in the election of 1896? What elected Mr. McKinley? Was it the tariff alone?

Mr. FORDNEY. I think so.

Mr. BENNETT. Not by a long shot.

Mr. FORDNEY. Was it not?

Mr. BENNETT. No, sir.

Mr. FORDNEY. What was it?

Mr. BENNETT. The fear of 16 to 1 idea, as to which Mr. Bryan was perfectly honest in his mind; but you take a New England community—

Mr. FORDNEY. And perfectly right, in his mind.

Mr. BENNETT. Take a New England community to-day, and you can not get up any more enthusiasm on the tariff, but whenever it is a question of dishonest money, you can create moral enthusiasm.

Mr. JAMES. The result in 1896 was caused by a bolt in the Democratic Party?

Mr. BENNETT. Yes.

Mr. JAMES. And if there had been a change of 20,000 votes, the Democratic Party would have elected its candidate?

Mr. BENNETT. Yes.

Mr. JAMES. Notwithstanding that there was a bolt in his own party?

Mr. FORDNEY. Well, there has been a bolt since that time.

Mr. JAMES. I am very glad of it, too.

The CHAIRMAN. Gentlemen, we will not discuss that issue before the committee.

Mr. FORDNEY. I will not discuss the question whether or not a tariff would lower or raise the price of wool in 1896 any further; but you spoke of Mr. Goldman a few moments ago as giving information very valuable to you yesterday.

Mr. BENNETT. Very what?

Mr. FORDNEY. Valuable information.

Mr. BENNETT. Did I say "valuable"?

Mr. FORDNEY. Well, that was it, substantially.

Mr. BENNETT. He presented the most absurd proposition here. Did I say "valuable"?

Mr. FORDNEY. Well, if that is your opinion of his statement, I wish to apologize.

Mr. BENNETT. Sure.

Mr. FORDNEY. I misunderstood him.

Mr. BENNETT. Sure.

Mr. FORDNEY. Mr. Goldman yesterday showed that on a capital invested in machinery and plant of \$50,000 and \$3,000,000 capital—

Mr. BENNETT. He—\$3,000,000?

Mr. FORDNEY. His firm.

Mr. BENNETT. Well, I am surprised. Cohen & Goldman—did he say \$3,000,000 capital?

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Mr. FORDNEY. Yes.

Mr. BENNETT. Let us emphasize that and get it out of the public.

Mr. FORDNEY. \$150,000 capital and \$3,000,000 worth of business.

Mr. BENNETT. Let us emphasize that and get it out of the public, too.

Mr. FORDNEY. No; he said he had \$50,000 invested in his plant, and that he had \$1,500,000 invested in the business, with \$3,000,000 worth of business and that he made a fraction less than 9 per cent. He did not say, and I forgot to ask him, how many times he turned the capital per year, but I imagine many times during the year. Do you know any man in the manufacture of wool or in the growing of wool that has made any such enormous profits? If so, I would like to have you point him out.

Mr. BENNETT. Well, there are some mills that are monuments of tremendous earnings.

Mr. FORDNEY. Some of them are monumental wrecks.

Mr. BENNETT. Wrecks; yes. But I do not want you to think that anything presented here by Mr. Goldman was done as a well-considered proposition of anybody, because it was not; and while I do not represent any manufacturers here, I am somewhat like the diplomatic agent in those stories of Yorke Norroy, which have been running in the magazines at different times—if I am killed, I am disclaimed—but I am talking about and know what the manufacturers want.

Mr. FORDNEY. Mr. Goldman stated, as I have stated to you, and the Tariff Board report shows, that in manufacturing ready-made clothing there was eight hundred and some sixty million dollars' worth of business done in 1911, on which Mr. Goldman says there was a profit of a fraction less than 9 per cent; but he did not say how many times in a year, because, if he turned the capital several times a year, there would be \$270,000,000 of profit in that business, as I figure it, without taking the time to figure it with pencil.

Mr. BENNETT. Yes.

Mr. FORDNEY. There has been no such profit made in the manufacture of anything that I know of in this country. Do you know of anything?

Mr. BENNETT. I know of a few mills that have been prodigies.

Mr. FORDNEY. I am speaking of the general industry.

Mr. BENNETT. No; 5 and 6 per cent.

Mr. FORDNEY. So he comes here and asks for a lower rate on raw materials and an increased duty on clothing, as I understand it.

Mr. BENNETT. He is silly enough to ask for 20 per cent on wool, too. He absolutely does not know anything about it.

The CHAIRMAN. I would like to be allowed to go ahead. This is irrelevant.

Mr. FORDNEY. Just one question further, Mr. Chairman. The question was asked, or you made the statement here that the farmer got the benefit of the tariff on wool. Did you put it that way?

Mr. BENNETT. Yes; I am perfectly willing to let that go.

Mr. FORDNEY. The Tariff Board's report shows that for 1911 the farmer received for the average wool in the United States 16 cents per pound on the farm.

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Mr. BENNETT. Yes.

Mr. FORDNEY. Where he sells to the groceryman or the jobber or wool buyer, or whoever it may be, and that the woolen manufacturer paid 23 cents a pound for that wool; 7 cents a pound got away from the farmer as between the farmer and the manufacturer, either in profit, freight, or commission, or whatever it may be; but when Australian wool can be produced without any cost to it and brought to this country, do you not believe the American farmer would get some benefit if he got 16 cents for his wool?

Mr. BENNETT. Your ideas are all wrong. If there is one year when there is a nine-tenths margin between the grower and the manufacturer, there are other years when the margin is the other way and the grower gets more than the manufacturer pays; the factor in between suffers a loss, and it simply evens up in a series of years. Now, the woolgrowers in Australia go into small holdings there, and they are spending a lot of money in Australia, but they do not get wool there that costs nothing. They teach us lessons every day in regard to putting up wool, in regard to breeding, selection, and sorting, and the manner in which the wool is brought in here, so that a man can go and say that "I want some of that G long, SXD or XXM that I bought five years ago," and he gets precisely the same thing. Such a thing is not known in this country.

Mr. FORDNEY. I refer to the Tariff Board's report as authority, where they say that, because of the price received for mutton and other proceeds that come from the flock in Australia, the wool cost is practically nothing.

Mr. BENNETT. Well, I have never seen that. It is not true. I do not believe it.

Mr. FORDNEY. If you will read the Tariff Board's report, you will find it.

Mr. BENNETT. That the cost is practically nothing?

Mr. FORDNEY. That the cost is practically nothing on wool; that is, it is practically a profit.

Mr. BENNETT. That is what I have been saying, is it not, that where you turn your attention to mutton and lambs, then you have established the industry on the right basis. That is what I have been saying. That is true in this country.

Mr. FORDNEY. Wait a minute. The Tariff Board, in their report on the cost of production of wool in this country, credits wool with exactly the same proceeds or receipts from the flock as they do in Australia, and show that the cost here is 12 cents a pound for producing wool, whereas in Australia it is nothing.

Mr. BENNETT. There is not any—

Mr. FORDNEY. Under free trade, do you think they can exist?

Mr. BENNETT. In this country?

Mr. FORDNEY. If those statements are true, if that report is true.

Mr. BENNETT. I have already said that I think with free wool the number of sheep in the United States would increase.

Mr. FORDNEY. Then, I do not want to ask you any more.

The CHAIRMAN. That is all.

Mr. BENNETT. Thank you, Mr. Chairman.

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Mr. PETERS. Mr. Chairman, as the witness has been asked relative to the effect of a tariff on the number of sheep and sheep raising, I would like to submit, and have it go into the record, a table showing the number of sheep in Australia from 1890 to date.

The table referred to by Mr. Peters is as follows:

Number of sheep in Australia, 1890 to date.

1890.....	97, 881, 221	1900.....	70, 602, 995
1891.....	106, 421, 068	1901.....	72, 040, 211
1892.....	103, 272, 068	1902.....	53, 668, 347
1893.....	99, 539, 889	1903.....	56, 932, 705
1894.....	100, 411, 461	1904.....	65, 823, 918
1895.....	90, 689, 727	1905.....	74, 403, 704
1896.....	90, 615, 847	1906.....	83, 687, 655
1897.....	82, 643, 578	1907.....	87, 650, 263
1898.....	79, 237, 002	1908.....	87, 043, 266
1899.....	72, 347, 509	1909.....	91, 676, 281

This shows also that the sheep in Australia with no duty have increased enormously from 1901 to 1909, while they have decreased from 59,757,000 in 1901 to 57,216,000 in 1910 in the United States, though protected by a heavy duty.

Mr. FORDNEY. If that goes into the record, Mr. Chairman, I would like to quote a few lines out of the report of the Tariff Board, on page 11, volume 1, as follows:

That in New Zealand and on the favorably situated runs of Australia it seems clear that at the present range of values for stock sheep and mutton the receipts from other sources than wool are carrying the total flock expense.

Mr. HARRISON. And if the gentleman from Michigan will conclude the reading of that paragraph he will find that it says as follows—

Mr. FORDNEY. I will read it. I have not read it, as Mr. Hill just handed this to me. I will read it:

So that taking Australasia as a whole it appears that a charge of a very few cents per pound lies against the great clips of that region in the aggregate.

Is that what you want me to read?

Mr. HARRISON. It is, and it is an exact instance of the Tariff Board's report, prepared by two different sets of persons, each of them giving opposite opinions in the same paragraph, which may be found to run through the whole Tariff Board report.

Mr. FORDNEY. But it is a unanimous report, Mr. Chairman.

FEBRUARY 3, 1913.

Mr. DANIEL G. ROPER,
Clerk Ways and Means Committee.

MY DEAR MR. ROPER: Finding that I was mistaken as to Mr. William Goldman's testimony before the Ways and Means Committee, I desire to withdraw all of my remarks upon page 4135 and have that paragraph read as follows:

"Mr. BENNETT. But 20 per cent on wool and 20 per cent on goods is not a proper balance. It would cause the tariff law to be all ripped open again two years hence. If you want to do something permanent, do not listen to it for a moment. With 20 per cent on wool and 40 per cent on goods, the balance would be all wrong."

Then on page 4147 I would like to withdraw all of my testimony, beginning where Mr. Fordney says: "But you spoke of Mr. Goldman a few moments ago as giving information very valuable to your testimony." I want to cross out all my reference to Mr. Goldman, if possible, down to page 4149 and preceding the following:

"The CHAIRMAN. I would like to be allowed to go ahead. This is irrelevant."

The trouble is that I was misinformed respecting the character of Mr. Goldman's testimony. I have received from him a letter, of which the inclosed is a copy, and have replied to him as per the accompanying copy.

Very truly, yours,

FRANK P. BENNETT.

PARAGRAPHS 360-369—RAW WOOL.

STATEMENT OF JOHN P. WOOD, PRESIDENT NATIONAL ASSOCIATION OF WOOL MANUFACTURERS, BOSTON, MASS.

The witness was duly sworn by the chairman.

Mr. WOOD. Mr. Chairman, the association which I represent has prepared this statement [exhibiting papers] in full, and I will deliver it to the clerk. To that statement I have nothing to add except to say that on behalf of the association I am desirous of giving any information either now or after the committee has had the opportunity of reading it and examining it fully. I represent an association in which the membership covers a very varied industry, and I can not undertake to speak, of my personal knowledge upon all phases of it, nor to give definite statistics with respect to the various branches, but any information which the committee considers pertinent I will endeavor to procure and supply in a supplemental brief.

Further than that I have nothing to say, Mr. Chairman.

Mr. HILL. Mr. Wood, I would like to ask you the same question I asked Mr. Stevens. Do you think there is good and sufficient reason, regardless of whether the duty is specific or ad valorem, that there should be a graded system of duties on woolen cloth, or would it be, in your judgment, fair to the manufacturer and fair to the Government alike that there should be one duty only?

Mr. WOOD. I speak, of course, from the point of view of a protectionist. The duty to protect the difference in conversion cost between other countries and the United States would necessarily have to vary for different cloth, whether in specific or ad valorem form.

Mr. HILL. And you think there should be the same system of graded duties on woolen fabrics that there is now on cotton fabrics, and that the respective bills that were introduced in the last session carried on such fabrics?

Mr. WOOD. I am not familiar enough with the cotton schedule to make any comparison.

Mr. HILL. There were six different rates, if I recollect correctly, on cotton fabrics, and one on woolen cloth. You are not prepared to express any opinion as to what, in your judgment, the rate of duty on woolen cloth should be, are you?

Mr. WOOD. The statement which we have submitted contains a recommendation with respect to both cloths and other products.

Mr. HILL. But you will not express any opinion about the fact that they should be graded?

Mr. WOOD. We so believe, and so recommend.

Mr. HILL. What kind of a rate do you recommend, ad valorem or specific?

Mr. WOOD. We recommend a specific rate with respect to certain cloths, and where it is impossible to recommend a minimum, we recommend a compound duty.

Mr. HILL. On both the raw material and the finished product?

Mr. WOOD. No, sir; on finished products or cloths. On the raw products we make no recommendations.

Mr. HULL. Are you connected with the American Woolen Co.?

Mr. WOOD. No, sir.

Mr. HULL. Or with the president of that company?

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Mr. WOOD. In no way, by business or relationship.

Mr. HULL. I was going to ask you about an opinion which he expressed on that point.

Mr. WOOD. Of course you will not expect me to be responsible for his opinion?

Mr. PALMER. How much of a reduction of the rates do you suggest?

Mr. WOOD. Mr. Palmer, our statement has to do only with the net duties, irrespective of what the wool duty may be. Our general statement is that the protective duties, apart from the compensatory wool duty, can not be lowered except by very greatly reducing the amount of manufacture in this country. How much you want to reduce it depends upon how much increased competition is desired.

Mr. PALMER. I understood you to say that you had suggested in your statement that you submitted to the committee a schedule of rates.

Mr. WOOD. We have, and those rates are, so far as the protective rates are concerned, irrespective of the compensatory wool duty, which we pay no attention to, substantially the same as are now in force.

Mr. PALMER. You are suggesting no reduction then in the rate?

Mr. WOOD. Not in the protective rates. We have nothing to say about compensatory duties.

Mr. PALMER. And you have nothing to say about the compensatory duties?

Mr. WOOD. No, sir.

Mr. PALMER. That is, you are not considering the question of duties on raw material?

Mr. WOOD. None whatever.

Mr. PALMER. What would you say, as a matter of fact, about the duties on the raw material that carry into the finished product; are they more than compensatory now?

Mr. WOOD. In respect to many classes of goods they undoubtedly are.

Mr. PALMER. To what extent?

Mr. WOOD. They vary greatly. The tariff report, for instance, shows that in respect to certain samples they are probably 100 or more per cent in the aggregate ad valorem equivalents.

Mr. PALMER. They are double as much as they ought to be to be purely compensatory?

Mr. WOOD. That is in the aggregate of both duties. It is difficult, in the case of those fabrics, to separate that part which is protective and that part which is compensatory, because the tariff deals with the aggregate duty.

Mr. PALMER. What would you say, from your experience and knowledge with regard to the tariff—take, for instance, 40 per cent on cloth, with 20 per cent on wool—what is the actual protection to the manufacturer in that rate?

Mr. WOOD. That would vary, Mr. Palmer, very greatly, in this way: The compensatory rate necessary would be in proportion to the amount of raw material that was subject to duty in the finished product. Now, in some cases, for instance, 60 per cent of the total cost of manufacture would be raw material. In that case the exactly

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necessary compensatory duty, if you used a 20 per cent ad valorem duty, would be 60 per cent of 20 or 12 per cent. That would apply only to the class in which the material cost was 60 per cent of the whole cost. There are many cloths in which the material cost is 30 per cent. There are others in which it would be still different. The variation is very great. That is to say, the conversion cost to the whole cost varies from about probably 40 per cent to over 70 per cent. You can not apply any single rule to the ad valorem duty on wool, which would determine the exactly correct amount that would apply to all those cases.

The rate that you adopt will be a rate for all of the cloths which would have that proportion of raw material stated. For instance, you assume that 60 per cent of the cost is raw material, then 12 per cent would be the proper compensatory ratio for a 20 per cent ad valorem duty on wool; but that would be right only for those particular products in which 60 per cent was the proportion of the raw material cost.

Mr. PALMER. Is there no way of telling what the average would be?

Mr. WOOD. No, sir; there is no way at all. Efficiency is too indefinite. They are made by too many different manufacturers. There are no available statistics; and if you did succeed in getting the average, it would still be true for the average only—for example, 50 would be the average between 1 and 100; but as you depart from 50, the average would not be properly applicable.

Mr. PALMER. You have left all that out of consideration in your schedule?

Mr. WOOD. Entirely.

Mr. PALMER. Yet you recognize that fact that if the committee is to establish any average at all we must take it into consideration?

Mr. WOOD. That is so, and I have expressed my opinion as to the general principle. We know nothing of the rate that you propose. We can only state what we believe to be necessary in protective duties for the various branches of manufacture. We assume that with all the representations that are made by the other witnesses coming before the committee the committee will be able to determine the proper rate on material and what is the proper compensatory rate.

Mr. PALMER. And those rates you think, from your judgment and from your association, ought to continue the same as they are in the present law?

Mr. WOOD. Compensatory rates?

Mr. PALMER. Yes.

Mr. WOOD. Oh, no. I have understood that——

Mr. PALMER (interposing). Not the compensatory rates, but the——

Mr. WOOD (interposing). Protective rates?

Mr. PALMER. The protective rates.

Mr. WOOD. Yes, sir.

Mr. PALMER. Well, that means the same.

Mr. WOOD. Yes, sir.

Mr. PALMER. But do you not realize that that statement from you, or that request to this committee, a Democratic committee charged with the duty of carrying out the Democratic platform, is an invita-

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tion to us to break our promise to the people to reduce this wool tariff?

Mr. WOOD. Mr. Palmer, my answer to that is that I have no responsibility for the promises of your party. You have asked for my judgment as to what is necessary for my particular industry. We are not here to dictate nor to supplicate. We can only give our opinion, and my opinion as to what is necessary can not possibly be varied by the fact that you have a certain duty imposed upon you.

Mr. PALMER. But you are here making certain suggestions to us as to rates, knowing that we are about to write a tariff law.

Mr. WOOD. Yes, sir.

Mr. PALMER. I ask you for a moment to put yourself in our place. Would you, under those circumstances, write any such rates as you are now suggesting?

Mr. WOOD. I do not see how I can very well put myself in your place. All my experience would forbid that I should put myself in your place.

Mr. PALMER. What was that last?

Mr. WOOD. I say that all my experience would forbid that I should put myself in your place. I say that with all respect, Mr. Palmer. You have asked the question.

Mr. PALMER. I understand.

Mr. WOOD. I do not want to say anything uncivil at all.

Mr. PALMER. But you are here to cooperate with us, I take it, in a reduction of the tariff.

Mr. WOOD. I do not think that I can say that.

Mr. PALMER. You are here at least to offer suggestions which you think will be useful to us as public servants in writing a law for the benefit of the American people, are you not?

Mr. WOOD. And in continuing the industry as it now exists and under the conditions under which it can be carried on. We do not feel any obligation upon us to recommend a different economic system. We do not deny that you have that obligation.

Mr. PALMER. Exactly; so you can understand, in view of the recent happenings in the country that as to the wool schedule, if as to no other, there is an obligation upon us to make some very considerable reduction in the rates, can you not?

Mr. WOOD. Mr. Palmer, I would very much rather not discuss this from a political point of view, and I trust you will forgive me if I, under your questioning, make an answer which may not be entirely satisfactory.

Mr. PALMER. I do not want to discuss it from a political point of view. I do not think the question of whether we shall write a bill which will protect the American manufacturers or whether we shall write one for purely revenue purposes is a question to be discussed at all between this committee and witnesses here.

Mr. WOOD. I think not.

Mr. PALMER. It is ancient history, the verdict has been entered and we are here to enter judgment upon that verdict; therefore, I ask you, as an American manufacturer, coming here with knowledge of that verdict, whether you think you are really helping us as public servants to write into law the will of people, to invite us to break our

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pledges to the people by retaining the present rates in the wool schedule?

Mr. WOOD. Mr. Palmer, we neither invite nor ask anything. We are only explaining our position and expressing our opinion as to what conditions are necessary to continue these industries as they are now operating.

Mr. PALMER. You are expressing that opinion with the intention of helping us write this law?

Mr. WOOD. To let you know what from our experience is necessary, and we leave it to your good judgment as to whether you wish to accept that opinion and be guided by it.

Mr. PALMER. And you refuse to say, then, whether you, if you were in our place, would accept that opinion or not?

Mr. WOOD. Simply because I can not put myself in your place conceivably.

Mr. KITCHIN. Mr. Wood, you have suggested in your brief schedule of rates and ask us to adopt them—

Mr. WOOD (interposing). We do not.

Mr. KITCHIN (continuing). It is a matter of habit with your association, as it has been writing tariff schedules since 1867; and, of course, it is natural for you to ask us to let you do it?

Mr. WOOD. Mr. Kitchin, on the contrary, I distinctly disclaim that we ask you to do anything. We simply submit certain information within our knowledge and we leave it to you to do yourselves.

Mr. KITCHIN. I am agreeing with you against my friend Palmer. I am not criticizing you for asking it. It is a fact that the woolgrowers and manufacturers since 1867 have dictated the tariff schedule on wool and wool manufactures, is it not?

Mr. WOOD. You make that statement?

Mr. KITCHIN. No; I ask you if it is not a fact?

Mr. WOOD. No, sir; it is not.

Mr. LONGWORTH. Can you not speak as to the Wilson bill?

Mr. WOOD. Let me answer Mr. Kitchin.

Mr. KITCHIN. Let me get through with him. I have some few questions to ask.

You say that the woolgrowers and wool manufacturers did not first write this schedule in 1867, and from 1867 down to the present time?

Mr. WOOD. Do you mean they suggested the rates or did they write it?

Mr. KITCHIN. Did they not suggest the rates that went into the bill?

Mr. WOOD. They did, sir.

Mr. KITCHIN. They did; and frequently. The Bulletins issued in Boston by your association has referred to the fact that your association, or—that is, this association or combination of woolgrowers and manufacturers, did write or suggest the rate or schedule?

Mr. WOOD. Did suggest; yes, sir.

May I answer that so as to save a little time? We refer to that in our statement and give the whole history of the circumstances. The facts are, very briefly, that they suggested, as we suggest now. The proceedings of the conference of growers and manufacturers at which these rates were arrived at were public, they were stenographically

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reported; that they were communicated to a commission of the United States Government; they were printed as a public document at that time, which has been reprinted by order of the Senate since that time, every word that every woolgrower and every manufacturer said upon that subject at that time has been a matter of public record equally available to the advocates and opponents of Schedule K. That is the whole story. Nothing more can be made of it.

Mr. KITCHIN. The fact is that the Finance Committee of the Senate asked the woolgrowers and manufacturers to go out and agree upon a schedule.

Mr. WOOD. I think not. I think it was a revenue commission, sir.

Mr. KITCHIN. Mr. North really wrote that schedule, did he not?

Mr. WOOD. No, sir; not in 1867. I think Mr. North was quite a young man at that time.

Mr. KITCHIN. He has been writing it since then, has he not?

Mr. WOOD. I think not.

Mr. KITCHIN. Have you read the bill that was introduced by the minority members of this committee at the last session, or the substitute for the Underwood bill?

Mr. WOOD. I did at the time; yes, sir.

Mr. KITCHIN. Was that bill satisfactory to you and your association?

Mr. WOOD. Absolutely not.

Mr. KITCHIN. Would that bill have destroyed or materially crippled your industry?

Mr. WOOD. Very greatly.

Mr. KITCHIN. You know that that bill was the measure that your party indorsed and voted for?

Mr. WOOD. I have not stated what my party is, Mr. Kitchin.

Mr. KITCHIN. Well, I mean the Republican Party. I do not blame you for not confessing that you are a member of that party now, but really I mean the opponents on this committee.

Mr. WOOD. The gentlemen here are better qualified to answer that than I.

Mr. KITCHIN. You really think that that bill if enacted into law would really seriously cripple your industry?

Mr. WOOD. Certain branches of it would have been entirely ruined.

Mr. KITCHIN. It would entirely ruin some and cripple most all other branches of it?

Mr. WOOD. I stand by my own statement.

Mr. KITCHIN. Would you mind telling what portion of the industry that bill would have crippled or destroyed?

Mr. WOOD. I can not do that. It would be impossible. Certainly it would have been most serious to the combing and worsted yarn spinning.

Mr. KITCHIN. You do not make any worsted, do you?

Mr. WOOD. I am here only as a representative of this association, not in an individual capacity.

Mr. KITCHIN. But practically, from what you knew about that bill, it was a reduction, and therefore you opposed the reduction on the ground that a reduction would cripple your industry?

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Mr. WOOD. That is not my statement. We opposed it because it was not well balanced and would have been very injurious; that it placed a rigid, inflexible specific on the clean contents of wool and then left a narrow margin of protection on some of the other intermediate stages insufficient to cover the fluctuations in foreign prices.

Mr. KITCHIN. I believe you and your association were very strong for the Tariff Board, were you not?

Mr. WOOD. No, sir; we neither advocated it nor opposed it.

Mr. KITCHIN. But you were very anxious that no bill should be written or passed until the Tariff Board made their report, were you not?

Mr. WOOD. I can not recall any statement of that kind upon the part of the association or myself.

Mr. KITCHIN. Did the Tariff Board send any representative to your mill?

Mr. WOOD. Yes, sir; to the various mills of the association which I represent.

Mr. KITCHIN. You represent the Arlington—what is the real mill you are interested in?

Mr. WOOD. Until recently I was connected with the Pequea mills in Philadelphia.

Mr. KITCHIN. Did the Tariff Board come to your mill and visit your mill?

Mr. WOOD. They visited the mill I was then connected with; yes, sir.

Mr. KITCHIN. Did it make a thorough examination?

Mr. WOOD. Quite.

Mr. KITCHIN. Did you read the Tariff Board's report on the woolen industry, with relation to the present tariff?

Mr. WOOD. Yes, sir.

Mr. KITCHIN. Did you agree with it?

Mr. WOOD. I prefer to answer that by making a general statement regarding the Tariff Board.

I always believed that a tariff board or commission or bureau of the Government was a useful thing to this committee in gathering information and statistics. When the commission or the board was appointed I realized, and so stated at the time, that for men who had no technical knowledge of the industry to undertake to first familiarize their subordinates and selves with the industry, and then make a technical examination and report upon all its many branches in a period of about eight months would be quite impossible. I believe that the board did very excellent work, but the report is very incomplete, and, like any great work of that kind, if the authors of it had the opportunity I have no doubt that they would bring out a revised edition and make many amendments and corrections. They have already signified, as I understand it, that in respect to several things corrections of more or less minor nature are necessary. The report varies in its completeness. With respect to some parts of the industry it is fairly complete; with respect to others it is not complete, although the information that they have given is useful and interesting, but, like any work of that kind, prepared very hastily, by a large number

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of persons, without adequate opportunity to revise and correct it, no one can safely quote from it and say that this is right and that is wrong. I am not prepared to either indorse or dispute the conclusions excepting as they will be supported by my own experience.

Mr. KITCHIN. Do you think the Tariff Board adopted the proper methods in ascertaining the cost of production?

Mr. WOOD. Well, it adopted two or three methods, as I understand it. One of them was to take specific articles and endeavor to find the conversion cost in this country and others; and another method, I think, was to take the efficiency of operatives on the same kind of work in different countries and measure that efficiency in terms of labor cost. Both would be useful methods, one checking the other.

Mr. KITCHIN. You have read the report rather thoroughly. Do you think, and, in your opinion, would you say that they adopted the proper methods of ascertaining the cost of production here and the cost of production abroad?

Mr. WOOD. So far as the conversion cost is concerned, I think that they adopted methods which were proper, but not the only methods which might have been used.

Mr. KITCHIN. You say you read the bill which they introduced as a substitute for the Underwood bill?

Mr. WOOD. I did.

Mr. KITCHIN. Do you think that bill was based upon the report and written in accordance with the report of the Tariff Board, as they claim at the time they wrote it and introduced it?

Mr. WOOD. I have no doubt that it was written with that intention.

Mr. KITCHIN. Do you think they accomplished—

Mr. WOOD (interposing). I do not.

Mr. KITCHIN. You do not think that bill was really written in conformity with the Tariff Board's finding, do you?

Mr. WOOD. I think it was an effort to do so.

Mr. KITCHIN. You think it failed woefully, do you not?

Mr. WOOD. I think that they failed with respect to certain protective rates.

Mr. KITCHIN. What associations do you represent? I mean how many mills in the association which you represent?

Mr. WOOD. I think there are upward of 100. I do not just remember the membership now.

Mr. KITCHIN. And the annual output is how much per year?

Mr. WOOD. I really can not tell you from memory.

Mr. KITCHIN. About?

Mr. WOOD. If you desire that information, I would be glad to supply it.

Mr. KITCHIN. You could give within a few millions, could you not?

Mr. WOOD. Absolutely not.

Mr. KITCHIN. Do you have any idea whether it would be a hundred million or fifty million, or more than that?

Mr. WOOD. I must decline entirely to express any opinion.

Mr. KITCHIN. You won't express any opinion?

Mr. WOOD. If you desire that information I will file it.

Mr. KITCHIN. I wish you would; we want that; the annual output.

Mr. WOOD. I will give it as accurately as possible.

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Mr. KITCHIN. What mill did you say you were connected with?

Mr. WOOD. Pequea mills, at Philadelphia, until recently.

Mr. KITCHIN. What is the capital stock of that mill?

Mr. WOOD. It has no capital stock. It is owned by a private partnership.

Mr. KITCHIN. Do you know anything about the American Woolen Co., or the Arlington mills?

Mr. WOOD. In a general way only, as I would know them through the trade.

Mr. KITCHIN. They belong to your association?

Mr. WOOD. Yes, sir. I have no occasion to know anything of their affairs in an association of this kind. It is very much like a board of trade. It is no part of my duty to know that.

Mr. KITCHIN. In what capacity are you serving the association—president or—

Mr. WOOD (interposing). Yes, sir; president.

Mr. KITCHIN. Do you know the capital stock of the American Woolen Co.?

Mr. WOOD. I do not remember it, excepting as I have seen it in the papers. My impression is that the total capital stock is something like fifty million, but that is only such information as you might have from the papers.

Mr. KITCHIN. Do you know or do you have any information that would enable you to form a reasonable opinion as to how much water is in that stock?

Mr. WOOD. None whatever, except as I have heard it discussed by gentlemen of the trade who are familiar with values.

Mr. KITCHIN. What do they say?

Mr. WOOD. I heard a discussion the other night among several mill owners of experience, in which they expressed the opinion that there was none.

Mr. KITCHIN. Do you know how many times they have issued stock dividends in the last 15 years?

Mr. WOOD. To the best of my knowledge, never.

Mr. KITCHIN. And to the best of your information that \$50,000,000 represents \$50,000,000 actual money paid or of property—its equivalent?

Mr. WOOD. Yes, sir; that is the best of my information.

Mr. KITCHIN. Do you know anything about the Arlington mills?

Mr. WOOD. Very little, excepting what I read.

Mr. KITCHIN. What is their capital?

Mr. WOOD. I can not answer that. I do not happen to know. It has not been discussed publicly like the American Woolen Co., so has never made any impression.

Mr. KITCHIN. Do the American Woolen Co. and the Arlington mills advertise or put their stock on the stock exchange?

Mr. WOOD. I can not answer that. I think that I have seen the American Woolen Co.'s stock quoted on the New York Exchange. I do not recall ever seeing the Arlington.

Mr. KITCHIN. A large proportion of the labor employed in these mills are foreigners, are they not?

Mr. WOOD. Quite largely, in some parts of the country.

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Mr. KITCHIN. Do you know much about the labor conditions in these mills at Lawrence, Mass.?

Mr. WOOD. Mostly what I have read in the testimony before the Rules Committee of your House of Representatives and in the report of the Federal Government.

Mr. KITCHIN. Have you ever visited those mills in person yourself, in the last 8 or 10 years?

Mr. WOOD. I went through one of them about three years ago one day; visited Lawrence and was taken through one of the new mills just to see its equipment.

Mr. KITCHIN. The evidence or testimony given before the Rules Committee was about correct as to the labor conditions there, so far as your information goes?

Mr. WOOD. Mr. Kitchen, it would be foolish for a man who made a visit of about two hours to say.

Mr. KITCHIN. I said so far as your information goes.

Mr. WOOD. No; I could not answer that. You might just as well ask me if it was inaccurate, so far as my information went. I do not know anything about it.

Mr. KITCHIN. You read those hearings, did you not?

Mr. WOOD. I read portions of the testimony.

Mr. KITCHIN. Did you ever talk with any of the owners or managers or stockholders or directors or officers of any of those mills about it?

Mr. WOOD. No, sir.

The CHAIRMAN. Are you familiar with the general line of the industry of the woolen business?

Mr. WOOD. I am familiar with it as one who has been identified with one branch of it all his life.

The CHAIRMAN. I want to ask you whether the lower grades of woolen or cloth have any competition from abroad?

Mr. WOOD. None whatever.

The CHAIRMAN. And it is the higher grades of woolen cloth that have foreign competition?

Mr. WOOD. Yes, sir; the very highest grades have very keen competition.

The CHAIRMAN. About where, if you can explain it to me, does the line of prohibitive rates cease and where does the line of competition begin?

Mr. WOOD. Much as I would like to answer that directly and frankly, it is quite impossible, Mr. Underwood, because the variety of fabrics is so great and the various fabrics of the same value, say, of \$1 per pound or \$1 per yard, do not have a common proportion of conversion to cost of material.

The CHAIRMAN. Mr. Wood, I think you understand that this committee is desirous of writing a reasonably competitive schedule all along the line. Have you any suggestions that you can make to us as to how we can ascertain the facts to that?

Mr. WOOD. I have not, and I do not think you can. The only suggestion as to that which I would make for your very serious consideration is this: I have heard the chairman's statement to other witnesses about the desirability of creating competition on the commodities covered by the various schedules. In the woolen schedule

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the difficulty that you will encounter is this: That any change of rates you will make will not create a moderate foreign competition all along the line of products of different values, but will eliminate American manufacture of certain classes of woolen products without perhaps adding anything to the foreign competition with others. You can lower rates in various degrees, and to whatever point you decide to lower the rate on a given class you will give the whole domestic market to the foreign articles in that class for which the rate is not protective and will still exclude foreign competition as to those articles in the class for which the rate is protective. The domestic manufacturer of the things for which the rate is not sufficient will be put out of business, while the one whose products the rate does not cover will not be directly affected. The difficulty of classification will prevent you from creating just that moderate amount of competition you seem to desire on all products and it simply depends on how far down you put the rate as to how many mills will be put out of business and how many you will leave with just as much immunity from foreign competition as they enjoy to-day. This is the practical difficulty that you will—

The CHAIRMAN (interposing). Is there no dividing line according to values?

Mr. WOOD. No sir; because the dividing line—there can be a dividing line, according to value, of course, but the dividing line at any value will not leave above that line goods in all of which the ratio of foreign conversion to total cost is identical or substantially identical. It will vary greatly. If you fix your line at 70 cents or 60 cents or any other amount, the foreign conversion cost and the labor cost in the fabrics above that line will vary very greatly, and the amount of duty necessary to exactly equalize the conditions abroad and here will vary correspondingly, so that while you may have what you desire, a competitive tariff in respect to some, it would be prohibitory still in respect to others. There is the practical difficulty you will be confronted with; and also, as the proposal is to make the duty in ad valorem form, if you make the rate based on the foreign values, and you intend that that shall be just exactly competitive for some in the group of products—if the prices, prices of raw material abroad, which form a considerable factor, rise materially above the present level, it will again be prohibitive, none will come in. In the case of decline of material, you will increase your competition much above whatever may have been in your mind when the rate was fixed. That is our answer, Mr. Chairman, to all the objections that have been made to the existing law.

The CHAIRMAN. But still the question of whether a prohibitive rate should be adopted, or a competitive rate, according to the verdict that has been found, the committee would be glad to have any assistance in providing a rate that is only reasonably competitive, if you can give it any.

Mr. WOOD. I was only pointing out, recognizing the obligation upon you, the difficulties that will confront you in doing that, the difficulties that have confronted your predecessors, and I do not think you can. That is not a disputatious statement.

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The CHAIRMAN. I am asking you as an expert to get information of value to the committee, for the guidance of the committee. Suppose we revise these rates to what we conceive to be somewhere near reasonably competitive, realizing that some of them will not probably be competitive, can we use any reasonable language that will direct the customs bureaus to so classify those imports as to let us know what goods are coming and what are not coming in?

Mr. WOOD. No, sir.

The CHAIRMAN. No classification can be made?

Mr. WOOD. No, sir.

The CHAIRMAN. Then, we have simply got, in your judgment, to sail out in the dark and try to save the patient, if we can?

Mr. WOOD. Exactly.

Mr. JAMES. Are you in favor of free wool?

Mr. WOOD. I do not wish to express any opinion with regard to the wool duty, at all.

Mr. JAMES. Have you not expressed any in a brief you have filed?

Mr. WOOD. No, sir.

Mr. JAMES. Are you unwilling, then, to give the committee your opinion about whether wool ought to be free or taxed?

Mr. WOOD. Quite unwilling.

Mr. JAMES. Do you know what the price of wool is abroad, as compared with the price here?

Mr. WOOD. It is infinitely various. There are scores of varieties, and the prices vary accordingly. Wool circulars that come over here every week from London require column after column of prices to give the quotations on wool.

Mr. JAMES. Take the same sort of wool—

Mr. WOOD (interposing). There is no same sort.

Mr. JAMES. They do not have different sheep over there, do they, than what they have here?

Mr. WOOD. But climatic conditions make differences in the wool of the same sheep.

Mr. JAMES. It is impossible, then, for you to give the committee any idea about the difference in prices here and abroad?

Mr. WOOD. Quite impossible. You can compare approximate qualities. That would be entirely possible.

Mr. JAMES. Well, do that for us.

Mr. WOOD. I can not do it from memory. I will file that with the other matter Mr. Kitchin asked for.

Mr. JAMES. I wish you would.

Mr. WOOD. Have you any particular qualities in mind?

Mr. JAMES. No; just the general difference.

Mr. WOOD. The finer wools or the coarser wools?

Mr. JAMES. Both; abroad and at home.

Mr. WOOD. Any particular range? You know wools are classified by their fineness.

Mr. JAMES. Well, I am not a manufacturer of wool.

Mr. WOOD. I only want to get at your desire.

Mr. JAMES. Well, my desire is to get at the difference in the cost of wool in this country and abroad.

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Mr. WOOD. To make a comparison of that kind would be a rather voluminous statement, and I thought if we knew what was in your mind that might simplify it very much.

Mr. JAMES. They have been telling the farmers that they get very much more for their wool here than abroad, and I want to know if that is the fact.

Mr. WOOD. I would prefer to leave that to the gentlemen who have made that statement, to justify it. I have not made any such statement.

Mr. JAMES. I know; but the business in which you are interested is getting a compensatory revenue tariff upon the theory that it benefits the producer of wool in this country, and now, as a manufacturer, you come here and are unwilling to give us any opinion upon the very thing that your people are to have the benefit of. You can not expect this committee to arrive at any intelligent understanding of the matter unless you people who know the facts are willing to place us in possession of them.

Mr. WOOD. Mr. James, I would suggest that you invite the farmers and the woolgrowers here, and get that information from them.

Mr. JAMES. You know that the farmers and woolgrowers know very little about the prices abroad. I presume a manufacturer here ought to know more about the prices of wool abroad than a farmer out here on a Kentucky hill.

Mr. WOOD. In answer to that, I want to say that the woolgrowers have an association, and they publish a paper, and I have seen in that publication within a month a discussion of the prices here and abroad.

The CHAIRMAN. What arrangement have you with that association?

Mr. WOOD. None whatever.

Mr. JAMES. You have no connection—your manufacturers' association—with the shepherds' association?

Mr. WOOD. Absolutely none.

Mr. JAMES. No subterranean passage at all?

Mr. WOOD. None whatever; nor celestial.

Mr. RAINEY. You want the same degree of protection you have been getting?

Mr. WOOD. Yes; the protective duties.

Mr. RAINEY. For what reason? In order to preserve your profits as they are now, or in order to keep up the wages of your labor at their present scale?

Mr. WOOD. I have gone into that matter quite thoroughly in my statement.

Mr. RAINEY. Well, that is hardly fair; the committee can not examine you on that statement now.

Mr. WOOD. I have also said that the committee can examine that statement, and I will come before you again at any time for the purpose of being examined about it.

Mr. RAINEY. Well, you can tell me briefly why you want this protection, whether for the purpose of protecting your capital or for the purpose of continuing to pay the present scale of wages to your labor?

Mr. WOOD. The purpose is to enable the industry to continue to be conducted here, and that involves, of course, continuing the present

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scale of wages and the payment of whatever reward is necessary to induce men to continue in the business.

Mr. RAINEY. You want to protect your employees from the cheaper labor of Europe?

Mr. WOOD. I have not put it that way.

Mr. RAINEY. In substance, that is part of it, is it not?

Mr. WOOD. If you prefer to put it that way, I will accept it.

Mr. RAINEY. How many employees are there in the woolen and worsted mills in the United States?

Mr. WOOD. Again, I must say my memory for statistics is not good, but I think a little over 200,000 directly.

Mr. RAINEY. How many of them are women?

Mr. WOOD. I can not answer offhand. If you desire that information, I will procure it for you.

Mr. RAINEY. About half of them?

Mr. WOOD. I can not say. I do not know offhand.

Mr. RAINEY. How many of them are foreign born?

Mr. WOOD. I can not answer that.

Mr. RAINEY. Is it not true that nearly all of them are foreign born, except in the Southern States?

Mr. WOOD. It is not.

Mr. RAINEY. Is it not a fact that at least two-thirds of them are foreign born?

Mr. WOOD. It might be in some places.

Mr. RAINEY. Well, up in New England?

Mr. WOOD. I do not know. I have no familiarity with that.

Mr. RAINEY. Where is your mill?

Mr. WOOD. Philadelphia, as I have three times said.

Mr. RAINEY. I know that is where you live, but where is your mill?

Mr. WOOD. In Philadelphia.

Mr. RAINEY. What is the name of it?

Mr. WOOD. Pequea Mills.

Mr. RAINEY. Thank you.

Mr. WOOD. You are welcome.

Mr. RAINEY. What have your dividends been?

Mr. WOOD. They do not pay dividends, sir.

Mr. RAINEY. Why do they not?

Mr. WOOD. Because it is a private partnership.

Mr. RAINEY. What are your profits?

Mr. WOOD. I decline to answer that because I am not now actively connected with the business. My connection was lately severed, and I do not represent that mill here, and I have no authority from its owners to speak concerning its business.

Mr. RAINEY. Well, have you any authority to speak for any mill as to the profits it makes?

Mr. WOOD. None whatever. I have no familiarity with any others than the mill I was identified with.

Mr. RAINEY. You realize that is quite an important matter for us to know?

Mr. WOOD. Yes.

Mr. RAINEY. And you came here without any of that information at all?

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Mr. WOOD. I do not know how important it is. It did not occur to me that it was important.

Mr. RAINEY. How many of these mills in your association have selling agencies attached to them?

Mr. WOOD. I could not tell you. Quite a good many of them.

Mr. RAINEY. Is it not true that nearly all of them have?

Mr. WOOD. No. Formerly, probably 20 years ago, nearly all of them did. The tendency has been in the last 20 years for more and more of the mills to sell their goods directly.

Mr. RAINEY. And how many of them have been issuing stock dividends in the last—

Mr. WOOD (interposing). Might I just say a word about the selling proposition? I thought probably you were going to pursue that further. I would like to state what the arrangements with the selling agents are.

Mr. RAINEY. I thought you just said you did not know anything about it.

Mr. WOOD. No, I did not.

Mr. RAINEY. All right. What are the arrangements?

Mr. WOOD. The selling agents of the woolen mills are usually located in New York, with branch offices in other cities. As a rule, they have no connection with the mills. Their business is to employ salesmen and pay their salaries and traveling expenses; conduct warehouses and loft rooms in New York, where the goods are assembled, and delivered, very frequently, from those warehouses.

Mr. RAINEY. And it happens that usually the directors of the woolen mills are large stockholders in the selling agencies, does it not?

Mr. WOOD. It is most unusual.

Mr. RAINEY. What profits are there in the agency business?

Mr. WOOD. I could not answer. It varies as to whether they wait upon a few customers, or many large ones. The selling commission varies from 4 or 4½ to 7 per cent, probably. Out of that they have the expenses to which I have already alluded. I have no idea what the profits are, but I presume they are about the same as commission agents in any other business, like cotton, for instance.

Mr. RAINEY. Have you anybody connected with your association who could give us that information?

Mr. WOOD. I should think the only people who could give that information would be the selling agents themselves, in New York. They are all well-known houses.

Mr. RAINEY. We would have to call each one of them separately?

Mr. WOOD. No; I should think most anyone of them could give it to you.

Mr. RAINEY. Where can we get the information as to the profits of the mills?

Mr. WOOD. I should say the reports to the Bureau of Corporations, for the assessment of the Federal tax, would give you that very exactly.

Mr. RAINEY. You know that is not accessible to us, do you not?

Mr. WOOD. I supposed it was, for this purpose, but if it is not, I suppose it could be made so by action of Congress.

Mr. RAINEY. They would not tell us unless they had to.

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Mr. WOOD. I suppose Congress probably has the authority to make them.

Mr. RAINEY. Well, when we get a Democratic President we may get some of that information.

Mr. WOOD. We have expressed the hope that you do that, sir, in our statement.

Mr. RAINEY. That is all.

Mr. PALMER. Are you the Mr. Wood who wrote an article in the Philadelphia Public Ledger a week or so ago with reference to the hearings?

Mr. WOOD. No, sir.

Mr. PALMER. I saw such a communication and cut it out, but I do not have it with me. It was signed by a gentleman by the name of Wood.

Mr. WOOD. Not I. I have not even seen it.

Mr. PALMER. You did not write it?

Mr. WOOD. No, sir.

Mr. PALMER. Just one more question, Mr. Wood. You say in your memorial, which you submit to the committee, that the existing tariff rates on some articles do exceed the requirements of protection under the present law?

Mr. WOOD. That is what I stated in reply to a question by Mr. Kitchin.

Mr. PALMER. I suppose you are perfectly willing that we shall reduce the rates on those articles?

Mr. WOOD. Perfectly willing, if you can do it.

Mr. PALMER. Why, we can do it all right.

Mr. WOOD. That is something this association has endeavored to do.

Mr. PALMER. What you mean is, if we can do it and still give you all the protection you need?

Mr. WOOD. If you can do it without disturbing other products that necessarily come under the same classification, which require that amount of duty. If you can so classify those products, Mr. Palmer, that you will apply to each one just the right amount of protection, we will subscribe to that as an entirely proper schedule, and we will be glad to see all this excess protection eliminated. The whole difficulty is now and has always been in so classifying these diverse products that you can write a tariff that will be exactly correct and applicable to each in proper degree.

Mr. PALMER. Well, suppose we took out all of this excess protection, which you yourself say is excess—

Mr. WOOD (interposing). Yes.

Mr. PALMER (continuing). As closely as we could get to it; we will say, the difference in the cost of production, which you admit is less than the present rate—

Mr. WOOD (interposing). In respect of certain articles.

Mr. RAINEY. Yes. If we did not exactly hit it in every case, the result would be some increased competition over what there is now, would there not?

Mr. WOOD. You mean increased competition for the whole industry or for the particular industry that produces that article?

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Mr. RAINEY. To the extent that our rates should be less than the difference in cost of production, there might be some foreign competition.

Mr. WOOD. Well, I think I explained to the chairman, Mr. Palmer—

Mr. PALMER (interposing). Would there not?

Mr. WOOD (continuing). That there would be such increased competition on some things as would entirely put the domestic producers of those particular articles out of business, and with respect to others there probably would be no increase of foreign competition at all.

Mr. RAINEY. Well, if, in taking out this excess of protection, we exactly hit upon the rate which would equalize the difference in the cost of production here and abroad, the foreign manufacturer and the American manufacturer would start upon an equal race?

Mr. WOOD. Yes.

Mr. RAINEY. And there would be competition, would there not?

Mr. WOOD. As long as the prices abroad upon which the ad valorem rates were applied, remained the same.

Mr. RAINEY. And when the prices varied, there might sometimes under some conditions be no competition and under other conditions there would be more competition, and such a rate, therefore, would be a fairly competitive rate?

Mr. WOOD. It would be fairly competitive, when the price upon which the ad valorem rate was predicated was effective, and it would not be fairly competitive at any other time.

Mr. RAINEY. What you mean by that is that under some conditions we would get competition and under other conditions and at other times in a different state of the market we might not get competition?

Mr. WOOD. And at other times excessive competition.

Mr. RAINEY. Yes; and at other times too much competition, from your point of view?

Mr. WOOD. From my point of view, yes.

Mr. RAINEY. What you want to do is to maintain these rates which you admit cover an excess above the differences in cost of production, in order that you may be absolutely on the safe side?

Mr. WOOD. No, sir. I have already said to the chairman, and I stated in the beginning of your inquiry, that if you can classify these products so that you can eliminate that excess protection, and can establish just and equal competitive conditions, we shall not raise any objection to that at all. The difficulty is yours; not ours.

Mr. RAINEY. And because you think we can not do that, you ask for the present excess duties to remain?

Mr. WOOD. Not because we think that, but because we know you can not do it, we ask for the present duties to remain.

Mr. RAINEY. Although you know that they are above any possibility of competition?

Mr. WOOD. In respect to some of them, yes—foreign competition.

Mr. RAINEY. Foreign competition, of course. And although you

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admit that we could write a rate which, under some conditions, at some times, would result in competition?

Mr. WOOD. No; I deny that you can.

Mr. RAINEY. I thought you just told me we could.

Mr. WOOD. No; I said "if you could." You now say you can, and I deny that you can.

Mr. RAINEY. Now, as to all of these samples, we will call them—portions of the product as to which the Tariff Board has made a careful examination as to cost, assuming that the result of its examination is correct, we could write a competitive rate, could we not?

Mr. WOOD. No: because I do not think you can classify and define them. That is only an opinion. You are probably going to try it, and we will see whether you can. I do not think you can. I speak now not in a political sense at all, but growing out of my technical experience and growing out of my own efforts in collaboration with others to try to overcome this very difficulty of which you speak, and the whole difficulty hinges upon making a classification that will have a rate that exactly fits each article.

Mr. RAINEY. Have you made a suggested classification in your memorial?

Mr. WOOD. Our only classification is one of value, and that is open to the same difficulties that now exist, except in less degree. We have endeavored to narrow the difference by making more classifications.

Mr. RAINEY. Still you did not try to get down to a competitive rate?

Mr. WOOD. We have tried for years to do so and our efforts have resulted unfavorably, just as I think yours will.

Mr. RAINEY. You really, then, tried to write a competitive tariff and failed, and came back to the old harbor of refuge—the excess rates?

Mr. WOOD. To the system which we now suggest.

Mr. KITCHIN. Under the tariff schedule which you suggest in your brief—how much more importations would there be than under the present schedule?

Mr. WOOD. I am no prophet.

Mr. KITCHIN. Well, in your judgment?

Mr. WOOD. I could not tell at all, sir.

Mr. KITCHIN. Do you think there would be any more importations under that schedule?

Mr. WOOD. I do not know.

Mr. KITCHIN. And did you not make the suggestion with the idea that there would not be any more than at present?

Mr. WOOD. We have endeavored to cover what we believe to be the difference in the conversion cost. We have endeavored to do that in the nearest and most exact way that we can.

Mr. KITCHIN. Well, we imported last year about \$15,000,000 of woolen articles. Do you think the schedule which you suggest would cause more importations or less importations?

Mr. WOOD. I am inclined to think it would increase the importations substantially, but I have no means of knowing.

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Mr. KITCHIN. We produce annually—our woollen manufacturers—between \$500,000,000 and \$600,000,000, do we not, in this country?

Mr. WOOD. My impression is that it is a little over \$500,000,000.

Mr. KITCHIN. And now the importations, excluding fine carpets and rugs, are less than 3 per cent, are they not?

Mr. WOOD. Yes, sir; 3 per cent.

Mr. KITCHIN. That is, out of every \$100 worth sold and consumed in the United States, the American manufacturers sell more than \$98. Now, do you not think that an industry that produces—that sells to ninety millions of American people all but 2 per cent, can stand a reduction of the tariff, so that we can increase those importations to as much as 3 or 4 per cent, at least?

Mr. WOOD. Mr. Kitchin, our points of view are wholly apart on that. From my point of view, that is a merit; from yours, it is a demerit.

Mr. KITCHIN. Anyway, do you think, as a whole, that the woollen industry in the United States would be seriously crippled if there should be 3 or 4 per cent of the consumption in the United States imported, which would allow the home man to sell \$96 or \$97 out of every \$100?

Mr. WOOD. If that per cent were, as it probably would be, a single class of production, and it would enable that class of production to come in here much below the domestic cost, it would certainly cripple the mill in which that one kind of product was made. If, Mr. Kitchin, you can so adjust your rate that each manufacturer will only have 5 or 2 or 10 per cent or some other amount of competition on each class or commodity, they certainly would be able to stand it, and I do not think they would raise any objection.

Mr. KITCHIN. Do you not know that neither you nor I nor this committee can write a tariff bill that would give exactly the same benefits to each individual manufacturer, but, in your judgment, do you not believe that this industry which has been protected for a hundred years now, could, on the whole, while there might be some little needed readjustments here and there, stand competition with a 50 per cent tariff?

Mr. WOOD. I have already explained both to you and to the chairman that you can reduce the rate to any given degree you want and there will be industries here that will still continue without any foreign competition, and to any degree that you reduce the protective rate, apart from the compensatory rate, you will affect some of that industry. That is the only answer I can make. I can only discuss this from the point of view of one who is a believer in maintaining the utmost protection for this industry here. Now, I do not believe it would be profitable for a layman like myself to go into a general discussion of the theory of protection and a tariff for revenue on this occasion. I think all you want is my best judgment on this question as to the kind of rates, and what would probably happen. That I have given in this statement and I am willing to amplify it as far as I am able. I do not believe in discussing it from the point of view of the two schools of economic thought. That would be a waste of time.

The CHAIRMAN. We desire to adjust this tariff on a basis where it will be reasonably competitive all along the line. We have instruc-

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tions to do that, and all we want from the manufacturers, if they can help us arrive at a reasonable basis, we would like to have it.

Mr. WOOD. And all my testimony has been to give you my opinion on that subject.

Mr. HILL. Have you one of your schedules? This schedule is put up here purely on the question of the cost of production?

Mr. WOOD. Yes.

Mr. HILL. And you recommend that the duty should be compounded?

Mr. WOOD. On cloths.

Mr. HILL. On cloths?

Mr. WOOD. Yes.

Mr. HILL. And in case a duty was put on the wool—a specific duty—it would be added to the specific duties which you have shown here—the compensatory?

Mr. WOOD. Yes.

Mr. HILL. The allowance for the wool duty—

Mr. WOOD (interposing). Would be added to that.

Mr. HILL. Would be added to the compensatory?

Mr. WOOD. Yes.

Mr. HILL. And you state that it is impossible to make a compensatory that would be accurate in every case?

Mr. WOOD. Absolutely impossible.

Mr. HILL. Now, you state that there is no competition in the low grades. I suppose you referred to the present rates of duty and not to what you suggest?

Mr. WOOD. Entirely so.

Mr. HILL. Would this allow competition in the lower grades?

Mr. WOOD. No, sir.

Mr. HILL. It would tend to competition, according to your schedule?

Mr. WOOD. Well, it is impossible for me to answer that question, Mr. Hill.

Mr. HILL. Well, I suppose it is, absolutely; but, substantially, at \$1 a pound or above or below it?

Mr. WOOD. I should say that probably the goods valued at \$1 a pound would come in more freely than they do now, and that some more goods would come in below \$1 a pound, going down toward 70 cents. It is entirely problematical and hypothetical and I would not undertake to answer it.

Mr. HILL. I call attention then to the \$1 and above in your schedule. You have 95, \$1, and to \$1.25. Would the rates made in the bill supported by the Republican side of the House be destructive or in any way injurious to that class of goods above \$1 a pound?

Mr. WOOD. I do not know that I can answer that definitely, without looking into it, but my impression is they would not be.

Mr. HILL. They are within 2 or 3 per cent or 4 per cent of the rates made you, are they not?

Mr. WOOD. Yes. My reference to that bill had more particularly to do with the intermediate stages of manufacture, and on some of the lower priced plain pure worsted goods, like serges.

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Mr. HILL. You are aware, of course, that the compensatory rates in that bill—where there was a fraction, the fraction was omitted—

Mr. WOOD (interposing). A little below the amount necessary for compensation.

Mr. HILL. It was the Tariff Board report, as far as it could be applied.

Mr. WOOD. On the wrong side.

Mr. HILL. In the compensatory duties?

Mr. WOOD. Yes; the compensatory rates were a little too low.

Mr. HILL. The Tariff Board was too low, you mean?

Mr. WOOD. I think that was an interpretation of the Tariff Board schedule.

Mr. HILL. I want to call your attention to the fact that the compensatory rates in the bill were a little bit higher than the Tariff Board report.

Mr. WOOD. In respect to tops, I do not think they were.

Mr. HILL. No. I am saying the compensatory rate on clothing.

Mr. WOOD. Probably that is true, but I do not remember the rates now.

Mr. HULL. Mr. Wood, you are familiar with the history of the wool growers' association and the manufacturers' association or organization?

Mr. WOOD. Only as I know it as a matter of history, and it is contained chiefly in a Senate document, printed a few years ago.

Mr. HULL. Well, it is true, is it not, that during most of the time since 1867 or soon thereafter, the organization of the wool growers and that of the manufacturers have kept up or cooperated in a working arrangement or understanding for the purpose of securing tariff recognition from Congress?

Mr. WOOD. On the contrary; I think the records show that there were several times there when they were in complete disagreement.

Mr. HULL. While they disagreed in some minor respects, they have come here and united—

Mr. WOOD (interposing). At times, they undoubtedly have.

Mr. HULL. They had some radical disagreements during the nineties, did they not, when the manufacturers, many of them asked for free wool?

Mr. WOOD. I think the first disagreement was earlier than that, but there may have been at that time, too.

Mr. HULL. Well, when did those cooperative relations, to the extent they did exist—when did they entirely cease?

Mr. WOOD. I know of none whatever, during my own activities, except that some four years ago a conference was held between committees of both associations, in which the question was raised as to what their judgment was of the then impending tariff questions, and it was decided that the interests of both branches of the industry were as they were in 1867, alike in the interest of the protective policy for both the wool grower and the wool manufacturer.

Mr. HULL. This occurred at a banquet, did it not?

Mr. WOOD. No, sir; it occurred at a business meeting in Chicago.

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Mr. HULL. Each side agreed that to the extent they had differed they had made a mistake and that in the future——

Mr. WOOD (interposing). No; there was no discussion on that subject at all. The meeting, as I remember it—I was not present——

Mr. HULL (interposing). Anyhow——

Mr. WOOD (interposing). Do you want me to answer the question or do you wish to withdraw it?

Mr. HULL. I thought you had concluded.

Mr. WOOD. No. A resolution was passed covering exactly the position of the two associations. That resolution was communicated to the Ways and Means Committee at that time as a matter of record. The very understanding they had is contained in that resolution. There is nothing beyond it, behind it, beneath it, or above it.

Mr. HULL. Well, what do you say—if you have stated, I did not hear you—what did you state about the method of levying the duty on wool? Did you express any opinion in your examination with reference to the scoured content and the specific duty?

Mr. WOOD. No, sir; I declined to express any opinion on that, in answer to a question which you propounded.

Mr. HULL. Does not your association purchase wool both here and abroad?

Mr. WOOD. Not as an association.

Mr. HULL. The members of your association do?

Mr. WOOD. Some of them. Some use exclusively domestic wools, while some use both.

Mr. HULL. Well, what is the judgment, so far as you have absorbed it, of the manufacturers you represent with respect to the merits of specific rates on the scoured content, as recommended by the tariff board?

Mr. WOOD. We have no opinion on that. It is a novel proposition. It certainly seems to be attended with very great administrative difficulty and we are in grave doubt as to its practicability. We do not undertake to say it can not be done. If this committee can be persuaded it is practicable, we have no criticism to offer. We do not advocate it. We know nothing about it.

Mr. HULL. It is true that a large number of the manufacturers have expressed their serious doubt as to its practicability?

Mr. WOOD. I think individually probably quite a number have. On the other hand, I think there are some who have believed it might be done. It is a very novel and unique proposition and there are just those doubts existing that would naturally exist among different men regarding a unique and novel proposition.

Mr. HULL. You were speaking of the effect of the present rates on imports. Now, it is true, is it not, that the present rates—under the present rates practically no imports of any of the medium or cheaper classes of cloth or ready-made clothing or women's and children's dress goods——

Mr. WOOD (interposing). You are going a little too far. If you want me to answer it accurately you had better deal with them separately.

Mr. HULL. Well, separately, women's and children's dress goods and hats and knit goods—please state to the committee about what

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amount of the medium and cheaper goods in each class come in under the present tariff rates?

Mr. WOOD. I will simply accept the figures which are contained in the manual prepared for the committee—you have them before you—as entirely correct.

Mr. HULL. You do not want to put them in the record?

Mr. WOOD. I would be perfectly satisfied to have you do so.

Mr. HULL. The fact is then that about the only conclusion you have reached in the brief you have presented here is that the rates which you suggest are such as are prohibitive on the cheaper classes of these goods?

Mr. WOOD. I think not, sir; and I think that when you have read the statement you will agree that that is not the only conclusion.

Mr. HULL. Well, since you do not care to state it as a fact, I desire to get it in the record that of the medium and cheaper classes of these goods to which I have referred, comparatively none come in under the existing tariff rates.

Mr. WOOD. I think I have already admitted that, in general. My only objection was to giving figures which I did not have in my memory, when you had them exactly before you. I have already made the statement it is entirely prohibitive on the medium and cheaper kinds of goods, excepting in some of the women's dress goods, and there an entirely different situation exists.

Mr. HULL. I have not been able to read your brief. I do not know what is in it. I would like to ask you some questions.

Mr. WOOD. I will place myself at the disposal of the committee at any time it wishes me to come before it.

Mr. HULL. The committee does not have time to recall each witness.

Mr. LONGWORTH. I would like to ask a question or two about the method of selling woollen cloth in this country. The mills have selling agents, and to whom do those selling agents sell, as a general rule?

Mr. WOOD. I did not understand.

Mr. LONGWORTH. To whom do the selling agents of the American mills sell the cloth?

Mr. WOOD. Probably the largest proportion of it to the garment manufacturers—the wholesale makers of clothing, ready-to-wear clothing, and in lesser quantity to the jobbers, who sell to the merchant tailors.

Mr. LONGWORTH. That is what I wanted to know. You say the larger proportion goes to the manufacturers?

Mr. WOOD. I have not any figures, Mr. Longworth, but I should say very much the larger proportion. Most of the clothing of the people is bought ready to wear.

Mr. LONGWORTH. But a large proportion goes to jobbers?

Mr. WOOD. Oh, yes; a very considerable proportion.

Mr. LONGWORTH. Who sell to the tailors?

Mr. WOOD. Yes.

Mr. LONGWORTH. Now, do you know whether that is the custom in England.

Mr. WOOD. I think practically the same condition, except that the manufacture of ready-to-wear clothing has been more highly de-

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veloped here. The American ready-to-wear clothing is very much superior to that of Europe, and people of much greater means use ready-to-wear clothing here than they do abroad.

Mr. LONGWORTH. My information has been that in England the mill sells direct to the tailor almost invariably.

Mr. WOOD. I would not like to deny that of my own knowledge, but I think not.

Mr. LONGWORTH. Does it go through the hands of the jobbers as it does here?

Mr. WOOD. I think so. The units of purchase by the merchant tailor are so small that it would be impracticable for the mill to do that.

Mr. LONGWORTH. Are you familiar at all with the prices of clothes in their finished condition?

Mr. WOOD. Oh, just about as any citizen would be. I have no special or expert knowledge of the value of clothing.

Mr. LONGWORTH. And the relative prices of clothes here and in England?

Mr. WOOD. No.

Mr. LONGWORTH. It must, perforce, be admitted that the prices of good clothes are much higher here than they are in England—the prices of custom-made clothes?

Mr. WOOD. Well, Mr. Longworth, I do not really feel competent to say that. I have not enough experience.

Mr. LONGWORTH. Let us admit it for the sake of argument, as to a fairly good class of clothes. The kind of suit that was exhibited to us here this morning, that retails at \$7.50, will that suit sell for less in England than it will here—a suit of that kind?

Mr. WOOD. I do not know, Mr. Longworth. I should think it would.

Mr. LONGWORTH. Have you heard of prices lower than that?

Mr. WOOD. Not in clothing. I have no familiarity with the clothing branch of the industry, but I would say there were suits of clothing at less than that. In fact, there are in this country.

Mr. LONGWORTH. Well, at anywhere nearly that grade?

Mr. WOOD. Oh, no; it would be distinctly inferior. It would contain an appreciable proportion of cotton.

Mr. HILL. Mr. Wood, when working on this schedule last year, I went to the appraiser's office in New York and saw a case of goods, and asked him to show me the method of appraisal. It was a case of cut-up pieces, probably half a dozen pants patterns, and a great variety of styles. In view of the question Mr. Longworth asked you, I would like to know whether the custom of the mills in England is to drum the trade for that class of orders, or whether it comes from the jobbers in England? The country evidently had been drummed; a man had gone into a tailor's shop and ordered a half a dozen pants patterns of this kind, and half a dozen of another.

Mr. WOOD. I understand there have been two or three foreign—English concerns who have sent representatives to this country to take orders for individual suits of clothing.

Mr. HILL. Is that the mill men or the jobbers?

Mr. WOOD. I should imagine they were tailors, engaged in business in rather a wholesale way.

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Mr. HILL. Oh, no. This was cloth.

Mr. WOOD. Oh, I do not know about that.

Mr. HILL. This was a case of cloth, not of clothing, and the appraiser told me that the percentage was increasing of orders being taken in that way. Now, what I want to know is does it come from the mill or does it come from the English jobber?

Mr. WOOD. I should think it would come mostly from the mill, such as is sold here. There are one or two mills who have their own agencies in this country, making the finer class of goods, and then, of course, there is a great deal of such cloth brought over here by jobbers who have houses both in this country and in England, and who do an English business as well as an American business. A great deal of imported cloth for merchant tailors' use is no doubt brought into the country by cloth jobbers who have an international business.

Mr. HILL. So that all possibility of losing by carrying over stock is eliminated in that way?

Mr. WOOD. Yes, sir.

Mr. FORDNEY. A question has been asked the witness, which I think is a little bit unjust or unfair, and I want to get it right, as nearly as I can, as I see it. The question was asked the witness if it were not true that representatives of the woolen industry—wool manufacturers—had written the rates of duty as fixed in the various tariff laws since 1866. Now, it is true that the committee calls for people to come here and express their views for or against certain rates, and I will not do the committee the injustice now to say that because in making up this tariff rate, if they happen to fix some rate suggested by some witness here, that that witness wrote the tariff law on that particular article. The committee have called men representing every industry from all over this country, to get their views, and from those views and their personal knowledge to make up the tariff law and fix rates as appeared to them to be most equitable and just, and if they write in the law some rate recommended by this witness or any other man they must not be accused of having had that man write the tariff law.

Mr. WOOD. Mr. Fordney, I was about to answer, when asked another question, that I have too much respect for the integrity and the honor of the members of the Ways and Means Committee in Congress to ever suppose that any interest can dictate the rates of the tariff upon either one side or the other, and I no more believe that the woolen manufacturers and wool growers could dictate the rates than do I believe the importers will dictate the rates to the gentlemen on the other side.

Mr. FORDNEY. I think that is fair.

Mr. PALMER. I think, in view of the fact that you have suggested rates to a Republican committee to write its bill on a protective tariff theory, you ought, out of your abundant information and expert knowledge, be as loyal to us, and suggest rates based upon a revenue or competitive theory.

Mr. WOOD. We have done that. We have suggested rates that we believe will produce revenue to the extent of about the third largest schedule.

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Mr. PALMER. But you told me you left all the protection which is now in the schedule in your rates?

Mr. WOOD. The schedule now produces a very large share of the revenue.

Mr. PALMER. I do not complain about your helping our Republican friends so much as I do about your refusing to help us.

Mr. RAINEY. Speaking of the mills comprising your organization, do you agree with the statement made by parties who advocate protection that this schedule is the very keystone of the whole protective arch?

Mr. WOOD. No.

Mr. RAINEY. You do not agree with that?

Mr. WOOD. No.

The CHAIRMAN. That is all, Mr. Wood.

MEMORIAL OF THE NATIONAL ASSOCIATION OF WOOL MANUFACTURERS.

To the Committee on Ways and Means, House of Representatives, Washington, D. C.:

Accepting in good faith and with full confidence in its sincerity the assurance of the new administration that no legitimate business will be injured by the contemplated revision of the tariff, the National Association of Wool Manufacturers appears before your committee to urge a counsel of caution by indicating the conditions under which the woolen industry has been developed in the United States and the impossibility of its continuance unless the rates of duty and the method of their application are such as will, under all the varying conditions of trade and fluctuations of values, permit the domestic manufacturers successfully to meet the competition of their foreign business rivals.

It is to be noted in passing that the woolen industry is essentially, and in a very unusual degree, a legitimate business; its product is among the prime necessities of life—food alone outranking it in the natural importance—and this reason, if no other, should induce conservation of an existing instrumentality that can supply without dependence upon foreign sources all the woolen clothing required by the country either in its civil life or under the exigencies of military defense. But in another sense the woolen industry claims its place among the legitimate businesses of the people, for it was brought into existence in consequence of various Federal laws enacted for the express purpose of developing that business in this country. Its existence has been possible only because of such laws, and the operations and conduct of the business have been in strict conformity with law, the domestic woolen trade having been in an unusual degree free from complaint of lawbreaking.

Moreover, thousands of persons who were in no way responsible for the enactment of these laws have since given years of their lives to acquire the necessary training and experience to make a vocation of this business, while vast amounts of capital, including great sums from abroad, have been invested in the business, and those who have thus invested their time in obtaining technical training, as well as those who have invested capital, have done so upon the faith of laws duly enacted by the Congress of the United States. For all these reasons the woolen trade must be regarded as essentially a legitimate business, and therefore entitled in the fullest degree to avail itself of the assurance that no harm will be done to such in the revising of the tariff.

HOW THE INDUSTRY DEVELOPED.

When the protective tariff was first instituted in the United States the purpose was not to offset an *existing* difference between wages here and in Europe, for at that time wages on this side were not materially higher than those prevailing in Great Britain, then the chief source of supply of manufactures. The primary purpose of the protective tariff at that time was to induce capital and enterprise to establish domestic manufactures by providing the opportunity for attractive returns. The far-seeing statesmen who advocated this policy well knew that as soon as the obstacles which must first be overcome by the pioneers of new industry were successfully surmounted, competing establishments would promptly arise and thereby the advantages would

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would accrue to the whole people. And their wise purpose has been fully realized, for the industries made possible by the tariff, competing for labor not only among themselves but with other kinds of employment, have progressively raised the rates of wages until they have attained the present great excess over those paid for like employments in other countries.

Simultaneously with the competition for labor there was created, by the increasing productive capacity, a competition in the sale of products that has steadily reduced the margins of profit, until now in the case of the woolen industry the normal manufacturing profit is probably less than that of any of the other domestic industries, and is certainly as little as in the woolen industry of Great Britain or the other manufacturing countries of Europe. The foreign capital that has come here for investment in the woolen manufacture has come not because of any higher profits to be made here, but because the American protective tariff, as the industry has developed, has made it more and more difficult for European mills to sell goods in this market. One of the principal representatives¹ of foreign capital who has come here states distinctly that the profits of American woolen and worsted mills "are not higher but rather lower than those of similar European enterprises." The ultimate result of the protective policy so far as it relates to woolen manufacture has been that the country possesses an industrial equipment capable of fully supplying its people with all its requirements in woolen products of every kind and quality, in peace or war, and the realizable benefits of the tariff are now, as they have been for many years, absorbed in the higher wages and higher costs of supplies.

Stated in simplest terms, toward a reduction in the price of woolen commodities the manufacturers can yield nothing but the factor of profit, which averages a rate much below that of almost any other branch of business in this country, is certainly no more than that earned in the same industry abroad, and does not average for the efficient and capably managed establishments more than from 5 to 7 per cent on the value of sales,² with which a comparison is invited of the profits of general mercantile and commercial business. It is not expected that this statement will be accepted without verification; we invite and urge Congress to make the most thoroughgoing investigation to ascertain whether these assertions are or are not well founded, and we pledge our earnest and a sincere cooperation to that end.

Verifying data can quickly be had by a tabulation of the returns made by woolen manufacturing corporations for the assessment of the Federal corporation tax; as also from the reports of all mills to the Census Bureau; or, if Congress is willing to appoint a commission to ascertain the facts independently of the figures already gathered by various bureaus and boards of the executive departments, every facility will be afforded to the representatives of Congress to obtain the information at first hand.

Meanwhile we assert with the confidence of intimate knowledge that the elimination of the entire margin of manufacturing profit will have no appreciable effect upon the prices paid for woolen clothing by the consumers, and even if it is conceivable that the mills would continue to operate indefinitely without profit, any material change in prices of woolen clothing effected by tariff reductions can be secured only through corresponding reductions in the wages, not only of woolen operatives, but also of all those who are engaged in the production of the supplies required by the woolen mills and by the operatives employed therein.

The wool manufacture is not one of the industries that have developed a considerable export trade. Our total exports of manufactures of wool for the fiscal year 1912 were valued at \$2,534,901, or about one-half of 1 per cent of the total output of the American industry. On the other hand, the imports of wool manufactures from abroad in the same fiscal year 1912 amounted to a value of \$15,182,694, representing a duty-paid value of \$27,781,940. The American manufacturer supplies most of the American market, but so far as the cloth manufacturer is concerned, he has practically no market abroad—the chief items of our exports being ready-made clothing shipped to the near-by markets of Canada and Mexico. Wool manufactures in general can not be largely exported because of the higher cost of labor, machinery, mill construction, and supplies in the United States. Of all this, labor is the chief determining factor.

¹ Julius Forstmann, president, the Forstmann & Huffmann Co., "The Wool Manufacture in America and Europe," p. 26.

² Official investigation has already ascertained that the manufacturer's profit on the cloth in certain typical kinds of clothing averages but 1.9 per cent of the selling price of such garments (see Tariff Board report, Vol. II, pp. 883-891) and those familiar with the business know that in respect to a large part of the clothing of the people the rate is distinctly less than this rate.

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WAGES IN WOOLEN MILLS.

The earnings of employees in the domestic woollen trade, when compared with the wages of those engaged in identical work in other countries, afford abundant evidence that the first and immediate benefit of the protective tariff is realized by the wage-earners. Prior to the investigation of this subject by the Tariff Board, a committee was appointed to obtain for this association dependable data concerning wages in the woollen trades of England and the Continent, for comparison with wages paid in this country in corresponding employments. The committee was made up of men who, by reason of their personal experience in wool manufacturing in other countries, possessed the knowledge of trade conditions abroad and had the connections necessary to obtain the desired data and test their accuracy. The results of the investigations of this committee are presented as Appendix II to this memorial.

To avoid even the appearance of exaggeration in the compilation of these wages, much care has been exercised to omit comparison of extreme differences, so that the figures submitted are rather those of averages. But average comparisons do not justly gauge the full benefit to the worker in the domestic mill. The Government may provide opportunity, but it remains for the individual worker to avail himself of the possibility which the law has given. A fair comparison of the wages in different countries is not one of average rates, but should be one of actual earnings of the most efficient. Only the earnings of the competent and industrious workers are a fair index to the wages of labor in the respective countries. One or two examples will illustrate this, and will at the same time indicate how free from exaggeration the comparisons of wages submitted in the appendix are. The latter gives the following as average wages for weavers:

	Per week.
America.....	\$13. 00
England.....	9. 00
Continent.....	6. 50

But for a more accurate comparison of the advantages enjoyed by American labor we would take, for instance, the actual earnings of, say, 10 men weavers and 10 women weavers in similar mills here and abroad. To illustrate: On page 760 of the Tariff Board report a statement is given of the actual earnings of each weaver in a German mill. From this statement we take the figures for the 10 men and 10 women who had the largest earnings, and set them down in comparison with the actual earnings of 10 men weavers and 10 women weavers having the highest earnings in a similar American mill:

	German mill.		United States mill.	
	Hour.	For 55 hours.	Hour.	For 55 hours.
	<i>Cents.</i>		<i>Cents.</i>	
10 men, highest average each.....	12. 89	\$7. 09	31. 25	\$17. 19
10 women, highest average each.....	8. 68	4. 77	27. 50	15. 13

On page 758 of the Tariff Board report the earnings of weavers in another German mill are given, and of these the report says: "A more significant pay roll could not have been selected in Germany." This statement does not distinguish between men and women, but a comparison of the 10 highest earnings with the 10 highest, irrespective of sex, in a similar American mill follows:

	For 55 hours.	
	German mill.	United States mill.
10 weavers having highest earnings, average for each.....	\$7. 12	\$17. 34

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These, it is to be noted, are the highest earnings; the Tariff Board report cites the earnings of German women weavers for full time as low as \$2.05 per week, and on page 761 the report says:

"So far, then, as concerns the actual earnings of German weavers aside from the rate per yard, it is very clear that the average for men is between 9 and 11 cents per hour of actual time worked. While it is not uncommon for a weaver to earn \$1.25 or \$1.30 and while earnings of \$1.50 or even \$1.75 are not unknown in rare individual cases, yet 95 cents to \$1.10 is the usual earnings per day for German male weavers and 70 cents to 80 cents for women."

Against the rare individual cases of \$1.50 to \$1.75 in Germany, as mentioned in the quotation just cited, we can submit innumerable instances of woolen weavers in the United States whose average earnings exceed \$3.50 per day.

For France the Tariff Board gives the earnings of weavers in the making of 16 different fabrics, from which it appears that the highest rate was under 93 cents, the lowest 62½ cents, and the average 81.77 cents per day. (Tariff Board Report, p. 761.)

For England the Tariff Board gives the earnings of weavers as:

	Per week
Men on worsteds.....	\$4. 98- \$6. 56
Women on worsteds.....	2. 55- 3. 89
Men on woolens.....	5. 47- 6. 68
Women on woolens.....	3. 16- 4. 86

with the significant note that very few men weavers are employed. (Tariff Board Report, pp. 814, 817, 826.)

And another investigator for the Federal Government, Mr. W. A. G. Clark, of the Department of Commerce and Labor, reported¹ average earnings of weavers in the Bradford district of England as: Men, \$4.86 to \$6 per week; women, \$3.60 per week, and he quotes the figures given by an English investigator as: Yorkshire (average), \$3.16 to \$4.13 per week; Yorkshire (best), \$7.29 per week; and this latter (English) authority further states that American weavers, as a whole, average three times as much as Yorkshire weavers.²

Earnings of weavers have been quoted because they are always regarded as typical. Like differences exist for other occupations; for example, the following figures of the British Board of Trade were recently quoted in the Manchester (England) Courier for the English woolen and worsted trade.

Full time, per week, average:

	Per week.
Men.....	26s. 6d. (\$6.26)
Lads.....	8s. 10d. (\$2.14)
Women.....	13s. 10d. (\$3.32)
Girls.....	8s. 4d. (\$2.00)
Average, all classes, per week.....	15s. 9d. (\$3.78)

These we understand to be official figures of a department of the British Government.

Other occupations than weaving show similar differences. As for loom fixers, the Tariff Board reports foreign rates ranging from \$4.52 per week (p. 830) to \$9.73 (p. 819), and Mr. Clark in his report states the standard rate for Bradford as \$8.40 for 24 broad looms, while in the United States rates of from \$20 to \$24 for 20 looms commonly prevail.

For warping the Tariff Board reports German earnings per week of 60 hours as for men, \$3.64 to \$6.43; for women, \$2.14 to \$4.32 (pp. 830, 834), and English rates for 56 hours as for men, \$6.53 to \$8.26; for women, \$3.65 to \$4.38; while the average for all warp dressers as taken from a recent American pay roll was \$22.10 for 55 hours.

For drawing-in the Tariff Board reports earnings in Germany as \$3.57 to \$4.28 per week of 60 hours, against which we quote from recent American pay rolls actual earnings of \$12 to \$15 for 55 hours. (Tariff Board report, pp. 830-834.)

The purpose of making these comparisons here, it will be remembered, is merely to indicate the care which was used in preparing the comparative figures submitted in the appendix herewith, which figures were compiled before the data contained in the Tariff Board report were available. The publication of the latter report not only

¹ Manufacture of Woolen, Worsted, and Shoddy in France and England (W. A. G. Clark), p. 50.

² Manufacture of Woolen, Worsted, and Shoddy in France and England (W. A. G. Clark), p. 48.

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justifies the differences given in the association statement, but shows them to be most conservatively stated.

If your committee desires further evidence upon this subject, we are prepared to submit it in unlimited quantity for every kind of employment in the woolen manufacture. But what is given in the accompanying exhibits will probably be regarded as sufficient, for no one who has seriously studied the subject questions the fact that wages in the woolen industry in the United States are, for the various kinds of work, from two to four times as high as for the same employment in other countries.

WAGES AND THE COST OF LIVING.

In an effort to dispose of the incontrovertible fact that the American wages are so much higher, opponents of the protective policy have alleged three things, viz:

First. That wages in the woolen mills are lower than those in certain other employments.

Second. That the efficiency of the operatives here is so much greater as to offset the difference in wages.

Third. That the cost of living is so much greater in the United States as to offset the higher earnings.

With respect to the first allegation, it is sufficient to say that comparisons can properly be made only between like employments in different countries. The same reasons which, for example, make the average wages of textile employees less than the wages of those engaged in the building trades in England are equally operative here. They are too palpably evident to require explanation. Such comparisons are as inapt and meaningless as a comparison between the salary of a Member of Congress and that of a high school teacher.

In respect to efficiency, it is only necessary to say that the operations of woolen manufacture are nearly all performed by machinery; that the machinery in use in the mills of the United States is practically identical with that used in Europe, and that the limits of productive efficiency are largely those imposed by the requirements of the manufacturing process rather than such as are due to the personality of the operative. But in respect even to the equation of personal efficiency, the report of the Tariff Board has confirmed what was already well known to all manufacturers who have had practical experience both in Europe and the United States; viz: That the advantage is entirely with the older countries, and that from the fact that many of the employees there have inherited technical experience through the persistent continuity of the same occupation in successive generations of the same family. Not only do the efficiency studies of the Tariff Board experts show conclusively that the American mills have no advantage in the personal efficiency of workers; but the rates of earnings of employees who are paid by the piece afford corroborative evidence upon this point; and there is further confirmation in the particulars for conversion cost which are given for identical products.

Only in respect to the last of these contentions is there a semblance of actuality. It is probably true that the cost of living is somewhat more in the United States, and to whatever extent this is so some offset is properly to be made against the advantage of higher wages. It is therefore pertinent to ascertain how much more has to be paid here for the same kind of living than in other countries. And upon this subject there is a wealth of authoritative evidence proving that the advantage in wages far exceeds any countervailing disadvantage in living expense. From this abundant testimony we quote a few typical examples, chosen as illustrations because the sources from which they emanate can not by any possibility be regarded as partial to the interests of woolen manufacture in this country.

First we have the official figures from a department of the British Government which states that while wages in the United States are two and four-tenths times those in the same occupations in England, the cost of living here is but one and fifty-two hundredths times what it is in England. The figures for the cost of living are of course generally applicable, but the wages compared did not include the woolen trade, in which, from other data adduced, the comparison would be more nearly as 3 to 1.

Next we have the testimony of Mr. Samuel Gompers, president of the American Federation of Labor, who made a personal study of the subject, with facilities for observation that few others could have in equal degree. From his letters we quote the following significant expressions:

"In no city in Europe did I find rents any cheaper, wages considered, than they run in Philadelphia, Baltimore, Louisville, or in the New England towns not having a boom, or even in many cities of the Mississippi Basin. What strikes the American is how little the European renting wageworker gets for his money.

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"Mentally contemplating the many cities I visited, and having in mind the conversations I had with workmen who had lived both in Europe and America, I believe I may assert that whether the cost of living in Europe or America is greater to the workman depends entirely on the standard of living he adopts while in America.

"Living is cheap to the wageworker in Europe only because he does without what in America soon becomes a necessity to him—food in good quantity and quality, presentable clothes among his aspiring fellow workmen and their families, and a comfortably furnished home in quarters responding to his awakened desires for equality with his American neighbors, and in general a larger and freer life.

"In the United Kingdom the poor dress in much the same clothing in summer and winter, the large proportion of the people in shabby clothes on the streets of Dublin, Manchester, or London giving an impression to the American observer of prevalent poverty."

And then we invite attention to the statements of Mr. William R. Hearst in a recent article sent by him while abroad to the New York American:

"The false statement that living in England is cheaper than in America has been made so often that it is believed by those who have not taken the trouble to learn the facts. Living is not cheaper in England than in America. If anything, it is dearer. Food is much dearer in England than in America. Luxuries like fruit and many vegetables are entirely beyond the reach of the average individual."

In dismissing this subject of the comparative cost of living, we ask thoughtful consideration of the statement upon this subject which is contained in the report of the United States Revenue Commission of 1866, to wit:

"Abundant national or individual supplies are not to be realized by the fact of cheapness. The ability to purchase depends not on the cheapness of the commodity, but on the means of payment. It is well known that the countries in which commodities are cheapest are not those where the inhabitants are most amply supplied; and it is equally notorious that the people of this country, where commodities are at higher prices than prevail elsewhere, are more fully supplied and in more full enjoyment of the comforts and luxuries of civilized life than any population in the world."

Nearly half a century has elapsed since that observation was written, but in the lapse of time the fact has but become more impressively true as everyone knows who can, from personal knowledge, contrast the living conditions and comforts of the wage earners then and now.

THE FORCE OF DOMESTIC COMPETITION.

The earnings of workers in the woolen trade being evidently so much higher here than in foreign countries, and the advantage of the higher wages when measured by purchasing power being clearly established, a revision of the tariff rates by which these earnings have been made possible can not but place upon those who undertake such a revision a momentous responsibility. It has already been stated that as an industry the woolen manufacture enjoys no excess of profit out of which the effect of tariff reductions can be taken without influencing the prevailing rates of wages.

At the present time under existing tariff laws the greatest industrial activity prevails that this country has ever known.

Wages are much the highest ever paid, not only absolutely, but relatively to the measure of the necessities and comforts of life which they will produce. The demand for labor exceeds the supply and creates a competition for help that insures the highest wages which the selling prices will procure. In view, therefore, of the limiting influence of the tariff rates on selling prices, it must be evident that any reduction of tariff rates on a given commodity below that part of the existing rate which is actually availed of in the domestic price, must of necessity at once either correspondingly reduce the rates of wages or narrow the existing opportunities for employment.

It is doubtless true that the existing rates on some articles exceed the requirements of protection; but the Tariff Board after thorough investigation ascertained that, in respect to these products upon which the duty might seem excessive, no advantage of this excess is realized by the domestic manufacturer; which confirms what has been repeatedly alleged, namely, that with a productive capacity of woolen manufactures in excess of the entire requirements of the country, domestic competition regulates the prices of all products within approximately the same narrow limits of profit. If any one class of woolen goods by reason of excess of protection offered a larger profit, so much machinery would at once be concentrated upon the production of that commodity as to cause a great excess of supply and a lowering of price down to, or more

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probably even below, the common parity of profit. Only in the case of an industry which has failed to attain a development equal to domestic requirements does this tendency to equalization of profit, through internal competition, fail to operate.

The question then naturally arises: If on some commodities the duty is more than necessary and not availed of in domestic prices, why not reduce these rates to the limits required for protection? To this there could be no possible objection if that could be done without at the same time reducing the duties on other commodities far below the line which would permit their manufacture in this country. The reason for this is that there is such a vast variety of woolen goods, and the differentiation is so infinite, that it is impracticable so to classify and define them that each shall be subject to a rate of duty just sufficient and no more than sufficient. The objection and the difficulty of overcoming it have been frankly admitted and explained whenever a revision of the tariff has been under consideration by Congress.

The woolen industry has been sincerely desirous of eliminating all such instances, for while such inequalities exist merely in theory and not at all in actual operative effect, their elimination would obviate much of the criticism of the woolen schedule upon the part of those who discuss it academically without the slightest knowledge of its practical working. But the difficulty of overcoming these theoretical objections has thus far been found insurmountable. Meanwhile the laws of trade, more inexorable than those established by statute, effectively prevent the realization of any excessive profit. To illustrate: Of two fabrics subject to the same specific duty, one made wholly of a superior material permits a net profit to the cloth manufacturer of 5 cents a yard; the other using a cheaper raw material would theoretically allow a margin of let us say 15 cents a yard, but if the latter 15 cents could be realized, none of the better goods would be made here; all the mills would, as has already been stated, engage in the manufacture of the cheaper cloth, requiring less capital, less skill, less risk, and at the same time affording much greater profit.

But the facts prove the contrary; all grades of goods are freely made according to the market demand for the respective kinds and qualities, and there must necessarily be an approximate parity of profit on the different sorts, or a disproportionate share of the productive capacity would be attracted to the sorts yielding the larger profit. But the lesser expense for capital, the reduced risk, and the lower degree of skill required in the making of the cheaper varieties all operate to make competition on these more intensive and profit margins therefore less.

If the duty should be adjusted to the requirements of the cheapest products, then, as was so clearly stated by an able exponent of this subject in the Congressional debates of nearly a generation ago:

"We should determine by our legislation that the manufactures of this country shall be confined to the lower grades of goods. That would be to affix the permanent brand of inferiority upon our woolen manufactures."

It is a matter of common knowledge not only to those identified with the trade, but also to all others who have given any study to the subject, that no greater opportunities for profit exist in the making of goods upon which there is a seeming excess of protection. If there were, no one would now be engaged in the manufacture of the finer qualities, the production of which has so greatly increased during the past 15 years, because under favorable tariff rates improvement of technical skill has been developed, and the increasingly intense competition in the field of cheaper products has attracted a larger interest in the finer kinds.

It is often alleged that the application of the tariff exclusively in ad valorem form would result in obviating all inequalities and assure equal and exact results. But this is notoriously untrue, for the labor or conversion cost of many of the cheaper fabrics is as great as for similar goods of higher value, the difference in cost being due solely to the difference in the value of the raw material. An example of this kind is shown in Appendix IV by two cloths of similar structure and weight, one being composed wholly of wool and the other having a cotton warp and wool weft. The clothmaker's cost for making these two fabrics is identical, but the finished values differ very much because of the widely different cost of the raw materials.

The amount of protective duty required for both cloths is the same; an ad valorem rate sufficient to produce that amount of duty when computed on the cheaper goods, would, when applied to the value of the more expensive cloth, produce an amount in excess of the required protection. On the other hand, if the rate be such as when applied to the higher-cost cloth will produce the required amount of duty, that rate when applied to the lower-priced goods would yield less than the required amount. Both these cloths are meritorious products, each intrinsically worth its cost. The cheaper one made partly of cotton is as durable and as thoroughly excellent at its price

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as the one of higher cost. If the manufacture of both is to be continued in this country, the ad valorem rate must be high enough to protect the cheaper cloth; and to offset the apparent inequality dependence must be placed upon the abundant domestic competition, just as has been the case under existing forms of duties which have been in effect for 18 of the last 22 years on low-cost cloths.

SPECIFIC OR AD VALOREM DUTIES.

This incidental reference to one of the defects of an ad valorem duty leads us to a further consideration of that form of tariff rates.

A duty to afford protection to an industry must equal the difference between the foreign and the domestic conversion cost. That difference is, in respect to any given article, a constant factor.

The only duty that will always equal such difference must therefore be a "constant" also; and the only form of duty that meets this requirement is one that is specific in form; i. e., one that is assessed at so much per unit of quantity, as for example, per pound, per square yard, per gallon, or per cubic foot, according to the nature of the commodity.

If the duty is in ad valorem form, i. e., assessed as a percentage of the value of the commodity, the amount of the duty is a variant, fluctuating constantly with changes in the cost of the raw material of which the commodity is made.

To illustrate this, assume that the foreign cost of conversion of a given article is 20 cents per pound and the domestic cost of conversion (i. e., labor and expense) is 40 cents; the difference, or 20 cents per pound, represents the amount of duty required to protect the domestic manufacture of such article. Let us further assume that the cost of the raw material required for its manufacture in Europe is at the present time 30 cents—the total foreign cost being 20 plus 30 equals 50 cents.

The necessary duty can be laid either at the ad valorem rate of 40 per cent or the specific rate of 20 cents per pound, and at the moment either form will yield the required 20 cents protection.

But suppose the cost of the raw material declines from 30 to 15 cents, so that the total cost becomes for raw material 15 cents, conversion 20 cents—total 35 cents. In such a case a specific duty of 20 cents per pound is still adequately protective, while the ad valorem rate of 40 per cent yields but 14 cents duty, or 6 cents per pound less than necessary to continue the domestic manufacture.

On the other hand, suppose the cost of the raw material advances from 30 cents to 40 cents; the whole cost will then be 40 plus 20 equals 60 cents, and an ad valorem duty of 40 per cent on this cost would yield 24 cents, or 4 cents per pound more than necessary to protect the domestic manufacture. But with a specific duty of 20 cents the protection still remains constant as needed to bridge the difference between the foreign and domestic conversion cost.

Low prices of raw material are usually coincident with depressed business; and at such a time, when competition is most severe, profits disappear, the decreasing duty under an ad valorem rate invites new and killing competition to the domestic producer; and the fall in domestic prices, being accelerated by a simultaneous and proportionate fall in the amount of duty, causes increased distress to merchants through the greater loss in the liquidation of their stocks of merchandise.

Per contra, rising prices of raw material are usually coincident with active business and abundant demand. At such times competition is reduced to a minimum, for there is enough trade for all. Under such circumstances the rise in prices is apt to be stimulated beyond the increase in cost of raw material by augmented profits; and it is under such conditions that increased competition is needed to protect the buyer from exorbitant advances. If, however, the duties are in ad valorem form, competition is more effectively barred than ever, for the higher the raw material goes the greater the foreign cost, and so the more is the amount of duty produced by the ad valorem rate. Then it is that the domestic producer receives not merely the protection normally needed, but has the protective duty enhanced so that, with the active demand then existing it may enable him to augment his normal profit. The effect of the specific duty is quite the reverse, for remaining as it does at the one level, if domestic prices tend to advance too much the doors to foreign competition automatically open, and an effective check is at once imposed upon any increase in domestic prices beyond that made necessary by increased cost of raw material.

It is also to be noted that specific duties are more satisfactory to the importer, because his foreign purchases will always be enhanced by the same amount of duty, and the amount of duty paid by himself and his competing importer on identical

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importations will be the same, while under ad valorem rates the differences in prime cost which occur through fluctuations in the foreign market are still further increased by the variance of the duty.

From the point of view of the Government, specific rates are greatly to be preferred, the important desideratum being that its revenue should be stable and dependable. We have already noticed that low prices are coincident with dull business. Consequently at the very time when the volume of importations and the revenue produced thereby are greatly reduced, because of a depressed condition of business, the revenue is still further depleted because the duty has to be computed as a percentage upon low prices.

Under opposite circumstances, when business is most active and imports are large, prices are high. The Government is not only enjoying large revenue because of a large volume of imports, but the revenue is further increased by being computed as a percentage upon higher prices. The revenue becomes redundant—large amounts of circulating medium are locked up in the Treasury at a time when needed in the channels of trade to finance the increased operations of business.

Whether considered as a matter of protection to domestic manufacturers or as one of Government revenue, ad valorem duties are so susceptible to the fraud of undervaluation as to be highly objectionable. It is undoubtedly true that customs frauds have been perpetrated in respect to commodities that were subject to specific duties, but such frauds involve connivance upon the part of persons engaged in the customs service and a proper vigilance upon the part of Government officials ought to make such collusion nearly impossible. Moreover, such frauds of collusion are just as possible with ad valorem duties as with specific, while through undervaluation, without participation by any agents of the customs, ad valorem duties permit vastly greater frauds in addition to such as may be effected by corruption.

Because of the serious objections to ad valorem duties, practically every Secretary of the Treasury for the last half century, irrespective of party, has at one time or another advocated the use of specific rather than ad valorem rates. In Appendix III we take leave to quote some of the opinions officially expressed by Treasury officials. Honest importers have been equally urgent in opposing the use of the ad valorem form in any cases where the specific could be applied; we subjoin also some notable opinions from this interest.

So objectionable from every point of view have ad valorem duties been found that other Governments have adopted it as a settled policy that, whenever practicable, import duties should be laid in specific form. A recent investigator of this subject has written:

"In Austria, Switzerland, Italy, Belgium, France, Germany, and England the duties are specific. The French tariff has 800 numbers, of which 9 are ad valorem. The German has 946 numbers, all specific."

Only recently a dispatch from Brussels reported the purpose of the Belgian Government to change some of its few ad valorem rates to specific because of the growth of undervaluations by importers which the ad valorem rates made possible.

MERITS OF COMPOUND DUTIES.

There are, however, some kinds of manufacture to which it is not practicable to apply a purely specific duty. But for many of these it is possible to employ a compound duty—that is, one partly specific and partly ad valorem.

For classes of commodities which vary greatly in their units of value and in the ratio of labor cost to material cost; and which can not be so grouped that purely specific rates can be applied with even approximately equal incidence, the compound duty is most suitable, obviating in a considerable degree those features of purely ad valorem duties which have made them objectionable, not only from the protectionist point of view, but equally to the Government and the honest importer. The compound duties are especially applicable in the case of cloths in which the ratio of labor or conversion cost to total value increases as the value of the raw material decreases, as in the samples shown in Appendix IV. The cloth containing the cheaper raw material needs less compensatory duty but requires a larger ad valorem rate to produce (when computed on its lower value) the same factor of protection. This deficiency is automatically offset by absorbing part of the specific rate which is not required as compensatory duty.

This principle applies particularly in respect to dress goods, upon the cheaper forms of which the ad valorem rate, sufficient for more costly goods, would produce a sum altogether inadequate to cover the difference between the cost of manufacture here and abroad.

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Opponents of the present wool schedule habitually discuss the specific duties as though intended always and only as compensatory for the raw material duty; and in those cases wherein the specific duty is obviously more than necessary to compensate for the wool duty, the rate is criticised as excessive and unwarranted. Whereas for many sorts of goods, and particularly those composed of the cheaper kinds of material, it was thoroughly understood when the law was enacted that the ad valorem rate was not in itself protective because of the low values upon which it was computed and the high ratio of manufacturing cost. As to such goods the specific portion of the compound duty was known to be partly protective.

There are many compound duties in the tariff law upon commodities in which the raw material is free of duty and upon which no compensatory rate is necessary, and in these the whole of the specific portion of the compound duty is protective, just as it is partly protective in the cases of cotton warp cloths and other goods which are made in part of the cheaper kinds of material.

THE WOOL DUTY AND ITS PART IN THE TOTALS.

We have in this general statement endeavored to indicate first the conditions under which the woolen industry has been developed, and then some of the complicating factors which must necessarily be taken into account in the determination of rates of duty on the products of wool.

Of the latter the most important remains to be noted; that is, the wool duty. Whether this duty be levied for the purpose of protecting the industry of wool growing, or with no other object but that of raising revenue, neither result can be attained unless the manufacture of wool can be profitably carried on in this country. Unless the home-grown wool can be used here, it must be sold in the world's market at the free-trade price less transportation cost to Europe. If the growers of wool are to be advantaged in any degree by the tariff on wool, or if the Government is to derive any revenue from a duty on imported wool, the wool must be used in American mills. And for either or for both purposes an amount must be added to the protective duty on all imports of woolen articles, sufficient to equal the duty that would have been levied on the wool required to make them if the raw wool had been imported.

The American mill must, independently of any protective duty, be placed upon an equality with its foreign competitor in respect to the cost of raw material. This can be accomplished only by levying upon manufacturers of wool a so-called compensatory duty equal in amount to what would have been charged on the quantity of wool necessary to make the imported article, if the wool had been imported and manufactured here. So much of the whole duty as correctly represents the wool duty on the wool required to make the article is merely compensatory and is in no way protective to the manufacturing industry. If woolen goods could be made as cheaply in this country as elsewhere and there was no need of a protective tariff, it would still be necessary to have this compensatory duty on woolen goods if wool were subject to duty. It is very necessary that this fact should be understood and that it should never be obscured, for most of those who discuss the wool tariff with superficial knowledge refer to the whole duty on woolen goods as though it was all for the benefit of the wool manufacturing industry. Whereas, in point of fact, the actual protective duties on wool manufactures are generally no more than those laid upon other textiles for which no compensatory duty is necessary because the raw materials thereof are not subject to duty.

This association enters no objection to a duty on wool: if necessary to the continuance and further development of wool growing in this country, or for the raising of governmental revenue, we, as protectionists, approve it. We merely emphasize the fact that neither Government nor wool growers can derive any advantage from a duty on wool unless the wool can be used in American mills, and it will be possible to use it in American mills only if the aggregate duty on woolen products includes full compensation for the wool duty and an adequate protective duty fully to cover the higher costs of manufacture. In any comparisons of the duties of the woolen schedule with others it is to be noted that the woolen trade is the only textile industry in this country that has a duty upon its raw material, and that the only wool duty paid upon foreign woolen manufactures is the compensatory rate paid upon their import into the United States.

When due account is taken of these facts, much of the unjust and false criticism that has been directed against the wool schedule becomes pointless, for the net protection realized by the woolen trade is quite comparable with that of most of the other industries which exist in this country by reason of a protective tariff. The net protection actually availed of in the rates on woolen products is unassailable unless the fundamental principles of the protective system itself are wrong.

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SOME DEFINITE SUGGESTIONS.

The domestic industry having been developed to a point where it is capable of supplying the requirements of the country in woolen products with but normal, or less than normal, realizable profit margin (wages and all other conversion costs being so much higher than abroad, and productive efficiency here no greater), it must be evident that the limit to reduction of duties without injury to legitimate business and without causing curtailment to wages of labor is at the amount of the existing duties that are actually availed of in the prices of domestic products.

If there are any articles of domestic manufacture for which the whole present duty is not needed, it can be safely asserted that in respect to such articles the excess is not availed of and there can be no objection to a reduction by the amount of such excess, provided these articles can be so grouped or classified for duty purposes that the reduction will apply to them without affecting other articles for which the present protective duty is fully necessary, and provided the reduced rates are made in such form that a decline in foreign values will not still further reduce the amount of duty until it is below the line necessary for protection.

The infinite variety of articles embraced in the woolen schedule makes it quite impossible to specify the exactly proper rate for every group, and so to define each group that it would include only such articles as the rates for that group properly and exactly apply to. We have already pointed out that ad valorem rates wholly fail to meet the requirements of the case. The nearest to a general statement that can be made is that the present ad valorem rates in addition to whatever compensatory allowance is necessary to cover the wool duty are in most cases the least that would be sufficiently protective to continue the industry in its present proportions, and with its present rates of wages, that in the case for which it is not practicable to devise duties wholly in specific form, the rates should be compound with at least half of the total sum specific, that for yarns and tops the rates should be specific, and they can readily be levied in that form with more exact justice to all interests than by any other method. In the case of some of the cheaper forms of dress goods and cloths the present ad valorem rates would not be protective, because, as has already been explained, the conversion cost does not decrease in the same ratio as the raw material cost; hence a percentage of total value that would be adequately protective for goods of medium value when applied to those of low value would not produce amounts proportionate to the difference in manufacturing cost of the cheaper goods. Under the present tariff, as has always been thoroughly understood by those who have given the subject more than superficial attention, the deficiency in the ad valorem rate on low-priced goods is made up in the specific rate, which for such goods is and was always intended to be partly compensatory and partly protective.

We subjoin in Appendix I some particulars relative to the protective requirements of tops, yarns, cloths, and dress goods.

AS TO THE PROPOSED BILLS.

We do not know whether or not the wool bills acted upon during the last two sessions are under consideration at this time or whether it is the purpose of your committee to frame an entirely new bill. We shall not, therefore, enter into any detailed discussion of those proposals further than to express our confident opinion that the manufacture of wool from its raw state to finished fabrics would have been utterly ruined by the enactment of either the House bill in its original form, the Senate substitute, or the compromise bill agreed upon in conference, which was finally passed by Congress.

No argument from us should be necessary to support this opinion. The committee which introduced the original bill clearly understood that such would be the effect, for in the accompanying report it estimated that under the proposed bill importations of wool manufactures would be increased to the amount of nearly \$41,000,000 foreign value, which according to the committee's data would be equal in present domestic value to over \$77,000,000 additional imports. As the American mills are now capable of fully supplying the home market, and as here is no other outlet possible for their products than in our own market, it is evident that at least, if the case is no worse than the committee estimates it, \$77,000,000 worth of annual domestic production must be cut off entirely if that bill were enacted.

This alone would throw out of work upward of 35,000 employees now directly engaged in the manufacture of the goods that would be displaced, not to mention the

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vast additional number required to provide all the mill and other supplies absorbed in this manufacture. But beyond this the introduction of so large an increase of foreign goods and the consequent stoppage of machinery would of necessity create such competitive conditions that it would be impossible to make even the remainder of the goods except at a great loss which must ultimately cause the discontinuance of operations and general liquidation of the business of woolen manufacture.

This is upon the assumption that the committee's estimate of increased importations is correct. But we can see no reason to expect that if additional imports of the present domestic value of nearly \$80,000,000 could be imported, the quantity would be limited to that amount. On what theory is it to be supposed that if the conditions are made so much more favorable to the foreign manufacturer that a quantity so large but no larger would be imported—why so large an amount, but no more? If the new rates will permit the displacement of \$80,000,000 of present value, why not practically all? Where is the line of demarcation—upon what principle of exclusion would the rates of the House bill keep out a quantity sufficient to supply the remainder of the domestic consumption of wool goods?

The compromise or conference bill, while increasing the rates on both wool and manufactures of wool, maintained substantially the same difference between the rates on raw wool and goods, so that the net resulting difference in duty was so small that in respect to most cases the difference would have little or no significance; and the committee's estimate of importations under the original bill may be safely taken to apply with just as much accuracy to the conference bill as finally passed.

In any reduction of the tariff a sufficient period should be allowed between the taking effect of the new duties on raw materials and the taking effect of the new duties on the finished products. Otherwise the manufacturers of the United States will be seriously discriminated against by American lawmakers in favor of the manufacturers of Europe. The woolen business is a business of two distinct seasons, and any new tariff ought not to be put into effect in the midst of either, but rather should become operative at the end of one season and the beginning of the next. The soundness of this principle of legislation was acknowledged by Chairman Wilson and the other Democratic authors of the Gorman-Wilson tariff law, which as to free raw wool went into effect on August 27, 1894, and as to manufactured products on January 1, 1895. This plan left an interval of transition of more than four months, in which American manufacturers could gradually dispose of goods produced on a relatively high level of wool values, and could also begin the fabrication of goods produced on the lower level of wool values which free wool had introduced. That plan was fair to American mills and fair to the public. It softened the shock of changing economic policies, and enabled American manufacturers to meet on more nearly equitable terms the intensified competition of their rivals abroad. Chairman Wilson said of the expedient, that it "was a matter of very great importance, and one to which the majority members of the committee have given as much anxious investigation as to any question connected with the whole tariff bill."¹ Mr. Wilson added that "the committee seemed to be relentlessly driven to the conclusion" outlined above. This action affords good authoritative precedent for the present Committee on Ways and Means.

One severe handicap upon American wool manufacturers of which no cognizance is taken in the proposed bill is the higher cost of mill buildings and equipment in the United States. The Tariff Board in the course of its inquiry had estimates prepared by leading mill architects in this country and in England for buildings of the same size and construction and equipped with machinery to produce similar goods. The board found that the cost of building and equipment in this country for a carded woolen mill was 49 per cent; for a wool preparing and combing mill about the same figure; for a worsted spinning mill 67 per cent, and for a worsted weaving mill 43 per cent greater than in England. There is a duty of 45 per cent upon imported textile machinery, to which packing and shipping charges add 20 per cent and the cost of freight and erection from 7½ to 10 per cent additional. The cost of buildings alone in the United States is between 45 and 51 per cent greater than in England. The higher cost of buildings and equipment compels the American manufacturer to pay from 43 to 47 per cent more than the English manufacturer for his working plant, requiring, of course, a larger capital and imposing heavier fixed charges on the business, including the inevitable allowance for depreciation.

¹ Congressional Record, vol. 27, pp. 921, 922.

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UNJUST CRITICISMS OF THE EXISTING LAW.

It is not within the purpose of this presentation to reply to the many misleading and often altogether false statements relative to the existing schedule which have been made by some of its opponents. Such statements are in large part of so contradictory a character as to be self-answering. But there were some statements made by the authors of the recently pending House wool bill that are so palpably erroneous that we are constrained to refer briefly to them, because the rates contained in that bill were justified upon these premises which if proved unsound necessarily make the rates fundamentally wrong that were predicated thereon.

One such statement asserts that the labor cost in the manufacture of woolen goods in the United States is but 20 or 21 per cent of the whole cost. As proof of the alleged fact figures were quoted from the census returns to show that the total wages paid bear about the percentage mentioned to the total reported value of woolen manufactures. Those who have had experience in the study of industrial statistics know that, valuable as such returns may be when used with a full knowledge of their qualifications and limitations, without such knowledge they are worse than valueless because grossly misleading.

The trained statistician knows that in making the census returns each establishment reports wages paid by it, and that those wages are returned by no others as wages; but that in reporting the value of its product each establishment includes as raw material the cost of the wages of every preceding stage of manufacture; hence there are as many duplications of the prime cost of the raw material as there have been separate stages of manufacture reported. Thus, then, the whole sum of wages appears without any duplication, while the total value of finished products contains one, two, three or more duplications of all the wages but those of the last stage, and an equal number of duplications of the prime cost of material. To illustrate:

A buys raw material costing.....	\$50
Adds labor costing.....	10
Adds expenses costing.....	2
Adds profit.....	3
<hr/>	
Sells to B as finished product for.....	65
B adds labor costing.....	20
Adds expenses costing.....	10
Adds profit costing.....	5
<hr/>	
And sells the product to C for.....	100
C adds labor costing.....	30
Adds expenses costing.....	15
Adds profit.....	5
<hr/>	
And sells the product to D for.....	150
D adds labor costing.....	50
Adds expense costing.....	20
Adds profit.....	10
<hr/>	
And sells his product for.....	230

When these transactions have been converted into industrial statistics they take on this form:

Return by—	Raw material.	Labor.	Ex-penses.	Profit.	Value of product.
A.....	\$50	\$10	\$2	\$3	\$65
B.....	65	20	10	5	100
C.....	100	30	15	5	150
D.....	150	50	20	10	230
Total.....	365	110	47	23	545

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From which it would seem that the ratios of labor to raw material are as 110 to 545, or about 20 per cent, when in this illustration it is in truth as 110 to 230, or about 47 per cent.

In the statistics for wool manufacture just such duplications are made. A combor buys wool as raw material, makes it into top which the spinner buys and turns into yarn, this in turn is bought by the weaver, who fabricates it into cloth, which may then be sold to a factor for whom it is dyed and finished as the final product of wool manufacture. The wages paid by each are reported as wages but once, but the values each report as finished product and as raw material contain duplications in a sort of geometrical ratio.

In the woollen industry the subject is complicated because some establishments perform all the processes from raw wool to finished fabric, and the returns from such would afford reliable data for the computation of the percentage of labor cost so far as concerned the particular products of such mills, but not for other kinds of goods. Some mills both comb and spin; some do not comb, but spin and weave; and many others carry on but one of the several branches of top making, yarn spinning, and weaving.

There are no available statistics by which the average labor cost of woollen goods can be determined. The proportion of labor to material cost differs widely in different fabrics; for example, in very heavy cloths made of the costliest stock the proportion of labor cost must obviously be very much less than in cloths of very light weight made of equally fine stock. There is such an enormous diversity of woollen products that no one could possibly form a reliable estimate as to average ratio of labor cost, and if it could be done it would still only be an average, therefore valueless in respect to any conclusions regarding the labor cost in other than average goods. We believe, however, it is well within the truth to say that for a large amount of woollen goods the conversion cost is fully 40 to 50 per cent and for a considerable portion as much as 60 per cent.

Since the rates in the House wool bill were justified upon a theory that the labor in woollen goods was but 20 to 21 per cent, those rates are utterly irreconcilable with the preservation of the present scale of wages, when the ratio of labor cost proves to be vastly in excess of the percentage so mistakenly assumed.

Then there was an argument based on the reasoning that if statistics showed the labor cost of woollen goods in English mills to be a certain per cent of the whole, and statistics here showed the American labor cost to be the same rate per cent, then the industry in the United States was at no disadvantage in respect to labor and needed no protection. It would not be worth wasting time over such a statement were it not that it was seriously presented to prove that the rates of the House bill would not be prejudicial to labor engaged in wool manufacture. A simple example in arithmetic will show upon how false an hypothesis that argument was founded:

	In the United States.	In England.
Suppose the total cost of a certain article is	\$1.00	\$0.50
And that the labor cost in the respective countries is .....	.40	.20

Then in each case the labor cost is 40 per cent of the total cost, and, according to the inventor of the argument under criticism, there would be no handicap to competition upon the part of the manufacturer in the United States. But just plain sense shows that notwithstanding the similarity of percentage, the labor cost in this example is just twice as much in the United States as in England.

Another fallacy is the assumption, often made, that the American price is always and necessarily equal to the foreign price plus the duty. We have already pointed out that if this were true the profit upon many of the cheaper sorts of goods would be so much larger than on the better qualities that domestic production would all be diverted to these less expensive kinds of manufacture. But besides this obvious fact, and the knowledge of common experience, there is the evidence obtained by the Tariff Board, as, for example, that given on page 14, Volume I, of the board's report on the wool tariff which completely refutes this false dictum; and shows by way of example that for 16 varieties of cheap fabrics the domestic price exceeds the foreign by an average of only 36 per cent of the total duty.

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A companion error is the one which alleges that the whole duty on woolen goods inures to the benefit of the manufacturer, ignoring the enhancement in cost of raw material by the wool duty, the greater cost of labor, of machinery, and of all kinds of supplies, which in the aggregate absorb nearly all of the duty that can be availed of in domestic price, leaving to the manufacturer a profit generally less than that obtained in woolen manufacture abroad or in any of the other great industries of this country. This error has been made by implication by one who so well knew the flaw in the reasoning that upon a different occasion when justifying a rate on raw wool advocated by him, rather than a higher rate, he said:

"The reason for not maintaining the high tax * * * on raw wool was that if raw wool was taxed, as a matter of justice, not as a matter of protection, there must be a tax on the finished product as a compensation."

With this clear conception of a simple elementary truth, it is inconceivable that any one should continue persistently to imply that the entire duty on wool products was for the benefit of the manufacturer.

It has also been said that a great reduction ought to be made in the duties on woollens because the industry is controlled or dominated by a "trust." So far is this from being true that upward of 900 separate and independent establishments are constantly engaged in the most active and acute competition. The largest single organization produces less than an eighth of the total output; and by its rivals its influence is recognized chiefly as a factor making for lower, not higher, prices. Upon this question the testimony of business rivals should be conclusive; but if corroborative evidence is desired, it is suggested that the customers of the woolen mills be interrogated upon the subject. So confident are we that there is not now and that there never has been any combination in restraint of the most intense domestic competition that we solicit a searching investigation of the facts. In contrast to this situation in the domestic industry we invite attention to the very extensive amalgamation of previously competing establishments that has taken place in various branches of the English woolen trade.

The foregoing are but a typical few of the arguments by which it has been sought to show that the rates of the House bill would permit the American woolen industry as now developed to continue without diminution of the wages paid its employees. The obvious errors in the reasoning must be convincing as to the unsoundness of the conclusion.

It is appropriate upon this occasion to take note also of a misrepresentation of another kind, which has repeatedly had official indorsement from those who have not considered it necessary to verify the statements of sensation mongers before adopting them as their own. It is said that the form of the present wool tariff was agreed upon at a conference between manufacturers and growers in the year 1866. The effort is made to convey to the public mind that this was the work of some dark and wicked conspiracy or combine. This happened so long before any of those who are now active in the industry had a voice in its counsels that we might be under the necessity of believing this calumny, had not those who participated in the conference been so innocent of wrong that they had the proceedings of the conferences (for there were several of them) all stenographically reported, and copies of these verbatim reports of everything said and done were transmitted to the United States revenue commission. The commission incorporated them with its own report when printed as a public document. During various tariff debates throughout many subsequent years the printed account of the proceedings of the conferences between the growers and manufacturers was familiar to public men and freely quoted. And during the debates of the last enacted revision (1909), at the instance of those who advocated adequate protection to the woolen industry, that part of the report of the revenue commission which contained the full proceedings of the conferences between growers and manufacturers was reprinted as a Senate document and made available alike to advocates and opponents of the wool schedule.

The effort to convey an impression that there was anything irregular or improper about the conference between woolgrowers and manufacturers is unwarranted by facts and is most unjust. The conference was held by official invitation of a representative of the Federal Government; the purpose was to aid the Government in formulating a tariff that would prove a practicable revenue measure and at the same time develop both branches of the industry. The experience of nearly half a century since elapsed has proved how successfully that purpose was accomplished, for the woolen schedule has been one of the most productive of the Government's sources of customs revenue, and the domestic woolen manufacture has been developed from comparative insignificance until it is now able to supply all the woolen goods of every kind required by

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the greatly increased population of the United States—the growth of wool manufacture having much exceeded the increase of population.

And what more natural or more sensible than that the technical skill of those having practical experience in these industries should be employed to recommend a method of applying the duties? In European countries (notably in Germany) this is done as a matter of course. Only here and now have a technical knowledge and practical experience come to be considered a bar to public usefulness with respect to anything related to the subject of such knowledge or experience.

As an appropriate summary of our case, we conclude with the following quotation from a statement recently made by one long identified with the industry:

“Those engaged in the woolen industry ask no special privilege, seek no advantage but that of equal opportunity, neither possess nor desire any beneficence of Government that is not freely available to all citizens. They are in no sense beneficiaries of the tariff except as they share the benefits for the common advantage of all.

“There are no mysteries about the conduct of the woolen industry; every essential fact is accessible.

“It invites the most searching investigation and comparison as to the returns it makes to capital, the wages of its labor, the acuteness of its competition, and the facility with which those of limited financial resource can engage in its various branches under conditions favorable to success.

“It depends upon no secret processes, no controlled patent rights, nor upon exclusive franchises.

“In no branch of the woolen business, from the production of the wool to the distribution of the finished clothing, is there any trust or combination in restraint of trade. No individual nor corporation, nor group of either, exercises a controlling influence in the industry.

“Nor do we know of any instance in which our trade has been concerned in violations of the Federal laws relating to interstate commerce. Although the transactions of the American woolen manufacturers with the United States Customs Service involve amounts of great magnitude, they have been singularly free from even the suspicion of undervaluation frauds.

“It is noteworthy that none of the great accumulations of wealth in this country have been made in the woolen trade.

“Vast individual fortunes have been acquired in transportation, banking, mining, real estate; in wholesale and retail trade; in the use and development of natural resources; in the construction of public utilities; in the publishing of newspapers, and in many other kinds of business, including some few varieties of manufacture; but none such in the woolen trade, though many of its establishments have had a continuous existence of from 50 to 100 years, and were preexistent to the beginnings of most of the great American fortunes.

“The products of the woolen industry are not transported at Government expense. Its properties are not improved and enhanced in value by expenditures of public funds. It is not assisted in the solution of its technical problems by experiment stations and research laboratories conducted by the National or State Government; all of which advantages are enjoyed by other classes of our fellow citizens.

“Believing in the system of protection for the good of the whole people, the woolen manufacturers cheerfully acquiesce in the application of that principle to the raw material they use. They have not presented the spectacle of advocating adequate protection on their finished products while opposing such rates on the products of others which they require.”

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS,
JNO. P. WOOD, *President*.

APPENDIX I.

REPORT OF THE COMMITTEE ON TOPS AND YARNS.

In considering duties on combed wool or tops, which represent the first stage of manufacture between scoured wool and worsted yarns, several conditions surrounding the industry abroad exist which, for the most part, are lacking in this country and exert an influence in any comparison of costs between this country and abroad. These conditions are largely as follows:

In Europe the top trade is generally subdivided between the merchant, who owns the raw wool and is known as a top maker, and the wool comber, who owns the

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machinery by which the wool is washed, carded, and combed and delivered back to the top maker for a certain fee per quantity, the expenses of interest upon material, buying, sorting, clerical hire, warehousing, etc., falling upon the merchant, while those of labor in plant, necessary supplies, interest on plant, and other overhead charges are borne by the wool comber.

These combined expenses of the top maker and wool comber, while they bear relationship to each other here and abroad, yet in any country will vary on the different qualities of wool, principally on account of length of staple and fineness of fiber. So gradually do these differences of quality and length of staple blend themselves into one another that it is impossible to make for duty purposes different classes of tops, so it has been universally conceded that by considering the costs at home and abroad of combing the fine or merino tops and arranging duties which will care for this difference, such duties would amply cover the difference in conversion cost of medium and coarse wools into tops. An examination into the costs of wool combing abroad reveals the fact that in Bradford the commission fee for combing merino tops is $4\frac{1}{2}$ cents, and we believe that a safe estimate of 2 cents per pound would embrace the expenses of the merchant, making a total cost of conversion from raw wool into finished tops of $6\frac{1}{2}$ cents per pound. In our country abundant testimony is at hand to show that in the woolen trades conversion costs are 100 per cent above those of Europe, so that to equalize by duties the increased cost of combing raw wool into tops, considering solely the merchants' and wool combers' expenses and eliminating enhancements which may be incident to a duty on raw wool, a rate of 7 cents per pound would be required to accomplish this object.

As previously stated, tops are the first resting place in the process of converting wool into worsted goods, and consequently the conversion cost of the same represents the minimum of expenditure in the total cost comprehended in the several necessary operations, and is, with but slight variations from year to year, in this country as well as abroad, a fixed amount. Wool, on the contrary, is a commodity of wide variation in values, and consequently a duty to be effective under all the varying changes of market conditions without being excessive in periods of high values of wool or insufficient when wool is selling at a low price should be levied in specific form. To illustrate the effect which the fluctuations occurring in raw wool have upon the necessary duty levied on tops of 7 cents per pound in specific form, we direct attention to the accompanying table, showing the wide range of prices which has occurred in the last 12 years in combed wool or tops and the variation in ad valorem equivalent which a duty of 7 cents per pound upon the foreign values of tops produces:

Quality of tops.	Low price.	Price.	High price.	Price.	Ad valorem duty required to equalize conversion cost of 7 cents per pound.	
					Low price.	High price.
	<i>Date.</i>		<i>Date.</i>		<i>Per cent.</i>	<i>Per cent.</i>
60s.	Apr., 1901	\$0.33	Oct., 1907	\$0.59	21.21	11.86
64s.	May, 1901	.37	...do.....	.60 $\frac{1}{2}$	18.91	11.57
70s.	Apr., 1901	.40	...do.....	.62	17.05	11.29

We also direct attention to the fact that under the Gorman-Wilson law of 1894-1897, with wool upon the free list and an ad valorem duty of 20 per cent on combed wool or tops, with merino tops selling at 35 cents abroad, a competitive market for the product of our combs with the product of the combs of Bradford and the Continent existed. During the fiscal years of 1895, 1896, and 1897 and part of 1894, 9,223,788 pounds of tops were imported into this country, paying a duty of \$610,713 in revenue to the Government.

Worsted yarns.—Any consideration of a duty on worsted yarns having for its purpose the continuance of the industry in our country under conditions of employment as general as exist at the present day will, as in the case of worsted tops, have to take into account the manner in which this industry is established abroad in order to form a proper judgment of manufacturing costs there as against American conversion costs.

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In England and upon the Continent the business is largely subdivided between the merchant, who owns the combed wool or tops, and the commission spinner, who spins the worsted yarns for a fixed fee per quantity. The merchant, as in the case of tops, has to bear the interest on the materials, the warehousing and transportation demands, and the clerical and office outlays incidental to this business. The spinner in turn takes care of the wages expended about his plant, with necessary supplies for its operation, light and power, insurance, interest, and the general overhead charges incident to this kind of mechanical operations.

The costs of commission spinning for various sizes and counts of worsted yarns are thoroughly established in Bradford, and we would quote on standard sizes in twofold yarns to-day:

Quality.	Cost (per pound).
24s.	\$0.08
32s.	.10
36s.	.11
40s.	.12
50s.	.16
60s.	.24

These commission prices carry with them a profit to the spinner, which profit, it might be fairly said, would be an amount sufficient to embrace the merchant's charges before referred to, so that the net cost of converting combed wool or tops into finished worsted yarns of standard sizes could be reckoned upon the commission charge for various counts based on the conditions just named.

Taking the manufacturing cost in this country as double those of Europe, a duty of these amounts on these specific numbers or such subdivision of the same as to count or size would be necessary to safeguard the American market against the product of foreign machinery.

In the spinning of yarns we have eliminated a factor which we previously referred to as having a marked influence upon costs in the combing of wools, and that is the question of quality and length of fibre. In the converting of tops into the sizes of worsted yarns to which they can economically be spun, the conversion cost varies but little between a fine and a coarse quality of stock; therefore the difference between conversion costs abroad and here can be closely approximated in a constant figure from year to year. To meet this requirement we propose an arrangement of duties on yarns as follows:

The word number appearing in this paragraph, whether applied to woolen or worsted yarns, shall be the number of hanks per pound, a hank being a measure of 560 yards of single yarn or roving.

On tops advanced by process of manufacture to any number of sliver or roving or single yarn up to single 12s, the duty shall be 12 cents per pound.

On all numbers exceeding single 12s and up to and including single 40s, the duty shall be 12 cents per pound plus two-tenths of a cent per number per pound on all numbers in excess of single 12s.

On all numbers exceeding single 40s and up to and including single 60s, the duty shall be 18 cents per pound plus four-tenths of a cent per number per pound on all numbers in excess of single 40s.

On all numbers exceeding single 60s the duty shall be 26 cents per pound plus six-tenths of a cent per number per pound on all numbers in excess of single 60s.

On all rovings and yarns advanced beyond the condition of singles by grouping or twisting two or more rovings or yarns together up to and including number 12s, the duty shall be 2 cents per pound in addition to the foregoing duties on single yarns.

On all numbers exceeding 12s and up to and including 40s the duty shall be 2 cents per pound, plus one-tenth of a cent per number per pound on all numbers in excess of number 12s, in addition to the duties on single yarns of corresponding numbers.

On all numbers exceeding 40s up to and including 60s the duty shall be 5 cents per pound, plus two-tenths of a cent per number per pound on all numbers in excess of number 40s, in addition to the duties on single yarns of corresponding numbers.

On all numbers exceeding 60s, the duty shall be 9 cents per pound, plus three-tenths of a cent per number per pound, on all numbers in excess of number 60s, in addition to the duties on single yarns of corresponding numbers.

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On all of the above when bleached, dyed, colored, stained, or printed the duty shall be 5 cents per pound in addition to the other duties prescribed in this paragraph; and if singed or gassed there shall be a further addition of 3 cents per pound.

For the purpose of showing the influence these necessary rates, reflecting difference in conversion costs between our country and abroad, would have if transformed into ad valorem equivalents, taking yarn prices at the high and low figures in Bradford which they have reached during the past 12 years, we insert below a schedule extended in ad valorem equivalent:

YARN DUTIES.

Statement showing variation of ad valorem equivalent upon high and low values of yarns, 1901 to date when specific duties proposed are applied.

Count.	Low-price date.	Price.	Specific duty.	Ad valorem equivalent.	High-price date.	Price.	Specific duty.	Ad valorem equivalent.
2/24.....	Jan., 1902	25½	17½	69.01	May, 1906	53½	17½	32.9
2/32.....	do.....	32½	20	61.54	do.....	63	20	31.7
2/36.....	July, 1901	42	21½	50.5	do.....	67	21½	31.6
2/40.....	Apr., 1901	45	22½	49.8	Oct., 1907	76	22½	29.5
2/48.....	May, 1901	52	27½	53.5	do.....	81	27½	38.5
2/60.....	Apr., 1901	61	35	57.4	do.....	91	35	.....

Before leaving the subject of combed wool and yarns it might be well to add that the industry in our country, due to existing revenue laws, has developed to substantially the full requirements of the American people for both tops and worsted yarns, and that conversion costs, established and used in figures quoted above, are predicated upon full employment of machinery. Any substantial importations from abroad would lessen this employment, with the effect of correspondingly enhancing unit costs of production and making correspondingly less effective any figures upon conversion costs which have been used in these computations.

REPORT OF THE COMMITTEE ON CLOTHS.

Eliminating the compensatory duty required for such duty as may be placed on wool, we arrive at the duty necessary to protect American manufacturing costs in the following manner:

It must first be noted that we have to deal with fabrics of marvelous diversity, both in material and in construction, and consequently great variation in the proportion of conversion cost to total cost. What are the facts as to the excess of our conversion costs over the English?

In Volume III of the Tariff Board report, page 692, we find the American and English conversion costs of 46 fabrics classified as to character. The average excess of the American costs in each group is as follows:

	Per cent.
Staples and piece dyes.....	105
Serges.....	123
Fancy woollens.....	131½
Fancy worsteds.....	145
Women's wear, all wool.....	111
Light weight women's wear, all wool.....	116½
Cotton warps.....	108

This statement indicates that we need a protection of from 105 to 145 per cent of the conversion cost to place us on the same basis as our English competitors, but as it would be impracticable to classify fabrics and apply a different rate to each class, we must adopt one rate for all. A fair average would be 125 per cent, and this would be slightly more than necessary on some classes and less than the required amount on others.

In order to apply this amount of protection on the conversion cost it is necessary to determine what per cent the conversion cost is of the total cost. An examination of the costs of a great diversity of fabrics shows that this percentage varies from 30 to 70 per cent, and there are some fabrics made of very cheap material in which the conver-

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sion cost is even higher than 65 per cent. The average of all is certainly not less than 45 per cent, and applying the rate of 125 per cent before mentioned to this, we have 56 per cent as the minimum rate on the total value required for protection on the average fabric. We are, however, certain that a rate of 60 per cent, with the addition of all possible safeguards against undervaluation, will not unduly protect any class of fabrics, and it is evident from the foregoing figures that there are some which would lack the necessary protection.

It is quite generally believed that the lower the value of a fabric per pound the lower is the rate of ad valorem duty required to protect. As a rule the reverse is the fact, because the percentage of conversion cost in a low-grade fabric is greater than in the high grade.

We believe that a schedule on cloth similar to that hereto attached, in which compound duties about one-half specific and one-half ad valorem are applied to graded values, would assist in preventing undervaluation and be vastly preferable both from a revenue and protective standpoint to a single ad valorem duty:

On cloths, flannels, felts, and all fabrics made wholly or in part of wool not specially provided for in this section, valued at not more than 20 cents per pound, the duty shall be 6 cents per pound, and in addition thereto 25 per cent ad valorem.

Valued at—

- More than 20 cents, not over 25 cents per pound, 7 cents and 25 per cent.
- 21 cents, 7 cents and 25 per cent (equals 58½ per cent).
- 25 cents, 7 cents and 25 per cent (equals 53 per cent).
- More than 25 cents, not over 30 cents per pound, 8 cents and 25 per cent.
- 26 cents, 8 cents and 25 per cent (equals 55½ per cent).
- 30 cents, 8 cents and 25 per cent (equals 51½ per cent).
- More than 30 cents, not over 40 cents per pound, 11 cents and 25 per cent.
- 35 cents, 11 cents and 25 per cent (equals 56½ per cent).
- 40 cents, 11 cents and 25 per cent (equals 52½ per cent).
- More than 40 cents, not over 50 cents per pound, 14 cents and 25 per cent.
- 45 cents, 14 cents and 25 per cent (equals 56 per cent).
- 50 cents, 14 cents and 25 per cent (equals 53 per cent).
- More than 50 cents, not over 60 cents per pound, 17 cents and 25 per cent.
- 55 cents, 17 cents and 25 per cent (equals 56 per cent).
- 60 cents, 17 cents and 25 per cent (equals 53½ per cent).
- More than 60 cents, not over 70 cents per pound, 20 cents and 25 per cent.
- 65 cents, 20 cents and 25 per cent (equals 55 per cent).
- 70 cents, 20 cents and 25 per cent (equals 53½ per cent).
- More than 70 cents, not over 80 cents per pound, 23 cents and 25 per cent.
- 75 cents, 23 cents and 25 per cent (equals 55 per cent).
- 80 cents, 23 cents and 25 per cent (equals 54 per cent).
- More than 80 cents, not over 90 cents per pound, 26 cents and 25 per cent.
- 85 cents, 26 cents and 25 per cent (equals 55 per cent).
- 90 cents, 26 cents and 25 per cent (equals 54 per cent).
- More than 90 cents, not over \$1 per pound, 28 cents and 25 per cent.
- 95 cents, 28 cents and 25 per cent (equals 55 per cent).
- \$1, 28 cents and 25 per cent (equals 53 per cent).
- More than \$1, not over \$1.25 per pound, 30 cents and 30 per cent.
- \$1.10, 30 cents and 30 per cent (equals 57½ per cent).
- \$1.20, 30 cents and 30 per cent (equals 55 per cent).
- \$1.25, 30 cents and 30 per cent (equals 54 per cent).
- Over \$1.25 per pound, 35 cents and 30 per cent.
- \$1.40, 35 cents and 30 per cent (equals 55 per cent).
- \$1.50, 35 cents and 30 per cent (equals 53 per cent).

REPORT OF THE COMMITTEE ON DRESS GOODS.

The committee on dress goods, as a result of close consideration of this branch of the woolen manufacture, is convinced that the dress-goods industry requires for its continuance in this country a rate of tariff duty somewhat higher than is necessary on heavier woolen goods.

It is estimated in the report of the cloth committee that the conversion cost—that is, labor, general expense, and fixed charges—is from 30 to 70 per cent of the total cost of cloths and averages from 45 to 50 per cent. But in certain dress goods, notably cotton-warp fabrics, the conversion cost represents a much greater proportion of the total cost than is the case on the average with cloths. This higher proportion of con-

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version cost to the total cost of such dress goods is due to the relatively small proportion of this total cost that is represented by raw material.

That is, the conversion cost of dress goods being greater in proportion to the total cost than is the case with cloths in general, the dress-goods manufacture is on a more distinctively competitive basis even under the present tariff duties—a fact that is readily demonstrated by the importations of these lighter fabrics.

To prove that the present tariff rates on these light-weight dress goods are no more than adequate, the Tariff Board states (vol. 1, p. 13), "Women's dress goods weighing 4 ounces or under per yard are still imported in large quantities." Again the Tariff Board (vol. 1, p. 150) states, "Unlike other paragraphs of Schedule K, the very cheapest dress goods dutiable under these paragraphs show a large importation." Again the Tariff Board (vol. 1, p. 151) states, "The total value of the imports under the dress-goods paragraph is generally higher than on the imports under any other paragraph providing rates on manufactures of wool."

Under the Gorman-Wilson law of 1894-1897, which granted free wool and provided a duty of 50 per cent on most of the dress goods imported, the imports of dress goods in 1896 went up to \$19,494,268, foreign valuation. If that was the result under 50 per cent and free wool the effect of any such rate as 45 per cent, with wool dutiable at 20 per cent, could not be but disastrous to the dress-goods manufacture of America.

Imports of dress goods under existing rates of duty are very large, as shown by the following records of the Department of Commerce and Labor—in order to express the total imports in square yards it has been arbitrarily assumed by us that the goods weighing over 4 ounces per square yard average $5\frac{1}{2}$ ounces to the square yard:

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Imports of dress goods, Italian cloths, etc., entered for consumption, fiscal year ending June 30, 1910.

Description.	Rate of duty.	Unit of quantity.	Quantity.	Value.	Duty.	Average value per unit.	Average assessed value per unit.
Cotton warp:							<i>Per cent.</i>
Weighing 4 ounces or less per square yard—							103.73
Value not exceeding 15 cents per square yard and not above 70 cents per pound.....	7 cents per square yard and 50 per cent.	Square yard.	13,634,478	\$1,776,209	\$1,842,518	\$0.130	
Above 70 cents per pound.....	7 cents per square yard and 55 per cent.	.....do.....	1,216,905	174,125	180,952	.143	103.92
Above 15 cents per square yard and not above 70 cents per pound.....	8 cents per square yard and 50 per cent.	.....do.....	302,382	50,689	49,535	.167	97.72
Above 70 cents per pound.....	8 cents per square yard and 55 per cent.	.....do.....	5,454,139	1,104,998	1,044,080	.203	94.49
Total per square yard.....		do.....	20,607,904	3,106,021	3,117,085	.....	.....
Weighing over 4 ounces per square yard—							
Value not above 40 cents per pound.....	33 cents per pound and 50 per cent.....	Pounds	26,390	16,553	18,893	.627	114.14
Above 40 cents and not above 70 cents per pound.....	44 cents per pound and 50 per cent less 5 per cent.	.....do.....	1,712	1,960	1,823	.114	93.72
Above 70 cents per pound.....	44 cents per pound and 55 per cent.....	.....do.....	178,256	162,831	159,599	.914	98.0
Above 70 cents per pound.....	44 cents per pound and 55 per cent less 5 per cent.	.....do.....					
Total per pound.....		do.....	206,358	181,354	180,315	.....	.....
Assuming 5½ ounces to the square yard, 206,358 pounds..		Square yard.	619,074	181,354	180,315	.....	.....
Total cotton warp.....		do.....	21,226,978	3,287,375	3,297,400	.....	.....
All wool:							
Weighing 4 ounces or less per yard—							
Value not exceeding 70 cents per pound.....	11 cents per square yard and 50 per cent	.....do.....	52,294	9,480	10,492	.181	110.68
Above 70 cents per pound.....	11 cents per square yard and 55 per centdo.....	14,550,396	3,220,828	3,371,999	.221	104.69
Total per square yard.....		do.....	14,602,690	3,230,308	3,382,491

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Imports of dress goods, Italian cloths, etc., entered for consumption, fiscal year ending June 30, 1910—Continued.

Description.	Rate of duty.	Unit of quantity.	Quantity.	Value.	Duty.	Average value per unit.	Average ad valorem rate duty.
All wool—Continued.							
Weighing over 4 ounces per square yard—							
Value not more than 40 cents per pound.....	33 cents per pound and 50 per cent.....	Pounds.....	234	\$74	\$114	\$0.316	154.35
Above 40 cents and not above 70 cents per pound.....	44 cents per pound and 50 per cent.....	.....do.....	429,233	268,021	322,873	.024	120.47
Above 70 cents per pound.....	44 cents per pound and 50 per cent.....	.....do.....	2,391,817	2,432,001	2,478,327	.308	101.88
Total per pound.....		.....do.....	3,021,284	2,700,696	2,801,314		
Assuming 5½ ounces to the square yard, 3,021,284 pounds.....		Square yard.....	9,063,852	2,700,696	2,801,314		
Total all wool.....		.....do.....	23,666,542	5,931,004	6,183,805		
Total dress goods.....	do.....	44,893,520	9,218,379	9,481,205		
Duty paid value.....	do.....	18,099,584		

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Manufactures of dress and similar goods corresponding to the tariff classification of dress goods.

[Compiled from Census of 1910.]

Year 1909.	Square yards.	Value.
All-wool fabrics:		
Woolen dress goods.....	29,100,000	\$16,385,000
Worsted dress goods.....	105,799,000	54,030,000
	134,899,000	70,415,000
Cotton warp and union fabrics:		
Union dress goods.....	4,320,000	1,777,000
Woolen-filling dress goods.....	13,116,000	2,642,000
Worsted-filling dress goods.....	65,113,000	14,799,000
Italian cloths, etc.....	29,608,000	9,089,000
	107,837,000	26,530,000
Total.....	247,056,000	98,722,000

It is manifest from the above tables that in the fiscal year 1910, a year of large domestic production, the imports of dress goods amounted to more than one-sixth of the total quantity of dress goods produced in the United States.

The distinction between cloths and dress goods, due to the proportionately larger conversion cost of the latter fabrics, has been recognized for many years in United States tariff legislation. The Dingley law of 1897 and the Aldrich-Payne law of 1909 contained special paragraphs covering dress goods designed to assure adequate protection, and the proposed bill bearing the name of the present chairman of the Committee on Ways and Means sets the duty at 40 per cent on cloths and at 45 per cent on the lighter weight goods that, as the figures of imports show, are on a more markedly competitive basis. Such importations can be attributed only in small part to the demands of fashion or any preference for "exclusive" foreign goods. It will be observed from the statistical statement above that a very great part of the imports consists of dress goods valued at not exceeding 15 cents per square yard—low-priced fabrics of simple construction. These goods are imported not because wealthy and fashionable purchasers require them, but because they are being produced abroad so cheaply by low-wage labor that American mills, even under existing duties, find it very difficult to compete.

The peculiarly competitive character of the dress-goods business in this country is frankly and justly acknowledged in the report of the chairman of the Committee on Ways and Means in placing his proposed bill before the Sixty-second Congress. The chairman in his report estimates that the probable imports of dress goods, etc., under the reduced duties which he recommends would be nearly three times the present importations. If this prediction is fulfilled, it will amount to the turning over of practically one-half of the American dress-goods market to foreign manufacturers, the crippling or closing of many American mills, and the idleness and distress of thousands of their working people. We respectfully protest against this as a grave injustice to an industry which, as the facts and figures cited above abundantly prove, is already on a basis of the sharpest competition with the manufacturers of foreign nations.

APPENDIX II.

WAGES IN AMERICA AND EUROPE.

[A report of a committee of the National Association of Wool Manufacturers.]

A special committee of the National Association of Wool Manufacturers, composed of gentlemen who had had personal experience in the manufacture on both sides of the Atlantic or had connections giving them the requisite information, made an investiga-

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tion in 1911 of the comparative wages in American and European woolen mills. The report of the committee as transmitted to the president of the association was as follows:

Worsted spinning.

ENGLISH SYSTEM.

	American (56 hours per week).	English (55½ hours per week).
Overseer of wool room.....	\$24.00	\$12.50
Wool sorters.....	15.00	9.00
Overseer of wash room.....	18.00	7.25
Washers.....	10.00	6.50
Overseer of card room.....	22.50	8.75
Card grinders.....	11.00	7.50
Card strippers.....	10.00	6.50
Card feeders.....	8.00	6.00
Overseer of combing room.....	25.00	10.00
Noble combs.....	8.00	4.50
Gill box minders.....	7.00	3.25
Backwash minders.....	8.00	4.50
Overseer of drawing-room.....	27.00	10.00
Gill boxes.....	7.00	3.25
Heavy drawing.....	8.00	3.25
Reducing.....	7.00	3.12
Roving.....	7.00	3.12
Overseer of spinning.....	27.00	11.50
Spinning section overlookers.....	15.00	9.00
Cap spinning, 2 sides, spindles per side, 100.....	6.00	3.00
Cap spinning, 3 sides; spindles per side, 100.....	7.00	3.50
Doffers.....	4.50	2.00
Sweepers.....	4.00	1.75
Overseer of twisting.....	20.00	10.50
Twisters.....	7.50	3.50
Reelers and warpers.....	7.50	4.25
Winders.....	6.50	3.00
Mill clerks.....	15.00	6.00
Engineers.....	22.00	9.00
Stokers or firemen.....	14.00	7.50
Mechanics.....	15.00	9.00
Carpenters.....	14.00	8.00
Laborers.....	9.00	5.00

FRENCH SYSTEM.

	Ameri- can (56 hours per week).	Continen- tal (60 hours per week). ¹
Overseer of wool room.....	\$24.00	\$11.00
Wool sorters.....	15.00	7.00
Overseer of wash room.....	18.00	7.25
Washers.....	10.00	5.00
Overseer of card room.....	20.00	8.50
Card strippers.....	10.00	5.50
Card feeders.....	8.00	4.00
Overseer of combing room.....	20.00	10.00
Combs.....	7.00	3.25
Back washers.....	8.00	3.25
Gill boxes.....	7.00	3.25
Overseer of drawing room.....	24.00	10.00
Drawing gills.....	7.00	3.50
Drawing frames.....	7.00	3.50
Roving frames.....	7.00	3.50
Overseer of mule spinning.....	26.00	10.00
Mule spinners.....	15.75	8.00
Mule spinners' helpers.....	10.00	5.00
Twisters.....	7.50	3.75
Winders and reelers.....	7.50	3.75
Mill clerks.....	15.00	6.00
Engineers.....	22.00	8.50
Stokers or firemen.....	14.00	7.00
Mechanics.....	15.00	7.00
Carpenters.....	14.00	6.00
Laborers.....	9.00	4.00

¹ An average of both German and French wages.

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Worsted spinning—Continued.

WOOLEN SPINNING.

	Ameri- can (56 hours per week).	Bel- ginm (66 hours per week).
Overseer of wool room.....	\$18.00	\$8.00
Wool sorters.....	15.00	6.00
Overseer of wash room.....	18.00	8.00
Washers.....	9.00	4.00
Overseer of card room.....	18.00	8.00
Carders.....	10.50	5.00
Card cleaners.....	12.00	5.50
Overseer of spinning.....	18.00	8.00
Spinners.....	13.50	6.00
Spinners' helpers.....	9.00	4.00
Mill clerks.....	15.00	6.00
Engineers.....	22.00	7.00
Stokers or firemen.....	14.00	5.00
Mechanics.....	15.00	6.00
Carpenters.....	14.00	6.00
Laborers.....	9.00	4.00

WEAVING AND FINISHING.

	Ameri- can (56 hours per week).	English (55½ hours per week).	Continen- tal (60 hours per week). ¹
Overseer of weaving.....	\$36.00	\$17.50	\$10.00
Weaving section fixers.....	16.00	9.00	6.50
Weavers.....	13.00	5.00	4.80
Cloth-room burlars.....	7.00	3.85	2.90
Cloth-room sewers.....	10.00	4.50	3.60
Gray-room hands.....	9.50	6.00	5.00
Crabbing, steaming, and singeing.....	10.00	6.50	4.45
Washing and scouring.....	9.00	6.50	4.25
Dyeing-machine tenders.....	9.60	6.50	4.75
Hydraulic presses.....	14.00	12.50	5.15
Finishing-machine tenders.....	9.50	6.50	4.80
Examiners.....	11.00	7.00	5.30
Folding, rolling, or putting up.....	11.50	6.75	4.20
Mill clerks.....	15.00	6.00	6.00
Engineers.....	22.00	9.00	8.50
Stokers or firemen.....	14.00	7.50	7.00
Mechanics.....	15.00	9.00	7.00
Carpenters.....	14.00	8.00	6.00
Laborers.....	9.00	5.00	4.00

¹ An average of both German and French wages.

APPENDIX III.

SPECIFIC OR AD VALOREM DUTIES.

In Hon. Daniel Manning's report, as Secretary of the Treasury, on the revision of the tariff, dated February 16, 1886, Mr. Manning quotes the opinion of his distinguished predecessors as follows:

Secretary Gallatin, 1801, said: "Without any view to an increase of revenue, but in order to guard as far as possible against the value of goods being underrated in the invoices, it would be eligible to lay specific duties on all such articles, now paying duties ad valorem, as may be susceptible of that alteration."

Secretary Crawford, 1818, submitting to Congress 24 amendments, all of which were embodied in the tariff act of 1818, said: "Whatever may be the reliance which ought to be placed in the efficacy of the foregoing provisions, it is certainly prudent to diminish, as far as practicable, the list of articles paying ad valorem duties. The best examination which circumstances have permitted has resulted in the conviction that the following list of articles now paying ad valorem duties may be subjected to specific

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duties." (Mr. Crawford specifies over 100 articles, the list of which is printed in his report, whereon he advised that the rates be changed from ad valorem to specific.)

Secretary Forward, 1842, said: "With a view to guard the revenue against fraudulent undervaluations which can not be entirely prevented by the existing schemes of ad valorem duties, specific duties are proposed in nearly all cases when practicable. The operation of the system of specific duties may not be perfectly equal in all cases, in respect to the value of the articles included under it. But this inconvenience is more than compensated by the security of the revenue against evasions, and by the tendency of specific duties to exclude worthless and inferior articles, by which purchasers and consumers are often imposed on."

Hon. John Sherman, Senator from Ohio for many years, and Secretary of the Treasury from 1877 to 1881 under President Hayes, said, in a speech at Columbus, Ohio, in 1875: "In every case where the nature of the article will allow, the duty should be specific."

Secretary Manning adds: "It will be observed from the historical review which has been attempted of the tariff legislation of the country from the organization of the Government down to the present day, that increasing severity of legislation to prevent custom frauds has come down to us side by side with the raising of the rates of duty and with an enlargement of the application of ad valorem rates. The true inference to be drawn from that fact can not, I think, fail to appear.

"One advantage, and perhaps the chief advantage, of a specific over an ad valorem system, is in the fact that under the former duties are levied by a positive test which can be applied by our officers while the merchandise is in the possession of the Government and according to a standard which is altogether national and domestic. That would be partially true of an ad valorem system levied upon 'home value,' but there are constitutional impediments in the way of such a system which appear to be insuperable. But under an ad valorem system the facts to which the ad valorem rate is to be applied must be gathered in places many thousand miles away and under circumstances most unfavorable to the administration of justice.

"One hears it often said that if our ad valorem rates did not exceed 25 or 30 per cent, undervaluation and temptation to undervaluation would disappear, but the records of this department for the years 1817, 1840, and 1857 do not uphold that conclusion. Of course I am very far from advocating the universal application of specific rates, but I do believe it to be possible for the more experienced and conscientious of our appraising or examining officers in different parts of the country and for the experts in this department to prepare a plan for the prudent enlargement of specific rates which will greatly promote the welfare of the Government and of the country."

OPINIONS OF IMPORTERS.

Secretary Manning, in his report, quoted the opinions of American merchants and importers, nearly all earnestly in favor of duties.

A. G. Jennings & Sons, silk laces, trimmings, etc., New York, said: "The only remedy is specific duties, at least for all textile fabrics. This is the general opinion of honest importers as well as that of various manufacturers."

Peter Wright & Sons, earthenware, pig iron, tin plate, salt, etc., Philadelphia, said: "Frauds upon the revenue, while no doubt much greater upon goods subject to ad valorem duties, are not unknown to goods subject to specific duties, though in the latter case they require collusion with the weigher."

Codman & Hall, soap, olive oil, Boston, said: "We believe in having specific duties wherever it is possible, as it is a safeguard against dishonesty."

James A. Hayes & Co., fruits and vegetables, Boston, said: "Fixed specific rates tend to the bringing of a sounder and better quality of commodities to this country."

Phelps, Dodge & Co., metals, New York, said: "We are convinced of the great advantage to the Government and to the importers of simple specific duties on all metals. They are easily collected and can not be evaded except by direct fraud in weight."

William F. Reed, silks and cloths, Philadelphia, said: "An ad valorem rate of duty can hardly be safely levied on products having well-known and clearly established foreign market value, while on goods extending over a wide range of prices produced by various countries and liable to all shades of quality it must always offer a premium for fraud, making fairness an impossibility and causing the just to be speedily driven out of the traffic by the unjust."

Marshall Field & Co., dry goods, Chicago, said: "Our endeavor has been to substitute specific for ad valorem rates, especially on such merchandise as we have suffered injury on because of undervaluation."

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Arnold, Constable & Co., dry goods, New York, said: "In the present tariff the duties are almost entirely of ad valorem rates, and where double duties are collected the ad valorem is so high as to give the foreign manufacturer a large profit in undervaluations; this has driven the honest importer entirely from the market in many articles, such as silks, velvets, and dress goods, compelling him to have his goods delivered here in dollars and cents by the agents of the foreign manufacturers."

APPENDIX IV.

The conversion cost of these two samples (on file) is practically the same, though one is all worsted and the other is half cotton and half worsted.

Owing to the difference in total value of the cloth an ad valorem rate that would give sufficient protection on the all worsted would be inadequate for the cheaper cloth when applied to its lower cost; while an ad valorem rate that would be sufficient on the lower value would yield more protection than necessary when applied to the higher cost fabric.

TESTIMONY OF F. A. ELLENWOOD.

Mr. ELLENWOOD. Mr. Chairman and gentlemen of the committee, I do not wish to take up too much of your time. We have prepared quite a lengthy brief here which I wish to file, but there are one or two points that I would like specially to call to your attention.

The woolgrowers of the United States find themselves in accord with some of the declarations of those who will control the policies and acts of the incoming Democratic Congress. We agree with President-elect Wilson when he declares no legitimate industry in the United States should or need fear the forthcoming tariff revision, for we feel that the woolgrowing and the wool manufacturing industry must fall within the classification of "legitimate industries." At Pittsburgh, on October 18, during the progress of the recent, campaign the President elect expressed himself as follows:

I welcome the opportunity of stating what I believe to be the well-considered position of the Democratic Party with regard to the tariff. It is absolutely essential that we should be entirely frank with one another in the discussion of this fundamental question.

The business men of the country owe it to themselves to face the facts as they are and to meet them in a spirit of accommodation which has no touch either of radicalism or of more theoretical reconstruction in it.

The Democratic Party does not propose free trade or anything approaching free trade. It proposes merely a reconsideration of the tariff schedules such as will adjust them to the actual business conditions and interests of the country.

We desire to discuss this matter with entire frankness, as suggested by the President elect, and are willing to abide by the results of any consideration of the tariff schedule under discussion as will adjust themselves to our actual business. We agree with the Speaker of the House of Representatives, Mr. Clark, in his recent utterance to the effect that no industry should seek or will receive any benefits, direct or indirect, beyond those which will flow from the application of the theory of a competitive tariff.

We feel in perfect accord with the statement made by the chairman of the Ways and Means Committee, Mr. Underwood, to the effect that no industry should be discriminated for or against in any tariff adjustment that may be made. In other words, as your honorable chairman has stated, as long as it is necessary to levy import duties

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for the purpose of providing the necessary revenue for this Government, just so long should such duties be equitably distributed in such a manner that each and every industry should receive its proportional amount of that indirect protection which must necessarily follow the imposition of such duties.

It is a matter of common knowledge that the wool-growing and wool-manufacturing industries have been built up and capital invested in them under the legitimate provisions of the law of the land. Notwithstanding our desire that no harm shall come to any legitimate enterprises through the readjustment of the tariff, it is a fact that more or less disturbances must necessarily follow the changes that will be made. Therefore in the name of justice and consistency we plead with your committee to bear in mind the following plank taken from the Baltimore platform:

We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

In line with the thought embodied in this plank we respectfully urge that in the "ultimate attainment by legislation" of the purposes sought by the tariff revision that sufficient time be given for an adjustment of our industry and the changed conditions which it must meet. We feel that any act passed should not take effect within a year nor in any event prior to January 1, 1914. In the interim there will be given an opportunity to those interested to so adjust their business affairs as to meet the changed conditions with a minimum amount of shock.

It is not for the woolgrower to state what protection should be given him under the law, but the report of the Tariff Board makes it clear that the difference in the cost of producing 1 pound of scoured wool in this country and Australia, without including interest, is 24 cents; therefore if it shall be the purpose of Congress to place our grower upon the same basis as the man with whom he has competed in the past, 24 cents per pound scoured pound would accomplish this. Undoubtedly some will think this too high, and it has been suggested that our tariff be 18 cents per scoured pound. At the present time the duty on scoured wool is 33 cents, and if it were reduced to 18 cents it would mean a reduction of 45 per cent in the compensatory duty. It is this duty that concerns the consumer, for it is this that he pays because of the tariff upon wool. We therefore hope that in a readjustment of the schedule that your committee may see its way clear to grant a specific duty on the scoured content of imported wool of not less than 18 cents a pound. Such a rate would give a competitive tariff.

Now, Mr. Chairman and gentlemen of the committee, in addition to reading that, I scratched down a few notes since the adjournment at 6 o'clock here, and I would also like to add jut a few remarks about the legitimate industry, etc.

If the policy as outlined by the Baltimore platform and President-elect Wilson, your chairman, Mr. Underwood, and the Speaker of the House, Mr. Clark, is to be pursued by this committee, to the effect that no legitimate industry is to suffer, then I am sure no wool grower has cause for alarm, for our industry as now conducted is certainly

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most legitimate, highly honorable, important, and worthy of your most earnest consideration.

At one time stock men, both sheep and cattle, did roam over the Government land of the West almost at will with but little investment in either land or improvements and with much less cost than to-day. That day has long since passed, for now most western sheep men own farms or ranches where they put up hay for winter feeding and pay a Government fee for grazing in summer upon the national forests, where they are allotted a certain limited area over which they may graze.

Some there are who own but little land, but these will be found buying hay from the farmer when easily accessible, or if not they buy corn shipped from the Middle West, or others prefer cotton seed to corn. For these reasons we feel that our industry along with others is entitled to a competitive tariff. And I trust no member of the committee would think of placing wool upon the free list as suggested by some of the gentlemen who have preceded me. If, as has been suggested to this committee that wool should be placed upon the free list for the benefit of the consumer, who is the only one considered, evidently, in that case, then, I would suggest that it would be still more beneficial to him to place cloth and manufactured clothing on the free list also, as raw wool is the smallest part of the cost. We hope, however, that will not be done, and trust this committee will provide sufficient duty on manufactured goods to enable the American manufacturer to compete with the foreigner.

Just a few words in regard to the present law. At the time the basis of this law was first framed, 1867, it was agreed that the duty on scoured wool of class 1 should be 33 cents. At that time the wool in the United States and foreign countries did shrink from 60 per cent to 70 per cent, and 66 $\frac{2}{3}$ per cent was taken as the basis which would make the duty on wool in the grease 11 cents per pound, and as it took about 1 $\frac{1}{2}$ pounds of scoured wool to make a pound of cloth, the compensatory on cloth was placed at 44 cents.

Conditions began to change, the demand for mutton began to increase, facilities for handling dressed meat were improved, and growers began to produce a mutton type of sheep which meant a crossbreed and a wool of lighter shrinkage. Importers soon took advantage of this changed condition and began selecting the wools of lighter shrinkage. In addition to that, the skirting clause was added to the law, which gave them an additional advantage by still more reducing the shrinkage, until to-day the average shrinkage on imported wools for clothing is only about 40 per cent, thus reducing the duty cost per scoured pound to 18 or 20 cents instead of 33 cents. As it is this 33 cents on scoured wool that concerns the consumer, we agree with this committee and the Tariff Board that the wool duties should be reduced, but we also ask that the method of assessing the duties be changed. We ask that they be assessed upon the scoured content. The reason for that is because the scoured content is less subject to these inequalities and would come nearer providing the wool grower the amount of protection that the law intends that he should have. The ad valorem rate of duty, under any rate, as has been stated before, would be a varying quantity, always high when

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wool is high and lowest when wool is lowest, and affording the wool grower less protection when most needed, and most protection when he needs it least.

The CHAIRMAN. Your time has expired, Mr. Ellenwood.

Mr. HULL. Which branch of the industry do you represent, Mr. Ellenwood, most particularly?

Mr. ELLENWOOD. I have never been connected with any branch except the growing of wool. I represent the National Wool Growers' Association and am also secretary of the California Wool Growers' Association.

Mr. HULL. Do you think the scoured content as the basis for specific duty is the most practical and the fairest method that can be devised?

Mr. ELLENWOOD. Yes, sir; by all means.

Mr. HULL. You also think that when you get to cloth, a specific duty on the wool content of the cloth would be the most practical and the fairest method of assessing that portion of the tariff?

Mr. ELLENWOOD. Well, by that I suppose you mean the compensatory duty on the cloth?

Mr. HULL. Well, a bill was offered here during last year proposing a specific duty on the wool content. It would not make any difference whether it was compound or what character of duty it was; it was supposed to be levied on the wool content of the cloth.

Mr. ELLENWOOD. Well, as far as we are concerned, we are not particularly posted on the cloth end of it, but that bill is satisfactory to us, so far as we are concerned. Just how it affected the manufacturer, I am not prepared to say, because I am not posted on that branch of the subject.

Mr. HULL. Well, getting back to the scoured content proposition, that you are most directly interested in, when was that method first suggested?

Mr. ELLENWOOD. If I remember correctly, I think in the tariff hearings of 1909, where some manufacturer, I think, suggested that as the right method. As far as the woolgrowers are concerned, I think the first time it was ever suggested by the woolgrowers was in our paper and in a letter that I wrote to our Congressman, Mr. Raker, and which letter appeared in the Congressional Record, I think it was August 22—yes, August 22, 1911.

Mr. HULL. The price of scoured wool varies probably from 10 to 60 cents, does it not, according to the quality?

Mr. ELLENWOOD. It varies considerably; yes, sir. I do not know that any of it is as low as 10 cents, but it varies considerably.

Mr. HULL. Well, if you fastened a flat rate of specific duty of 18 cents a pound to 60 cents a pound scoured wool, and then compared that with the same rate on 10 or 15 or 20 cents a pound scoured wool, it would constitute a great inequality, would it not?

Mr. ELLENWOOD. From that viewpoint it would; yes, sir. But the right way to overcome that, I think, that this law should be framed so it should be as near fair as possible in every respect, I think that is the only possible objection that I know of that can be offered against the scoured pound, and to remedy that I would suggest that an ad valorem rate limit be placed, at which the scoured pound rate

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would not exceed an ad valorem equivalent of so much, whatever this committee might think was right.

Mr. HULL. Would it not be better just to fix an ad valorem in the first place?

Mr. ELLENWOOD. No, sir; because that would hurt the wool-growers first, very materially, on account of undervaluation. The undervaluations would be very great, and the value of the wools imported on an ad valorem method of collecting duties would not be anywhere near what they are to-day, in my opinion, and the wool-grower would not receive in the way of protection, in my judgment, more than 50 or 60 per cent of the amount that would be levied under the ad valorem basis. For instance, if it were 20 per cent, as has been suggested by this committee, the wool-grower would not receive more than 12 per cent in the way of protection.

Mr. HULL. Well, he does not receive a satisfactory degree of protection at all under the present rate, does he, in certain respects?

Mr. ELLENWOOD. Well, in certain respects, no. We have stated our objections to the present law and the reasons for them, as I have stated here, are owing to the changed conditions. At the time that law was framed I think it was perfectly just and right to the wool-grower and to all branches of manufacturing, perhaps, but owing to changed conditions and the demand for mutton, as I have stated, the growers began to produce a mutton type of sheep, which meant crossbreed or light shrinkage wool, and then the importers began to select that very lightest of light shrinkage wool, and then also there was the skirting clause which reduced that still more.

Mr. HULL. There are a hundred or more different kinds and qualities of wool, are there not?

Mr. ELLENWOOD. Yes, sir; a great many. I do not know just how many.

Mr. HULL. The difference is in fineness and rank and texture and fiber, according to climatic and other conditions?

Mr. ELLENWOOD. Yes, sir.

Mr. HULL. Well, when our large wool manufacturers go to Boston, or go to the world's market, London, are their buyers able to distinguish between the different kinds and qualities of wool when they go to purchase it and bid on it?

Mr. ELLENWOOD. They certainly are. I do not think they would keep a man very long who would not be capable of doing that.

Mr. HULL. Then they are able to distinguish it with considerable-accuracy—the different qualities and the values of it?

Mr. ELLENWOOD. Yes, sir.

Mr. HULL. Then why can we not with the same accuracy at the customhouse assess an ad valorem duty on it without any undervaluation or permitting any undervaluation?

Mr. ELLENWOOD. It might be possible for the Government to secure a man who could so determine that, but if an importer came to the port of entry here, to that official, and showed him his statement from the man where he bought this wool, that the price he paid was so much, then I do not care how expert this man might be, I think that statement from where he bought this wool would determine the value.

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The CHAIRMAN. You are mistaken about the law, Mr. Ellenwood.

Mr. ELLENWOOD. Is that so?

The CHAIRMAN. Yes. The law requires the customhouse official, regardless of the invoice, to assess the valuation of goods at the market value of the country from which it was imported at the time of the importation, regardless of the invoice, and there is nothing better known—no commodity better known in the markets of the world than raw wool, and the prices on it, because it is a commodity that is sold in the open market.

Mr. ELLENWOOD. Well, I just want to say in that respect that the way the undervaluation and the evading of the duty could be done—not saying it would—the same as it is now; when a man purchased a million pounds of wool in Australia or South America and paid the price of 15 cents, as it comes from the sheep, he could sort that wool and skirt that wool the same as he does now, and increase the value very materially.

The CHAIRMAN. Not with an ad valorem rate.

Mr. ELLENWOOD. Well, he could do all that in the country—in the place where he bought it. He could ship the skirts and the poorer grades of the wool where there was no duty at all, the same as is done now.

The CHAIRMAN. I do not think you need worry about the under valuation.

Mr. ELLENWOOD. I do not think the woolgrower would ever receive, under any system of the tariff—even under the scoured pound—if it were 18 he would not receive 18 in the way of protection, so far as that is concerned, the same as it is 33 now, and he does not receive much over one-half of that.

The CHAIRMAN. Any further questions?

Mr. FORDNEY. The Tariff Board's report shows that the cost of producing South American wool is from 4 to 5 cents a pound. They further show that the cost of Australian wool is practically nothing, after crediting up to the flock the moneys received for the sale of sheep for food purposes. That being true, and that being the great wool-producing country, if wool were on the free list it would not be possible for you to compete with Australian wool and succeed in the production of wool in this country, would it?

Mr. ELLENWOOD. No, sir.

Mr. FORDNEY. Therefore, you must have a measure of protection against that class of cheaper wools or you can not succeed?

Mr. ELLENWOOD. Yes, sir.

Mr. FORDNEY. It is true that there is no market in the world for your wools except the woolen mills in this country?

Mr. ELLENWOOD. Yes, sir.

Mr. FORDNEY. And unless adequate protection is given to the products of the woolen mills of this country, which are your only market, so that the manufacturers of woolens are prosperous, you suffer immediately?

Mr. ELLENWOOD. Yes, sir.

Mr. FORDNEY. Because, as I have said, they are the only purchasers of your wool?

Mr. ELLENWOOD. Yes, sir.

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Mr. FORDNEY. Therefore, it is very important that you should, in asking for protection on your wool, ask for protection also to the buyers of your wool, which are the manufacturers of the woolsens?

Mr. ELLENWOOD. Mr. Fordney, if you will permit me—

Mr. FORDNEY. Yes.

Mr. ELLENWOOD. In our brief we did that, and I also did that in my few remarks that I scratched down after 6 o'clock.

Mr. FORDNEY. Yes; but I wanted to bring it out clearly that those two industries must go hand in hand. That is to say, the woolen manufacturers of this country could survive without you, by getting their material from other parts of the world, but you can not survive without the woolen manufacturers of this country to sell your products to?

Mr. ELLENWOOD. No, sir; we can not.

Mr. FORDNEY. Therefore, it is very important that the woolen manufacturers have adequate protection in order to protect you?

Mr. ELLENWOOD. Yes, sir.

Mr. FORDNEY. Now, the gentleman speaks of undervaluation. I am afraid that the chairman might be mistaken about the possibility of undervaluation. As an illustration—

The CHAIRMAN (interposing). I think there are cases of undervaluation, but what the chairman stated was that wool was less subject to it than any other commodity we have.

Mr. FORDNEY. Yes; I understood that. I think, however, Mr. Chairman, that there could be undervaluations there. For instance, I know of a case of chinaware that came into this country under the ad valorem duty, and the gentleman, after investigation—I saw that gentleman in the room to-day—he testified before this committee four years ago that upon careful investigation he had found on \$9,000,000 in round numbers in the valuation of chinaware—tea sets had come into this country at a valuation on the invoices and paid duty on the invoices on four and one-half million dollars valuation; therefore this Government was robbed out of one-half the duty on these goods. If that is true on a tea set, it ought to be pretty clear that the value—that if it is possible to undervalue such articles that are staple goods, well known as to their value in the market, it should be possible to undervalue wool, if put upon an ad valorem basis.

Mr. ELLENWOOD. Much more easy, in my opinion.

The CHAIRMAN. Are you through, Mr. Fordney?

Mr. FORDNEY. Yes, sir; I just wanted to bring out that point. I am not disputing the chairman, but I still think there is a possibility of it.

Mr. HULL. How long have you been secretary of the National Wool Growers' Association?

Mr. ELLENWOOD. I am not secretary of the National Wool Growers' Association. Dr. McClure is secretary. I said I was a member of the National Wool Growers' Association, and in addition to that I am executive committeeman from California; I am secretary of the California Association.

Mr. HULL. How long has the National Wool Growers' Association and the National Wool Manufacturers' Association been going hand in

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hand, to use the language of Mr. Fordney, in conducting their tariff propaganda?

Mr. ELLENWOOD. I am sure I do not know they have been going hand in hand at all, but I know positively for the last three years they have been going right the other way, absolutely.

Mr. HULL. Is that the fault of the manufacturer?

Mr. ELLENWOOD. I do not know whose fault it is, but I know the wool growers have realized the changed conditions that have taken place and have realized that the old method of assessing duties was not what they thought it was or what it should be, while most of the manufacturers claim that it is.

Mr. HULL. The wool growers have been of the opinion for some time that they were not getting their share of the profit under the tariff arrangement?

Mr. ELLENWOOD. Yes, sir.

Mr. HULL. As compared with the benefits the manufacturers receives?

Mr. ELLENWOOD. Yes, sir.

Mr. HULL. What is the price of wools in the London market now as compared with similar wools in the Boston market?

Mr. ELLENWOOD. We sent some wools over there to test that absolutely by taking the fleece of wool so there would be no chance as to grade and climatic conditions, etc., and sent one-half of the same fleece to Boston and one-half to London, and the difference on that would run from 5 to 6 cents.

Mr. RAINEY. When did you send that over there?

Mr. ELLENWOOD. Secretary McClure has been sending samples at different times in the last year.

Mr. RAINEY. Is the Commercial Bulletin, of Boston, a good authority on wool matters?

Mr. ELLENWOOD. I really do not know.

Mr. RAINEY. Here is an editorial which they sent out to some papers throughout the country on the 29th of November last, in which they advised newspapers all over the country as follows:

The Commercial Bulletin will say of the wool market to-morrow:

"There has been a dearth of large sales in the market this week, but a steady trade in small lots is reported, with fancies firm and unchanged. Boston is undoubtedly the cheapest wool market relatively speaking in the world, all foreign markets showing a steady advance."

Mr. ELLENWOOD. That might all be, but that would mean, comparatively speaking, because the price here mentioned has always been more than in any foreign country for a similar grade of wool.

Mr. FORDNEY. Is Mr. Bennet, who was here to-day, the editor of that paper?

Mr. RAINEY. I do not know.

The CHAIRMAN. You may be excused, Mr. Ellenwood.

WOOL GROWING AND THE TARIFF.

Any comprehensive review of wool growing in the United States takes us back to the days of Columbus, for he it was who first brought sheep to our shores. History records that when Columbus sailed on his second voyage to this country he stopped at the Canary Islands where he took on a number of sheep that were later landed at *Isabella* on the new continent. This is how the sheep came to us, for it was not a native

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of the Americas. After this initial shipment in 1493 almost every boat that landed on this continent left a considerable number of sheep. So that the sheep of the early colonists were soon able to supply most of the colonists' needs for woolen clothing. This was fortunate and necessary for in the absence of a domestic supply of wool our forefathers must have depended upon flax or the skins of animals for their clothing. Wool was then highly treasured by foreign countries, and its exportation was punishable in many instances by death. It is unnecessary to here review in detail the vicissitudes that surrounded the early sheep breeder. But history records that the wolf, the panther, and the bear all took their daily toll from among these early flocks. So serious was the menace of these predatory pests that in the year 1648 the court of Massachusetts placed a bounty upon predatory animals, which provided that for every wolf killed during the ensuing four years an Englishman was entitled to at least 30 shillings and an Indian to 20 shillings. This was the first wild-animal bounty. In addition to this bounty law nearly all of the early colonies promulgated similar laws and issued various orders to encourage the breeding of sheep, even to the extent of prohibiting their sale or the exportation of their wool.

Coming down to the early days of the Nation, we find that the Revolutionary War had devastated the sheep industry, and especially had it shown the positive necessity of a larger supply of domestic wool. Thus, Washington, Franklin, Jefferson, and Madison, as well as other prominent men of that early day, urged the enactment of Federal and State legislation to foster and protect woolgrowing. Jefferson, in 1809, violated the law of Spain by sneaking a few merino sheep out of that country, two of which later became his property. However, he excused his action on the ground that our need of wool must be greater than our respect for law. But in spite of the fostering laws enacted by the several States woolgrowing did not prosper. The War of 1812 again demonstrated the need of wool. The demand for it at that time may best be illustrated by the fact that in 1814 pure merino wool sold in Boston at \$3 per pound. In order to increase wool production a tariff of 15 per cent was placed on imported wool in 1816. This was our first wool tariff, the entrance, as it were, of the American sheep into national politics. This early tariff did not sufficiently foster woolgrowing; therefore, in 1824, the tariff was raised to 20 per cent; in 1825, to 25 per cent; and in 1826, to 30 per cent—10 per cent more than was offered us last year by the House Ways and Means Committee. We can not here review the various changes of the wool tariff or the causes that led up to them. Suffice it to say that nearly every presidential campaign from 1816 to the present time found the sheep in politics, much against its owners' will. The result of this continual agitation of the wool tariff has been that from 1816 to 1912, a period of 96 years, the wool tariff has been revised 18 times, allowing an average duration of each tariff of but five years and four months. Each of these revisions has been attended by more or less bitter political discussions which have alarmed the man with his money invested in sheep and offered the wool buyer an opportunity, which he did not lose, to purchase our wool on a free-trade basis. However, an examination of the tariffs existing previous to 1861 creates the suspicion that they could not have meant any great benefit to woolgrowing, because of the fact that their schedules were poorly balanced. In some the duties on wool were high and the corresponding duties on manufactures were low; in others, the wool duties were too low, which in either case deprived the grower of the full benefit of the tariff.

With these early tariffs we have but a moderate interest, and shall pass to the year 1865 as the time when the basis for our existing tariff was first devised. The Civil War found our armies in need of clothing, a need that could not be supplied entirely from domestic products, and as wool became a contraband it was obtained with much difficulty, a difficulty which would have been insurmountable had the war been fought in a colder climate, or our enemy been better supplied with warships. The relation of war to wool may be here illustrated. In the four years preceding 1861 our average annual importation of wool was 27,000,000 pounds. From 1861 to 1865 our average annual importation was 60,000,000 pounds. Washington's army at Valley Forge was decimated for want of woolen clothing. Napoleon's winter campaign in Russia was greatly retarded by a lack of woolen clothing. Wool is as essential to war as food, and in such times only the domestic supply is available. The close of the Civil War found the sheep industry languishing and the Federal Treasury depleted. Therefore, as has been the custom of this Government, the sheep was to be called on to again return prosperity to the land and funds to the Federal Treasury. In pursuance of this policy the revenue commission then in existence asked representatives of the woolgrowers, as well as representatives of the Manufacturers' Association, to meet and devise a scale of duties that would raise revenue and encourage wool growing and wool manufacturing. Such a meeting was held in Syracuse, N. Y., in December,

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1865, and as a result of this meeting and subsequent meetings, the present basis of wool duties was agreed upon. These two interests recommended the form of law which seemed to them best suited to the occasion to the revenue commission, which in turn recommended its adoption by Congress, a recommendation which Congress carried out in 1867 by the passage of the Morrill bill. While the law enacted in 1867 has been repeatedly changed, the principle upon which it was based remains unchanged. As this is the principle that has been so vigorously attacked it is worthy of close attention.

The meeting between grower and manufacturer in 1865 was marked by intelligent discussion upon both sides. Fortunately an accurate record of the meetings between these two bodies is available, and doubt therefore as to the intent of the framers of this law may be dismissed. In 1865 we had in the United States approximately 25,000,000 sheep of all ages. Of this number more than 75 per cent were located in those States where the merino flourished, east of the Mississippi River. In fact, at that time the merino held the field against all comers and the great bulk of our wool was merino. Not the light shrinking merino of the rambouillet type, but the heavy, dense fleece of the Vermont type. In addition to the merino we produced some coarse common wool, of fairly light shrinkage, but of low value.

The record of the Syracuse meeting clearly shows that in 1865 most of the wools of this country shrank on an average 60 to 70 per cent. At about this date South America, Australia, and Africa were the great wool producing nations. The wool produced in Australia was very like ours both in quality and character, and little of it had as yet been imported. The Australian wool then shrank from 60 to 70 per cent, according to best available data. The situation in South America was somewhat different. The merino and the native sheep of that country had been crossed, yielding a cheap, heavy wool which shrank from 60 to 70 per cent, the same as our own wool. However, in addition to this merino wool South America produced a considerable quantity of what was known as native carpet wool. These native wools shrank at that time around 50 per cent, but they were coarse, poor in character, and so filled with burrs that they were considered very inferior wools and not looked upon as a competitor to be guarded against. It was the heavy merino wool that was to be excluded. After considering these facts the conference between grower and manufacturer resulted in the conclusion that the average shrinkage of all desirable wools of the merino type, both in this and in foreign countries, averaged 66 $\frac{2}{3}$ per cent, and upon this basis the entire law was predicated.

It has been asserted that the Syracuse convention intended to place the duty upon the grease basis. This assertion, however, is not in accordance with the facts, for the entire line of reasoning pursued by these conferees recognized scoured wool as the important material to be taxed, and they clearly provided that wool imported in the grease should pay the same relative duty upon its scoured content as it would pay had it been imported scoured. However, as a matter of convenience in the collection of the duty; the tax was placed upon the grease pound along with its equivalent upon the washed and scoured pound. Therefore, in accord with the recommendations of this conference, Congress, in 1867, levied a duty upon all merino wools imported in the grease of 10 cents per pound, plus 11 per cent ad valorem. If washed, double the grease duty; and if scoured, treble the grease duty. Thus we see that the intent was to place the duty on the scoured wool obtained and not upon the grease and dirt. If further proof be desired as to the shrinkage of wool in 1865, or to the actual protection which the law presumed the woolgrower would get, it will be found in the fact that in levying a compensatory duty, which that law gave to the manufacturer to compensate him for what he had paid because of the tariff upon wool, this compensatory was levied on the basis of 4 to 1; that is, the compensatory duty assumed that 4 pounds of grease wool were required to make 1 pound of cloth; that is, it takes 1 $\frac{1}{4}$ pounds of scoured wool to make 1 pound of cloth because of the wastes which occur in the process of manufacturing, and the duty on sufficient scoured wool to make a pound of cloth would be 44 cents. However, such a ratio as this is correct only when wool shrinks 66 $\frac{2}{3}$ per cent, and the fact that it was placed upon this basis is of itself evidence that the law supposed the shrinkage of imported wool to be 66 $\frac{2}{3}$ per cent.

The law of 1867 discriminated against the grower of coarse wool, in that it admitted such wool when washed at the same duty as if it were imported unwashed. The washing of these wools reduced their shrinkage from 20 to 40 per cent, materially increasing the yield of scoured wool obtained for the duty. This has long been referred to as one of the "jokers" of Schedule K, but in reality it was not at that time a "joker." It only became such after it was continued in the law of 1890, at which

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time our coarse wools should have been protected. In 1867, when this law was passed, our production of long-combing wool was limited, and the supply used by our manufacturers came either from Canada or England. These class 2 wools are used by the worsted manufacturer. In 1867 worsted manufacturing had not been long established in this country. Therefore, to encourage it, this concession in the duty was made. Again, these class 2 wools came from countries where practically all the wool was washed, and to have doubled the duty upon them would probably have been burdensome to this new manufacturing industry. This favor to the worsted manufacturer of course retarded the development of mutton sheep in this country, but as the law gave the worsted manufacturer a compensatory duty based not on what he paid, but nearly two and one-fifth times greater, worsted manufacturing prospered, and it still continues to do so.

As we have stated before, our protection must be measured not by the duty on the grease pound but by the duty paid to obtain sufficient wool to make a pound of scoured wool. Since in 1867 domestic and foreign wool of class 1 was of the same shrinkage our growers had the full protection of the law regardless of whether the wool was imported in the grease or in the washed or scoured condition. Under the stimulus of this law our wool production rose from 160,000,000 pounds in 1867 to 337,500,000 pounds in 1884, at which time our protection was considerably reduced. Of course in 1872 the wool duty was reduced 10 per cent, but this was restored in 1875. The wool tariff, however, became the subject of general revision in 1883, when an important reduction in the duty was made. The law of 1867 had placed the duty at 10 cents per pound plus 11 per cent ad valorem. In 1883 the average value of Port Phillip fine wool was $24\frac{1}{2}$ cents per pound. Our protection against this then was $12\frac{1}{2}$ cents per pound. The average price of Australian crossbred wool was then 18 cents per pound and our protection against it 12 cents per pound. The law of 1883 reduced the tariff to 10 cents per pound, which, in effect, reduced our protection from 2 cents to 3 cents per grease pound. Under this reduction our wool clip fell until in 1889 we produced but 293,500,000 pounds.

In 1890 the tariff was again revised and the duty on wool raised 1 cent per grease pound. In accordance with this increase in duty wool production likewise increased so that by 1893 we produced three hundred and forty-eight and one-half million pounds, or the greatest amount in the history of the industry. Then came an election and wool was placed upon the free list. In response to this our production fell from three hundred and forty-eight and one-half million pounds in 1893 to 259,000,000 pounds in 1897, a reduction of eighty-nine and one-half million pounds in four years. Then the wool tariff was again revised and a duty of 11 cents per pound given to grease wool. Production again increased from 259,000,000 pounds in 1897 to three hundred and eighteen and one-half million pounds in 1911. I anticipate that the 1912 clip will be less than the 1911 clip, but this reduction is largely attributable to the tariff, for be it remembered that in 1911 we had a special session of Congress from which a very low wool bill was sent to the President for his veto. This, coming at a time when all our wool was on the market, enabled the buyers to purchase our clip at free-trade prices, which forced many growers to give up the sheep business.

All of the foregoing makes it evident that there exists an intimate relation between wool growing in this country and the tariff. And it must further be apparent that in the absence of less actual protection than we now have a large decline in wool production must inevitably follow. This of course brings up the question of our actual protection at the present time. Two important events have occurred since 1867 to influence the actual protection which American wool growers have received under the law. The law placed the duty on grease wool. The importer at once saw that the only way he could reduce the duty was by reducing the shrinkage of the wool he imported. No other avenue was open, for if he imported washed or scoured wool the duty was relatively just as high as if he imported it in the grease. Therefore, the importer early in the 70's set about the purchase of light shrinkage wool. He began to pay a premium on light wools. The foreigner began to pack his light wools separately in response to this premium.

However, it must be evident that to change the shrinkage of a nation's wool is a slow process, and this was a slow process. How slow it was is not a matter of record, but the best available data seems to show that up to 1880 imported wools shrank about as much as our domestic wool. So that for many years after 1867 we had practically the full protection of the law. About 1880 an event occurred that was destined to materially reduce our protection. This was the permanent establishment of the frozen meat trade. The first attempt at the exportation of frozen mutton from Australia to Europe was in 1861, but it was a failure. Repeated efforts met

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with no better success, and it was not until 1879 that the exportation of frozen mutton was successfully established. Then began a change in the wool production of South America and Australia. The heavy shearing merino had reigned supreme throughout the world, except in parts of Europe. Now the road had been paved for the sale of mutton, and consequently a change in the type of sheep was demanded. Therefore, in South America and New Zealand the merino began to give way to the crossbred, and the production of light crossbred wool necessarily followed. In our own country the carded industry that used our heavy merino wool was failing, just as it was doing abroad. This left our short clothing wool in less demand. Thus, by 1883, even before the tariff was reduced, our actual protection had been reduced by reason of the increased clean yield of imported wool. Add to this the tariff reduction of 1883, and we have the cause of the decline in wool production that followed until 1890. Along in the eighties the skirting of foreign fleeces had become general, and our importations were largely skirted wools, even before this iniquitous feature was added to the McKinley bill. As we approach the present date the causes which I have here given as operating to reduce our protection have become more and more intense, so that where we had the full protection of the law from 1867 to about 1883, these influences have now reduced our actual protection to but little more than one-half of what it originally was and what the law and the country suppose it is to-day. That this gradually decreases protection has been the active factor in retarding wool production in this country, seems to me evident, for when we had the full protection, from 1867 to 1883, our wool production increased at the rate of 11,000,000 pounds per year. But from 1897 to 1911, under the decreasing protection of the present law, our average increase has been but 4,500,000 pounds per year.

While we have shown that as time went by more and more scoured wool could be imported for the same amount of money expended in duty, until the duty on a pound of scoured wool to-day is but little over one-half the rate specified in the law, this fact does not and can not enter into a revision of the tariff at this time. So far as the consumer is concerned and so far as those who have urged revision is concerned the duty on a pound of scoured wool is 33 cents. That is what the law provides. The compensatory duty on the cloth is 33 cents on every pound of scoured wool contained therein, which equals 44 cents on the $1\frac{1}{3}$ pounds of scoured wool required to make a pound of cloth. It is this compensatory duty that is paid by the consumer and it has not been falling in conformity with the wool duty. The consumer was repeatedly told in the last campaign that the duty on wool made the compensatory duty on cloth of 44 cents per pound. Not in a single instance have those who have attacked the tariff told the consumer that the wool grower did not get the full benefit of the wool duty, therefore in any revision of the tariff that proceeds with fairness to the wool industry and the consumer 33 cents must be taken as the duty on scoured wool and a readjustment of rates made from this basis.

We would here call the attention of this committee to the fact that under no form of wool duty can the wool grower be benefited to the full extent of that duty. To determine this fact we have during the past season sent many fleeces of wool to London, where we obtained the London price. In every instance it was found that domestic wool failed to equal the London price plus the actual tariff paid to import a competing wool by a considerable amount. The average for all wool shows that we failed to obtain 22 per cent of the actual duty paid. This would be more true under an ad valorem than under the present specific law. The House bill provided 20 per cent on wool, but in operation this law could not be expected to advance the price of our wool but 12 or 14 per cent, if it did that much. This committee must not forget that the wool grower has formed no trust or combination for the control of his products, and until he does he will not be benefited to the full extent of the tariff.

All of the foregoing has had to do with the effect of the tariff upon woolgrowing, but there are those who assert that our woolgrowers do not need a tariff and the industry is not worth protecting. The need of a tariff is best illustrated by the statistics I have here given showing a decided increase in wool production when the tariff was increased and a decided decrease in production when the tariff was removed or reduced. Such figures are the best arguments. We may draw an excellent illustration from the present condition of woolgrowing in Canada. Canada is an ideal country for wool production. Her soil and climate contain every advantage to be found in North America. She is peopled with a race who are natural shepherds, coming as most of them have from the sheep-breeding counties of Great Britain. Yet in spite of these natural advantages Canada has failed dismally in the production of wool and in the manufacture of cloth. At the present time her sheep number 2,000,000 head, and her wool manufacture is insignificant. Five States in our Union

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have each more sheep than are to be found in all of Canada. Why this failure? The single reason for it is the fact that the Canadian people have failed to adequately protect wool manufacturing and woolgrowing. Canada has a tax upon some grades of wool which she produces of 3 cents per pound, and on her manufactures of wool her tax is but 30 per cent. The result of this policy has been that wool manufacturing could not prosper in Canada under this low protection, and the woolgrower, having no home market for his product, has done the wise thing and ceased to produce wool. If those now charged with the responsibility of revising our tariff will but examine the records, they will find a fatal similarity between the House bill of last year and the bill which has brought destruction to the wool industry of Canada.

Germany once had 30,000,000 sheep, and at that time placed wool upon the free list. Consequently wool growing has declined until to-day the German flocks number scarcely 7,000,000 sheep. The German Government now recognizes its error in destroying wool production, for it has resulted in giving Germany the highest priced meat of any nation in the world, and more important still, it has placed the German people in absolute dependence upon the colonies of Great Britain for their supply of wool. However, Germany is now trying to make amends for its shortsightedness, and at an enormous expense is endeavoring to establish wool growing on her own soil in German East Africa.

England is pointed to as the great free wool country, but in reality she gives her woolgrowers a higher protection than is given by any nation in the world. For more than 100 years she has not allowed a live sheep to come within her borders, her laws requiring that they be slaughtered on arrival at the dock. This has placed her sheepmen in possession of her Irish mutton market, with the result that where our lambs sell for \$3 an Englishman gets nearly double this for his; therefore, he does not need a tariff on wool.

Our sheep industry is one of the most important pursuits of the Nation measured from any angle. Our sheep at the last census were worth \$231,000,000. The land and equipment needed to maintain our flocks represent an investment of \$350,000,000. Thus our sheep industry represents a total investment of \$581,000,000, or more than is invested in all forms of wool manufacturing. The last census shows sheep on 610,000 farms. These farms are situated in every county in the land. Our woolgrowers annually pay to labor to care for their flocks \$47,580,000. They pay to the farmers of this country for forage each year \$23,400,000, and this item is yearly increasing. The taxes on our sheep alone are \$2,600,000 per annum. The freight on our wool is annually \$4,000,000. The actual cost of maintaining the 52,000,000 sheep in this country amounts to \$137,000,000 per year. Surely such an enormous sum as this can not be disturbed without disturbing the general welfare of the Nation. The charge is made that beneficiaries of the tariff have not passed a fair share on to labor. This charge can not be defended against the woolgrower. He is paying to labor to-day a higher wage than is paid to similar unskilled labor anywhere in the world. In the Northwestern States the average sheep labor charge is \$60 per month per man. Certainly no one could justify a higher wage than this. Here we have an industry that gives to labor its full benefit from the tariff, yet it seems this fact is not to be considered. If under these circumstances the income from wool is lessened, it is inevitable that labor cost must likewise be reduced.

Our immense supply of sheep has furnished the markets with 800,000,000 pounds of mutton per year, a supply so great that mutton is the cheapest of all American meats, and in the absence of this enormous supply other meat would advance to prohibitive prices. The sheep have settled and developed nearly all of the Western States and are to-day using lands which are practically worthless for other purposes. They have been our great soil fertilizers, and have contributed immensely to our annual supply of grain crops. In addition, they are to-day the most effective fire fighters in the Nation and preserve range and forest from this destructive force. Not only have many of our Western States been settled by the sheep but they are to-day being supported by the sheep. The West is new and as yet but partially developed. Her great drawback is lack of home markets. High freight rates make outside markets inaccessible. Under these circumstances without sheep millions of acres of irrigated farms must be abandoned. Alfalfa must be the first crop to tame the desert after irrigation is established, and in the West the range sheep furnish the only market for the products of the soil. To-day, in the State of Idaho more than 1,000,000 sheep are eating hay at the farmers' stacks. This hay is costing the sheepman about \$6 per ton and each sheep is consuming 4 pounds daily. In this manner the farmers are marketing 2,000 tons of alfalfa to-day right on their own ranches in Idaho alone. What is true of Idaho is equally true of other Western States. In the absence of the

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sheep these farmers would be driven out of business because of no markets, and if a reduction of the wool tariff impairs the buying power of the western woolgrower the farmers of some 11 Western States will feel the blow almost as keenly as the sheepman himself. Not alone is the sheep supporting the farmer but the railroad, stores, banks, and manufacturing enterprises all through the West are being supported largely by the business created by the sheep industry. Unlike the fruit or grain farmer, the woolgrower has a heavy labor cost throughout the entire year, then does the community receive a permanent income from his business. These facts place our sheep industry among the most important industries in the land, and entitles it to protection if any industry is to receive it.

All the protection our woolgrowers ask is the difference in cost of production between this country and Australia, the nation that makes the world's wool prices; but he asks that this difference be given in such form that he can get it. In other words, he asks a competitive tariff. The Tariff Board has determined that this difference in cost is $9\frac{1}{2}$ cents per pound of grease wool, and no one has as yet successfully disputed the findings of that board. This difference is largely made up of labor cost, a cost which all political parties presume to protect. The labor cost here per sheep is 82 cents against 7 cents in Australia. The average forage cost here is 45 cents against 8 cents in Australia. The average western interest charge is 9 per cent against 5 per cent in Australia. However, after all the differences in costs have been taken into consideration, except cost of transportation and interest charges, there remains a charge of $9\frac{1}{2}$ cents more against a pound of our wool than against Australian wool. If the purpose, therefore, be to place our woolgrower on the same footing as the Australian, this $9\frac{1}{2}$ cents must represent our tariff, but in order for our grower to obtain it it must be levied on the scoured basis.

Would it pay the Nation to reduce its supply of sheep? Not, we think, if it considers the future. A tax upon wool is the most equitable of all taxes. If it benefits the producer that benefit is spread broadcast into every country in the land. If it increases the cost of clothing that increase is borne by all the people, but more particularly by the rich. A reduction in our supply of wool means an advance in the price of the world's wool; not, however, until our grower has hopelessly given up business. Do not forget that the world's greatest clip of clothing wool was back in 1895. More important to the Nation at large than the advance in the price of wool will be the inevitable advance in the price of all meat foods. Any important reduction in our wool tariff means a reduction of 50 per cent in our supply of sheep. This means an annual loss of 400,000,000 pounds of dressed lamb and mutton, and this loss must be reflected by a decided advance in the price of other meats. If our sheep stock ever becomes depleted it can not be rebuilt in a generation, for there will be no sheep from which additional stock may be obtained. Do not lose sight of this fact.

Is the tariff on wool a burden to the multitude of the people? This must be answered in the negative, for it is probable that a tariff upon wool is the least burdensome of all tariffs. For illustration, take the khaki-colored suit worn by the officers of our Army. These suits are of medium weight and made, under Government supervision, of the best half-blood wool. No cotton, shoddy, or wool waste enter them. Three and one-fourth pounds of scoured wool is all that is required to make the $3\frac{1}{2}$ yards of cloth needed for the average man's suit. The grower received for this wool about 53 cents per pound, or for all the wool in the suit about \$1.72. The tariff upon wool has advanced the cost of wool in this suit about 48 cents. However, if you purchase the suit from your tailor it costs from \$30 to \$40. The storekeeper retails it from \$25 to \$30, yet the woolgrower with all his tariff gets but \$1.72 out of it. Would your storekeeper or tailor have sold this suit to you for 48 cents less if wool had been on the free list? Such has not been their custom in the past. The man who made this cloth was not responsible for the high price at which the suit sold. The manufacturer sells such cloth around \$1.30 per yard. Three and one-half yards to the suit brings him \$4.55 for all the cloth in the suit. Out of this he paid \$1.72 to the woolgrower for the wool, and about 35 cents to the railroad and commission firms for handling the wool. This left him \$2.48 on the suit out of which must come the entire cost of converting the wool into finished cloth. Thus, we find that the woolgrower and manufacturer combined got \$4.55 out of a suit that sells at \$25 to \$40. The balance went to the tailor and middlemen. It would go to them just the same if wool and cloth were on the free list for the tariff does not affect the storekeeper or the tailor. They charge you whatever they please regardless of it. Please remember that with or without a tariff the consumer could not import his clothing. That must still pass through the same hands that now fix the price—the middleman. Yet we find that the woolgrower and manufacturer have become the subjects of bitter political attacks. Not a voice

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has been raised against the dealers; not a scheme has been proposed that would reduce their prices. Yet it is true that they receive 80 per cent of all the consumer pays for his clothing. Let the American people then understand that any important reduction in the duties upon wool, while injuring the woolgrower, will bring no reduction in the price of clothing. You hear it charged that the manufacturer is robbing the people, but generally speaking that is not true, for his efforts in that direction have largely been devoted to the woolgrower. What the manufacturer may justly be blamed for is permitting a lot of nefarious middlemen to step in between him and the people and make the price of clothing high. They should sell direct.

Those who oppose the tariff on wool find satisfaction in the assertion that wool has been protected for many years and we still fail to produce an adequate supply for our domestic needs. The fact is we are producing about 70 per cent of the clothing wool consumed in this country, and not a wool-consuming nation in the world produces 40 per cent as much as we produce, and in some kinds of wool we are producing more than can be consumed in this country. The reasons we do not produce more are because wool has been continually attacked by one of our great political parties, which attacks have made the success of the industry so uncertain that thousands of men have given up wool growing permanently. No fair man can examine our wool tariffs from 1816 to the present time without understanding that under them our wool grower could have had but a part of the protection the law presumed to give him, the only exception to this being the tariff from 1867 to 1883, and under it wool growing prospered immensely. Another cause is the fact that the wool manufacturer in late years has absorbed about 50 per cent of the tariff intended for the wool grower.

If then it be granted that the wool grower is entitled to protection, in what form should he have it? Our experience with the tariff upon the grease pound has not been satisfactory. Such a tariff makes the compensatory duty impossible of ascertainment and discriminates against the importer of heavy wool. It leads the country to believe that the wool grower's protection is about double what it actually is, and therefore makes him the continual subject of political forces which seriously disturb his business. Therefore, such a tariff is unscientific.

It has been suggested that the tariff should be ad valorem. Such a tariff leads to undervaluation of imports, deprives the grower of his protection and the Government of its revenue, and tends to drive the honest importer out of business. Such a tariff gives the greatest protection when the least is needed and the least protection when most is needed. It encourages the importation of inferior wools, thereby reducing the standard of American garments. Ad valorem has been abandoned by most other progressive countries and should not be taken up by this one. It is neither a protective tariff nor a revenue producer. Under it all is uncertainty.

We have left, then, but one form of duty and that is a specific duty on the scoured content of imported wool. Such a duty is fair to all woolgrowers. It gives one manufacturer his wool at the same duty as another. It encourages the importation of the best grade of wools. It determines accurately what the compensatory duty should be on imported cloth, and it is this compensatory duty that needs revising most at this time. It assures the Government of a stable revenue and the woolgrower and wool manufacturer of honest and fair protection. Such a duty imposes no administrative difficulties, reduces the liability of fraud, and places the revenues of the Government upon the same sound basis upon which rests the business of the wool manufacturer. It is therefore the only sound and equitable basis for wool duties and should have been enacted into law in 1909.

The last session of Congress saw five wool bills presented for its consideration. First, the bill representing the views of the Democratic Ways and Means Committee. This was an ad valorem measure placing a duty of 20 per cent on wool and 40 per cent on cloth. In determining the net protection to the manufacturer on an ad valorem basis we must subtract from his duty about 60 per cent of the duty on wool. This left the manufacturer a net protection under this bill on most lines of cloth of 28 per cent. Even a casual examination of the Tariff Board's report shows that our manufacturers must have a net protection ranging from 35 to 55 per cent. The Democratic bill therefore fell short of the difference in cost of wool manufacturing from 7 to 27 per cent. This meant that the manufacturer, after using all his protection, as well as all that which the law presumably gave the woolgrower, would still in most lines be unable to compete with the foreign producer without a considerable reduction in labor costs. We hear it asserted that 20 per cent on wool is as much actual protection as the woolgrower has been receiving. Let us examine the facts. Coarse or braid wools are selling in London at 28 to 32 cents per clean pound. Under the Democratic bill the duty would be 5.2 to 6 cents per scoured pound. These same wools now pay 14 to 16 cents in duty.

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The Oregon fine wool which I sent to London sold there at 42½ cents scoured. The duty on this at 20 per cent would be 8½ cents per scoured pound. Under the present law this wool pays 18½ cents per scoured pound. The fine Ohio wool sold at 50½ cents in London, and under a tariff of 20 per cent it would pay a duty of 10 cents per scoured pound. The duty under the present law is 21½ cents per scoured pound. This shows the theoretical protection at 20 per cent ad valorem. However, our actual protection would not be this great, for I have previously shown that we lose 22 per cent of the actual duty paid. This would certainly be as true under ad valorem as under the present law, and probably more so. Deducting 22 per cent from the 20 per cent, we find that our actual protection under the Democratic bill would have been 15.6 per cent instead of 20 per cent, a degree of protection about equal to that under which woolgrowing in Canada has failed. The framers of our tariff law should keep in mind that, regardless of the form of law, the woolgrowers will not be benefited to the entire extent of the duty.

We have heard much criticism of the fact that the woolgrower has been interested in the tariff on manufactured woolen goods. I ask you, Why should he not be interested in that tariff, for upon that tariff the market for his wool depends. If the American manufacturer of woolen goods is not adequately protected the American woolgrower, regardless of the tariff he has upon wool, will have to seek a foreign market for his product. On the other hand, without a duty on wool no amount of protection on manufacturers of wool will benefit our woolgrower. It is therefore just as important from the standpoint of the woolgrower to see that the manufacturer has adequate protection as it is that wool has adequate protection. Protection to one without the other is worthless. Regardless of the just criticisms that may be lodged against the American manufacturer of wool, it is the duty of the American woolgrower to see that the manufacturer is given honest and fair protection. Recently we have noticed some of the great textile papers of the East, whose advertising pages are patronized by both worsted and woolen manufacturers, coming out for free wool. In fact, in most of the eastern press there has been conveyed the intimation that the manufacturer of wool, in order to get more protection for himself, would seek to have wool placed on the free list. Undoubtedly this narrow view pervades the opinion of many manufacturers, but on the other hand some of the most conservative manufacturers are in favor of protection to woolgrowing. These are the men who are prompted by a broad spirit of justice. To the manufacturer who seeks free wool let us say that there should be no free wool in this country unless it carries with it free cloth. One industry is just as important as the other. If the American woolgrower, representing 610,000 individuals, must go abroad to find a market for his wool, he will demand the privilege of going abroad to buy his clothing.

The great prosperity of wool manufacturing in this country has been due, not to the protection that the law gave to manufacturers of wool, for the Wilson bill gave almost as much as the present law, but to the additional protection that these manufacturers have been able to take from the woolgrower, largely in the form of a compensatory duty. However, let us hope that the manufacturing industry is fair enough and broad enough to see the justice and necessity of a tariff upon wool, even after that tariff has been placed upon a basis that does not afford them concealed protection. The woolgrower feels that the manufacturer is entitled to protection, and hopes that it will be given to him. The report of the Tariff Board shows the degree of protection needed, and that should be the guide so far as the manufacturer is concerned.

The woolgrowers of the United States find themselves in accord with some of the declarations of those who will control the policies and acts of the incoming Democratic Congress. We agree with President-elect Wilson when he declares no legitimate industry in the United States should or need fear the forthcoming tariff revision, for we feel that the wool growing and the wool manufacturing industry must fall within the classification of "legitimate industries". At Pittsburgh, on October 18, during the progress of the recent campaign the President elect expressed himself as follows: "I welcome the opportunity of stating what I believe to be the well-considered position of the Democratic Party with regard to the tariff. It is absolutely essential that we should be entirely frank with one another in the discussion of this fundamental question.

"The business men of the country owe it to themselves to face the facts as they are and to meet them in a spirit of accommodation which has no touch either of radicalism or of more theoretical reconstruction in it.

"The Democratic Party does not propose free trade or anything approaching free trade. It proposes merely a reconsideration of the tariff schedules such as will adjust them to the actual business conditions and interests of the country."

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We desire to discuss this matter with entire frankness, as suggested by the President elect, and are willing to abide by the results of any consideration of the tariff schedule under discussion as will adjust themselves to our actual business. We agree with the Speaker of the House of Representatives, Mr. Clark, in his recent utterance to the effect that no industry should seek or will receive any benefits, direct or indirect, beyond those which will flow from the application of the theory of a competitive tariff. We feel in perfect accord with the statement made by the chairman of the Ways and Means Committee, Mr. Underwood, to the effect that no industry should be discriminated for or against in any tariff adjustment that may be made. In other words, as your honorable chairman has stated, as long as it is necessary to levy import duties for the purpose of providing the necessary revenue for this Government, just so long should such duties be equitably distributed in such a manner that each and every industry should receive its proportional amount of that indirect protection which must necessarily follow the imposition of such duties.

It is a matter of common knowledge that the woolgrowing and wool-manufacturing industries have been built up and capital invested in them under the legitimate provisions of the law of the land. Notwithstanding our desire that no harm shall come to any legitimate enterprises through the readjustment of the tariff it is a fact that more or less disturbance must necessarily follow the changes that will be made. Therefore, in the name of justice and consistency, we plead with your committee to bear in mind the following plank taken from the Baltimore platform:

"We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry."

In line with the thought embodied in this plank we respectfully urge that in the "ultimate attainment by legislation" of the purposes sought by the tariff revision that sufficient time be given for an adjustment of our industry and the changed conditions which it must meet. We feel that any act passed should not take effect within a year nor in any event prior to January 1, 1914. In the interim there will be given an opportunity to those interested to so adjust their business affairs as to meet the changed conditions with a minimum amount of shock.

It is not for the woolgrower to state what protection should be given him under the law but the report of the Tariff Board makes it clear that the difference in the cost of producing one pound of scoured wool in this country and Australia without including interest, as 24 cents, therefore if it shall be the purpose of Congress to place our grower upon the same basis as the man with whom he has competed in the past, 24 cents per pound scoured would accomplish this. Undoubtedly some will think this too high and it has been suggested that our tariff be 18 cents per scoured pound. At the present time the duty on scoured wool is 33 cents and if it were reduced to 18 cents it would mean a reduction of 45 per cent in the compensatory duty. It is this duty that concerns the consumer for it is this that he pays because of the tariff upon wool. We, therefore, hope that in a readjustment of the schedule that your committee may see its way clear to grant a specific duty on the scoured content of imported wool of not less than 18 cents per pound. Such a rate would give a competitive tariff.

NATIONAL WOOLGROWERS' ASSOCIATION.
F. J. HAGENBARTH, *President*.
S. W. McCLURE, *Secretary*.

Submitted by FRED A. ELLENWOOD.

TESTIMONY OF RICHARD OLNEY, 2d, BOSTON, MASS.

Mr. OLNEY. Mr. Chairman and gentlemen of the committee, I am going to try not to exceed the ten minutes allotted to me. I do not think I will go over my time; anyway, not more than a minute or so. I thank you for the courtesy of allowing me to take the other gentleman's place in order that I may take the train to Philadelphia.

I am only going to speak in generalities and not specifically. I believe no question will be asked, but I will be happy to answer any questions that may be put to me.

I believe, Mr. Chairman, that a bill presented to the Sixty-third Congress will be a bill to suit all purposes, if a gradual revision of the tariff

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is proposed. I am an old-fashioned Democrat, and in 1893 I was about casting my first vote.

I have always believed that the panic of 1893 was due primarily, fundamentally, and principally to an almost bankrupt Treasury inherited by the Democratic administration from Secretary Foster. I do think perhaps that anticipation of a change in the tariff may have had something to do with the panic of 1893, but just because we had a panic in 1893, as disastrous as the panic of 1873, I think it does not follow that we must have a panic every 20 years.

Our Republican friends have often argued that under a high protective tariff system our flocks of sheep would appreciate. As a matter of fact there were, in 1900, 61,000,000 sheep in the United States, and after 10 or 12 years of uninterrupted protection to-day, or rather a year ago—January 1, 1912—we find 52,000,000 sheep in the United States. These produced about 350,000,000 pounds of grease wool, which, on a scoured basis, represents about 150,000,000 pounds, and it is necessary to import each year 129,000,000. This gentleman, Mr. Fordney, was thoroughly right when he said that we had to import about two-fifths as much as we raised in this country.

Mr. FORDNEY. I made that statement.

Mr. OLNEY. Yes, you did; and you were correct about it, because last year we imported 129,000,000 pounds of wool, which on a scoured basis represented something like 90,000,000 pounds of scoured wool. Of course you realize that a great deal of that wool is wool that the worsted manufacturers use in their manufactured products.

I do not appear here for any individual, but I am here to argue as efficiently and humbly as I can for the majority of the people. If this proposed tariff bill goes through and if affects my pocketbook to even a considerable degree, I do not care if it benefits the majority of the people. But I do belong to a little band of men called the Carded Woolen Manufacturers' Association and the most of them think—and I am in sympathy with them—that they have been discriminated against to a certain extent by the worsted manufacturers, who have been enabled to get their wools in as Class 1 and Class 2 wools on the 11 and 12 per cent basis.

It has always seemed to me to be eminently unfair that wools shrinking from 60 to 75 per cent should be taxed on the same basis as wools that shrink from even 15 to 20 per cent to 45 or 50 per cent as the worsted wools do.

Wherever the tariff is placed, I think it should be proportional and be equitably figured upon, so that the woolen manufacturers can more successfully compete with the worsted manufacturers.

I believe that the proposed bill is a splendid bill, but I think if it was enacted five years from now it would accomplish more and be more efficacious, perhaps, and give the American manufacturers an opportunity to find their depth. That is, I think you could take off just even ever so little now. I think a 29 per cent reduction in wool is not too much by any means, but I think perhaps the manufacturer might need a little more protection than is proposed under the past two bills.

My father was a woolen manufacturer, a manufacturer of white flannels, and there are to-day in our concern 800 or 900 cases

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of woollen goods unsold. I do think that many manufacturers have grown exorbitantly rich, perhaps, under a high protection, but I think there are differences in degrees of efficiency, because I do know of a number of mills which are running close to the wind, so to speak. As far as white flannels are concerned, they are about going out of existence in this country, on account of the fact that white flannels are not used in underwear as they used to be.

I shall not take up much more time, but before reading a few extracts from a prepared statement, I wish to state that if the politicians of the day would stop talking panic, I think it would be a wonderful thing for opportunity and business. But when men like our President, Mr. Taft, predicts a disastrous panic in case of Democratic victory, and in a later speech states that the Democrats shall disappoint their constituency; when Senator Boies Penrose of Pennsylvania says to be prepared for the worst, I think statements like these do create panic, and I think talking panic creates panic.

I will read just a few sentences which I would like to leave with you, and I hope to impress upon you.

To quote from a distinguished Roman statesman, "If I have any influence and I know how small it is," it would be my earnest desire to exert a portion of it on the Ways and Means Committee of the Sixty-third Congress. I do not anticipate that statements made here by various witnesses in the interests of the wool and woollen industry of America will counteract or change the minds and opinions of the distinguished members of this committee, at least to any considerable degree, who, if common gossip can be credited, have already determined to submit to the next Congress a tariff measure, similar in type to two previous bills which passed the lower House of Congress.

However, as a Democrat, engaged in the wool business and who has an interest in the Olney White Flannel Mill of Massachusetts, which manufactures white goods, I doubtless will receive from you the courtesy and attention which the average witness receives, and I ask no further favor.

A candidate for Congress before the primaries in the Fourteenth Massachusetts congressional district, I expounded Democratic doctrines, urging strongly a reduction in the tariff, especially on the common necessities of life, and I advocated a tariff ad valorem in preference to a specific duty on all articles imported into the United States. Alexander Hamilton, the father of protective tariff in the United States, probably never expected that it would become a bone of contention between two great parties; a football, so to speak, to be kicked and tossed about by opposing factions. His idea was to protect and help upbuild infant American industries which seemed necessary in our early industrial life. Privileged interests have become exorbitantly wealthy through protection, while trusts were born, have fattened and become arbitrary and obnoxious to Government and people, as well as burdensome.

Gentlemen of the committee, in preparing this bill I humbly beg you to write carefully, consistently and equitably. In order to punish a few malefactors, possibly large contributors to campaign funds, who have hoped for and expected favor from the party in power, do not take away all props or support from busy industry immediately.

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You will keep faith with the people and your pledges to Democracy by a gradual reduction of the tariff.

If there is a cintilla of doubt that a big reduction of the tariff may cause distress in business, why precipitate the country into business chaos? The working people in the majority will feel a cessation of business more than capital.

Why not first find our depth, reduce the tariff in general, gradually, except on some real necessities of life, which perhaps can stand a liberal reduction.

By reducing the tariff gradually from year to year, we can eventually throw away our crutches; literally, we will be learning to walk and will soon rival England, Germany, and France in export trade. This course of procedure may take five years. Why attempt to change in a single year and by a single stroke, somewhat experimental, a tariff principle, which no matter how wrong or unjust has been a part and parcel of our industrial life for nearly a hundred years?

Should it prove to be a beneficial measure to have a "tariff for revenue" law in the United States within, say, two years, will it not be almost as remedial for us to gradually lead up to such conditions, even if it takes five years to adjust ourselves to the change in conditions? There are men here to-day in the interests of the millmen, too, I think, who advocate free wool and 50 per cent protection on manufactured goods; this course, while welcomed by many manufacturers, would not seem proportionately consistent. Give us 25 to 30 per cent reduction in wool and 55 per cent protection on goods in your first year's bill, and we say Godspeed.

When we have learned the art of exporting and our ranchmen have become adapted to raising sheep for a food product, marketing the wool as a by-product, as the English farmers do, and as we can do in a few years, we can say "free wool" to you. But let us become adapted to changes in the tariff equitably and gradually. I know plenty of mills, largely capitalized, who are either running close to the wind or who are not paying exorbitant dividends on their capitalization. I do not believe that you as practical and sensible men will advocate a sharp cut in duties on those articles of production which actively compete with the foreign market, at least without thorough and wise investigation.

I am not here as a defender of the American Woolen Co. I do believe Mr. Wood's statement, when he says that his profit on a single suit of clothes is about 30 cents. Whether or not the American Woolen Co. is overcapitalized I do not know, but I really believe when they bought the Washington Mills in their first project that they paid a pretty big sum for it. As I recollect it was \$5,000,000. But that was a fault that might have been remedied under legislation of to-day. This happened something like 15 or 20 years ago, when many concerns were perhaps overcapitalized. Since then the American Woolen Co. has bought plants at more reasonable rates. They are here, and they are here to work out their existence. I do not doubt that Mr. James is correct when he says "How about the wages in Lawrence, Mass.?" I happened to write an editorial for the Boston Globe at that time, concerning the situation at Lawrence, and I found out that pitably low wages were being paid at

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Lawrence. The population there is largely unskilled labor, made up from southeastern Europe, Servians, Lithuanians, and others who came into this country with glowing prospects and who found that the purchasing power of a dollar here is very low. What we must do is to increase the purchasing power of the dollar, which I think can be done and will be done eventually under a general revision of the tariff.

I thank you.

At a later date the following communication was filed by Mr. Olney:

BOSTON, MASS., *January 30, 1913.*

HON. OSCAR UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR MR. UNDERWOOD: I thank you for your courtesy to me at the hearing in Washington on Schedule K. In my haste I omitted to refer to two or three rather essential points which I had intended to bring into my argument, among which were that during the three years' operation of the Wilson-Gorman tariff bill the average amount in business failures was \$183,000,000, while under the operation of the McKinley tariff law the average amount in the business disaster was \$210,000,000. Furthermore, in spite of free wool under the Wilson-Gorman bill and with one or two other articles of consumption on the free list there was only an average difference of about 8 per cent between the two bills. I am of the opinion that a bill to restrict immigration would be more beneficial to labor than almost any other form of legislation. Labor, outside of union labor at least, seems to be like any commodity purchasable at the cheapest price obtainable, the only exception probably being in the domestic service.

I am prompted to speak of this matter from what Mr. James, of your committee, said to one of the witnesses concerning poorly paid labor in Lawrence. The large portion of this laboring class in Lawrence emigrates from southeastern Europe, and by flooding the United States with a large surplus population it creates a superfluity in the labor market such that can be bargained for at almost any auction price by capital.

Hoping that I have not wearied you with this dissertation on the labor problem, I am, gratefully, yours,

RICHARD OLNEY (2d).

TESTIMONY OF JOSEPH D. HOLMES, NEW YORK, N. Y.

The witness was duly sworn by the chairman.

Mr. HOLMES. Mr. Chairman and gentlemen, I am here only to make some general statements bearing on this subject; I will be brief and not burden you with statistics.

In considering this matter since I finished the brief which I have filed with the committee, it has struck me——

Mr. FORDNEY (interposing). Won't you please tell us what paragraph you are speaking to?

Mr. HOLMES. I am speaking to Schedule K.

Mr. FORDNEY. The whole schedule?

Mr. HOLMES. The whole schedule. My suggestion is there are practically four schedules to be considered in connection with the duties on wool. The wool schedule, in making up a tariff bill, is practically an agricultural schedule, and, as Mr. Bennett has shown, has relation to the supply of meat in the shape of mutton. The protection of woollen cloth is essentially a manufacturing proposition and forms the raw material for the garment makers, the makers of men's and women's clothing. The clothing schedule, which is brought in here and becomes subject, according to my experience, for the first time to foreign competition, is a manufacturing industry and has its raw material in the finished product of the woollen mills,

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the industry that I represent, or that I am interested in. The fourth branch, the hosiery and knit-goods department, is an entirely different proposition in that the manufacturer in the mill turns out a finished product or garment ready for wear.

These are hardly closely related, and my suggestion is that in future legislation they might be put in different schedules.

I am going to refer only briefly to the wool department, because it is going to be exhaustively treated here, in addition to what has been said. I simply suggest that roughly speaking, in the last four years there has been consumed in this country 500,000,000 pounds of wool, of which 300,000,000, roughly speaking, is domestic and 200,000,000 imported product. I have the figures here from the Department of Commerce and Labor.

In that connection, I wish to suggest it is a difficult, precarious industry, and if so treated as to be discouraged it would increase our dependence on foreign supplies, which are variable. Our dependence on foreign supplies might in time of war become subject to attack; and also in relation to the price of meat, which, of course, we understand now is high enough.

I pass to the manufacture of cloth, the industry which is practically under fire here. I wish to state it is, to my knowledge, one of the most, if not the most, competitive industry in the country; that the prices of woollen cloth are fixed with a view to making full production, the entire capacity, for instance, of a mill; that those prices are fixed, as you probably know, without conference or combination, and it is practically a cutthroat business.

Every man engaged in the manufacture of woolens wants to sell his product without relation to the effect his prices will have upon anyone else. To do this, he must make his price in the first of the season so low that he will stand a chance in the competition, and on account of the number of processes through which that wool has to pass in the course of manufacture a falling off of production through any accident or other disarrangement in the several departments will cause a falling off in the total production and cause the manufacturer a loss instead of the profit which he is figuring on, which, as a rule, is a very small one.

I want you to consider, then, the amount of cloth entering into clothing. The manufacture of clothing has grown to be a tremendous industry. The garment industry is the largest industry in the State of New York. The manufacture of clothing has become a most scientific industry. On account of the demands of the average retail dealer the clothing has to have every detail completed in the most exacting way.

I have exhibits here which could be submitted, and I hope the committee will look at them. I instance a suit of boy's clothing made of a worsted serge. Such a suit would have sold some years ago for \$2.50. The suit to-day sells at wholesale in large quantities for \$3.50. The cloth costs no more per yard, but the suit contains about half a yard more of cloth. The suit has to be made larger in every way, more full, more details of manufacture, of trimming, of finish, and in every respect. All those things have increased and become so exacting that this suit of clothes at \$3.50 pays less to the

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manufacturer than it did when it sold at practically the same size, a 12-year-old suit, at \$2.50.

I have also an instance here of a cloth made in the largest mill in the world, costing about 90 cents a yard, a piece of worsted cloth, 14 ounces, durable and fast color. The cloth in this suit is costing to-day \$2.70. The suit is sold at wholesale for \$6.50, and with two pairs of pants sold for \$8.25. Such a suit is retailed at all the way from \$12.50 to \$15, according to the liberality or necessities of the retailer who handles it.

Such a suit which sold at retail at \$10 was the subject of controversy here some months ago. I have shown with the overhead charges being added to the \$8.25, which was paid for this suit, that the retailer lost \$1 a suit and simply used it as an advertisement.

Anyone can see the small relation of the cost of the wool or cloth in that suit to the price at which the suit is sold at retail. The same would apply, of course, to women's garments, and accordingly the reduction of the tariff can only result in bringing in foreign competition. There is no way in which our costs or our selling prices can be lowered except we have cheaper raw material or reduced costs in labor.

It would be almost impossible at this time to reduce the labor in the woolen mills. We reduced 10 per cent after the Gorman-Wilson tariff went into effect. Since then it has been increased 30 to 35 per cent. The hours of labor have been reduced nearly 10 per cent, and to-day we are in no position to stand any increased competition in this business.

Mr. HULL. What rate would you suggest; the retention of the present rate on raw wool or on the manufactured product?

Mr. HOLMES. It would depend entirely on what your intention was, whether to increase or decrease the production of wool here, or to encourage the manufacturer of cloth and clothing at the expense of the wool industry. I have suggested that the raising of wool here is a difficult and precarious business. I know personally that after the Gorman-Wilson bill was passed a great many farmers gave up raising sheep, that the price of wool went down, and it became unprofitable. Whether that would occur or not I do not know; but I throw it out as a suggestion to the committee that it is a danger to disturb the industry.

Mr. HULL. You think 40 per cent on cloths is too low?

Mr. HOLMES. With what duty on wool?

Mr. HULL. Twenty per cent.

Mr. HOLMES. That would depend again on what competition you wished to draw in here from the other side.

Mr. HULL. What would be the effect on those two rates, in your judgment?

Mr. HOLMES. The effect of those two rates at first would be almost paralyzing to the wool industry, the manufacturers of cloth, because it would draw in here now cloths which are not in competition with ours at all.

Mr. HULL. It is true is it not that no cloths made out of wools of great shrinkage come in here now or have come in for years, on account of the way the specific or compound duty works?

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Mr. HOLMES. You mean wool or cloth?

Mr. HULL. Cloths made out of wools of large shrinkage.

Mr. HOLMES. Cloths made in this country of wools of large shrinkage are made from wools grown here.

Mr. HULL. I understand. But is it true that this kind of cloth has been absolutely prohibited?

Mr. HOLMES. No; the cloth has not been prohibited with any regard to the duty on wool. The only prohibitory action with relation to duties on cloth is where the duty on cloth more than compensates for the difference in labor. As you will find in the statement that I have sent to every member of the committee, the increase in the labor cost is the determining factor. As a piece of cloth is made finer, as it is spun finer, as more yarns go into it, the labor cost becomes the important determining factor. Where there is 15 yards to the pound there is a great deal less cotton in a yard of cloth, but the reason that 15 yards costs more than 4 yards to the pound formerly did is it costs so much more to manufacture. It is simply a labor proposition. It rises and falls according to the amount of labor.

Mr. HULL. Then, according to your view, the present rates on cloth of all kinds are low enough to permit of reasonable importation?

Mr. HOLMES. On piece goods.

Mr. HULL. Only on piece goods?

Mr. HOLMES. Yes, sir; only on piece goods. It is a tariff now on luxuries.

Mr. HULL. Then none of the low-grade cloth can come in?

Mr. HOLMES. Because the 44 cents a pound duty is prohibitory. The competition is here among ourselves. The cloths here are cheap enough.

Mr. HULL. How high does that prohibitory rate run, as estimated by the value of the cloth?

Mr. HOLMES. I could not give you exact figures. Cloths have come in here and sold as low as \$1 a yard, fine worsted dress goods, and if we can get a lively demand here our prices are fairly profitable. There is an average from twenty-five to thirty million dollars' worth of woolen worsted cloths imported into this country now every year under this prohibitory tariff.

Mr. HULL. It is only the more costly goods, however, that people of means are able to purchase?

Mr. HOLMES. Those are the only people who wear imported goods; yes, sir.

Mr. HULL. And the coarser woolen cloth that is universally consumed is absolutely prohibited from importation?

Mr. HOLMES. Those are made here. The importation of them is prohibited; but the duty bears no relation whatever to the prices at which they are sold.

Our low-grade cloths here are better than the cloths of similar grade made abroad. They are past masters there in the use of shoddy; their product is not as good on the cheap cloth. I have had to do with the importing of cheap cloth and I know what kind of plunder they make.

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Mr. HULL. Your idea is to keep the prohibitory rates up as they are?

Mr. HOLMES. If the wool industry is to be protected, yes. I make that as a suggestion.

The CHAIRMAN. That is all.

Witness excused.

The brief filed by Mr. Holmes is as follows:

GENTLEMEN: I ask a few minutes to consider some phases of the problem before you which are, in my opinion, generally overlooked in their discussion. I speak from an experience of over 30 years in the handling of woolen cloth in New York City. This has brought me into relation with both the woolen manufacturer and the manufacturing clothier, whose interests, with those of the consumer, are so much affected by any action you may take. If there is time, I will be pleased to answer any questions suggested by what I will say.

I speak first in relation to the duties on wool. Roughly speaking, there is consumed in the United States about 500,000,000 pounds of wool per annum. Of this, roughly speaking, an average of 200,000,000 pounds is imported; in other words, we only produce about three-fifths of the amount necessary for our manufacturers. The question, therefore, as to what duty, if any, shall be placed on raw wool, is a most serious one. There are two relations in which it affects the question which you should consider. If, by the reduction or removal of the duty on wool, the raising of sheep is discouraged in the United States, it will affect not only this product but also the price of mutton, used as meat. Why in the United States we only produce 300,000,000 pounds of wool, when Australasia produces over 800,000,000 pounds and Europe nearly as much, is something that you should consider. It is the fact that sheep raising is a most precarious, irksome, and generally an unprofitable business. Why England and Scotland, with an area about equal to that of Connecticut and Massachusetts, should produce as much wool as is grown in America East of the Mississippi, tells its own story. Favorable climate and low-priced labor must be the reason. Sheep are difficult to manage, readily yield to disease, and require constant attention; even in such countries as Australia and the Argentine they require constant watching and treatment for their various ailments.

If, as has happened in the past, the number of sheep raised in this country should decrease in any large percentage, it would affect not only the supply of the staple for clothing, blankets, and underwear, but would also decrease the supply and increase the already high price of meat. Another fact bearing on the discussion, is that our sheep are seldom allowed to attain the mutton size, on account of the preference of the American people for lamb. The consequence is, sheep are slaughtered not later than the yearling age, producing only one or at the most two, fleeces for the wool market. I again call your attention to the fact of our dependence on this supply, in case of falling off of that from foreign countries, or in the chance of its being interdicted in time of war.

Referring to Schedule K, I call your attention to the peculiar classification whereby certain English, Irish, Scotch, and Canadian long wools are called class 2, are fleecewashed, and are dutiable at only 12 cents per pound. All other clothing wools, fleecewashed, are dutiable at 22 cents per pound. This clause was put in the tariff in 1867. The reasons for so doing at that time as propounded by the manufacturers of that day were that, as these particular wools were not grown in this country, consequently, it would not hurt any farmer if they were allowed to come in at the same duty practically as unwashed wool.

Of these long wools of class 2, the imports run from 16,000,000 as high as 30,000,000 pounds, and being very light shrinkage wools, averaging about 24 per cent, the clean pound duty paid on them would be less than one-half of that paid on many other fleecewashed wools suitable for clothing purposes.

I would offer for your consideration the fact that wool, more largely than nearly any staple, is sold in the open market, and therefore, if an ad valorem duty were placed upon it, would be less liable to undervaluation than almost any other item of importation.

I now come to the consideration of woolen manufactures, employing about 180,000 persons in this country, representing something near 900,000 people dependent on the industry. It is a highly protected industry, most complicated in its processes, and one of the serious arguments in favor of its protection is the fact that it renders us independent of foreign producers in time of war or other difficulties in obtaining a foreign supply of cloth for clothing.

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It is a fact that the average duty assessed on such woolens as are imported, probably exceeds 100 per cent, and through the use of the specific, in addition to the ad valorem duty, the rate is rendered prohibitory on the medium and lower grades. That this works no hardship to the consumer may surprise you, but will be explained when I come to the third part of my remarks concerning the manufacture of clothing. I refer you to a printed memorandum which I have furnished each of your members entitled "The Tariff and the Textile Trades." I wish to say at his point, however, that the cloth made in our mills is better in quality than cloths of the same grade made abroad, and is adapted as a result of experience to the demands of our manufacturing clothiers, and the needs of our population. Comment has been made on the reduction in the average weight of cloth in the last 20 years, and it has been said that this is to the disadvantage of the consumer. The fact is that this decrease in weight is the result directly of the demands of the trade probably owing to the better-heated dwellings of the present generation, or it may be to their more robust condition owing to the increase of outdoor exercise and athletic sports.

Comment has also been made on the use of cotton and shoddy taking the place of wool in cloths made for clothing. It can readily be seen that 500,000,000 pounds of wool afford only a little over 5 pounds to each of our population, and when the amount used in carpets, felts, and underwear is deducted there is not sufficient wool per capita for blankets and clothing, and the large use of substitutes resulting from these conditions keeps down the average price while it makes possible a supply of durable clothing and comfortable blankets within the means of the poorest consumer.

Even in the lowest grades our woolen cloths for cheap clothing are far superior in quality, durability, and color to those furnished to the poorer classes in Europe.

I call your attention to the matter of costs, as entering into comparison between similar cloths made in the mills of Europe and the United States.

Costs vary considerably with production. There are six or seven departments in a woolen mill, such as dyeing, carding, spinning, weaving, finishing, etc., each with an overseer, or sometimes two, on fixed pay. These constitute an overhead charge; that, with other expenses, engineer, coal, insurance, office help, and so on, make a constant item of costs figured per yard of cloth. It can therefore be seen that at times of slack production, through sickness or other causes, the cost of manufacturing may increase to nearly double the normal. For instance, a mill makes 6,000 yards of cloth per week. If half the looms are stopped, the production is 3,000 yards. The saving in labor costs is only the actual piece work expense on the yardage reduction, while all the fixed expenses go on, so the cost of manufacture may be nearly double per yard. It is therefore almost impossible to make exact cost calculations. Prices are figured on a full production, and many times a profit is turned to a loss by unforeseen stoppage or loss of production. I call your attention also to the fact that this industry is liable to sudden changes of style of cloth in demand, and also is greatly affected by climatic conditions, such as a mild winter or a late spring. This makes the business a precarious one, and few large fortunes have been made in it, while the failures have been many.

I also refer briefly to the American Woolen Co. This is not a "trust" or "holding" company, but is a manufacturing concern operating directly its 40 mills, and marketing the product through its own salerooms. It is in no sense a monopoly, making only about a fifth of the product in its own lines in this country. It pays no dividend on its common stock, and can not be called a watered corporation. I can not see that it affects the cloth market adversely, as it enjoys no undue advantage over its competitors, either in buying or selling.

The wages paid in the woolen industry are lower than in most of the protected or skilled trades, although almost double those paid abroad. However, as stated by the Commissioner of Labor in his report on the Lawrence strike, often many of the workers are in one family, so that their joint income admits of a comfortable living and an opportunity for saving. This is especially so in the smaller mill villages, where many operatives own their own houses, as is also largely the case in Philadelphia.

I now come to the clothing industry, which has grown in our lifetime to be one of the greatest industries in the country. In New York State, the manufacture of men's and women's garments exceeds in size that of any other industry, and is nearly double that of any of the three following: Agriculture, steel, or brewing. I call your attention, first to the fact not generally discussed, that clothing manufacturing will be subjected for the first time to foreign competition if a serious reduction is made in the tariff. Schedule K, as amended in the bill vetoed by President Taft, places clothing and other woolen garments in the same category as woolen cloth. At the time

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of the Wilson bill of 1894, the manufacturing clothing industry abroad hardly existed, nearly all clothing, except the coarsest, being made there by tailors "to measure." Since that time a large industry in ready-made clothing has grown up in England, and the average wages paid are little over one-third of those paid here in similar work. The manufacture of cloaks also, especially in Germany, is a very large one, and in this trade, also, a very low wage scale prevails. The cloth used is inferior to that made here in the same grade for durability, but is so manipulated as to present a good appearance.

I now take up the question of the cost of clothing. The average suit of clothing sold at retail at \$15 to \$20 contains only 3 yards of cloth at an average wholesale cost of from \$1 to \$1.25 per yard, so that there is only \$3 to \$3.75 worth of cloth in a suit. Such clothing is sold at wholesale at from \$7.50 to \$9, and much of the cost of manufacture goes into what is known as "make." It is the fact that clothing to-day contains less proportion of value in cloth than formerly, the higher price being in the trimming, fitting, etc., in which there has been an enormous improvement. This work is done by highly paid skilled labor, but is demanded by the consumer, whose wants are studied and supplied. Then the retailer, charging from 60 to 100 per cent advance on a suit or overcoat, is compelled to do so by the increased cost of store rent and furnishing; also advertising and clerk hire, which, added to his losses on clothing out of style, leaves him but little margin on a year's business. I call your attention to this point. Where the American, buying at retail, loses for his want of cooperation, 20 or 50 men, joining together as a club or company, could order one pattern of clothing, such as a serge suit, or melton overcoat, and save from 30 to 40 per cent. Our American, buying at his local store, wanting a particular style, pays for his individuality and lack of cooperation. Just so a man bought potatoes in Stroudsburg, Pa., last October, for 70 cents a bushel, when his retail market charged 20 cents a half peck. It must be evident that the tariff duty on a few pounds of wool, or 3 yards of cloth, is going to make very little difference in the retail price of a suit of clothes or an overcoat. In fact, as is well known in the trade, such a suit or overcoat will be sold in different retail stores at prices varying all the way from \$12 to \$18 for the identical garments, the difference being based on the necessity, expense account, or liberality of the retail dealer. Take off all the duty and you may ruin a great industry, but you will never be able to show the average consumer any saving or give him any greater value in his or his wife's clothing.

To sum up, I would advise an ad valorem duty on wool, sufficient to protect our sheep industry from loss and discouragement; for we must raise all possible of our own sheep for both wool and mutton. In addition, a duty on woollen cloth, that will protect the manufacturer, while it encourages competition. A specific, as well as an ad valorem duty on manufactured garments, to shut out the cheap "slop shop" products of Europe.

What these figures should be I am not competent to decide, and I think your committee should make no decision without the advice of unbiased experts. If any of you gentlemen were elected to the office of assessor in your home city, you would have practically in your hands the apportioning of everyone's taxes, including your own. Would you take the field books of your predecessor and copy his figures without investigation? Would you scale them up or down on an arbitrary plan? Would you not rather, go over the ground, and the map, block for block, and ascertain, with the help of the best judges of real estate that you could find, what were the just values of the land?

You have examined during this month the schedules affecting all the great industries of the country. I doubt if you feel confident to pass upon any of the more important of them. Millions of dollars in invested capital, hundreds of thousands of working people, will be affected by your decisions. This should not be made a matter of party politics or promises but, like the marriage contract, you should make your decision "reverently, discreetly, advisedly, soberly, and in the fear of God."

Exhibit A. Wool in the grease and its scoured contents.

Exhibit A1. Greasy; heavy shrink.

Exhibit A2. Class 2; light shrink.

Exhibit B. Amoskeag serge, at 74 cents per yard, 54 inches wide.

Exhibit C. Boys suit of same; wholesale price, \$—.

Exhibit D. Wood Mills. A. W. Co.'s serge, at \$1 per yard, 54 inches wide.

Exhibit E. Men's suit of same; wholesale price of same, \$—.

Exhibit F. Rovings of shoddy, wool, and cotton.

Exhibit G. Cloth of same, 34 ounces, 56 inches wide, tensile strength, 50 pounds to inch, at \$1.02½ per yard.

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BRIEFS ON SCHEDULE K, SUBMITTED BY MAX LOWENTHAL,
ROCHESTER, N. Y.ROCHESTER, N. Y., *January 24, 1913.*

To D. C. ROPER, Esq.,

Secretary Ways and Means Committee, Washington, D. C.:

This brief is offered by a knit-goods manufacturer of 40 years experience, who is on record as a lifelong advocate of a downward revision of the tariff.

ALTERNATIVE PLANS VERSUS: (1) WOOL FREE, (2) WOOL, 20 PER CENT.

Paragraphs 360 to 371, wool.—Two plans are submitted to replace existing duties on wool, yarns, and knit fabrics. Plan 1, on basis of free admission of foreign wools; the duty on yarns ought to be 25 per cent ad valorem; on knit fabrics, 50 per cent. Plan 2, on basis of 20 per cent tax on foreign wool, as per tariff bill now before Congress; the duty on yarns ought to be 40 per cent; on knit fabrics, 60 per cent.

PLAN 1, FAVORING FREE WOOL.

Plan 1, i. e., the free admission of wool is favored because of our country's inability to supply the domestic product in quantity sufficient to meet the needs of our people. The reason for this condition is plain; our population increases while the number of sheep raised decreases. This falling off has been continuous in sections of our country other than the sparsely settled portions, and in these the plow drives out the sheep when the farms replace ranches and free grazing lands. In 1910 the number of sheep of shearing age was reported as 41,999,500; in 1911 as 39,761,000, a falling off of over 2,000,000 head. In the same years the population of the United States is reported as 92,174,515 and 93,792,509, respectively, showing 1,617,994 more people needing wool clothing and blankets with a lessened home supply of the raw material, which can be added to from foreign sources only, insuring lower cost for these prime necessities of life. The protective doctrine as applied to increasing our wool supply has utterly failed and must continue to fail, being opposed by our agricultural development.

WOOLGROWERS FEARS BASELESS.

The fears of woolgrowers as to the results of the free entry of foreign wools into our markets, are unwarranted. Every domestic fleece is and will be needed at good prices, probably increasing ones, as the world's supply of wool is proving inadequate to clothe increasing populations. This year is a particularly favorable one in which to introduce the much-needed change in admission of foreign wools, for clips are short in all producing countries, and prices paid for wool average high in consequence.

PLAN 2. PROPORTIONAL TAXES.

Plan 2, based on the 20 per cent tax on wool proposed in the bill before Congress, would require 40 per cent for yarns and 60 per cent on knit goods. The reason for this requirement is that the domestic yarn spinner, under this plan starts with a 20 per cent handicap as against his foreign competitor, in the enhanced cost of his raw material, the knitter's burden being the 20 per cent tax on wools plus the additional 20 per cent on yarns. In the bill now before Congress 20 per cent tax is levied on wool, 30 per cent on yarn, 40 per cent on knit goods—this is an inversion of vital economic needs, giving the greatest incidental protection inherent in even revenue taxes to the simpler form of the industry. If enacted into law, these provisions, while failing to benefit the woolgrower, who can not adequately furnish the wants of our people, would greatly injure, possibly fatally so, the spinner and knitter. No objection is made to a revision downward properly adjusted, but no one familiar with underlying industrial conditions can admit that the rates now before Congress meet the actual needs of established industries.

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CANADIAN TAXES.

Canada admits raw wool and noils free, except wools similar to those grown in that country, which are subject to a tariff tax of 2, $2\frac{1}{2}$, or 3 cents a pound, being minimum, British preferential, and maximum rates. Knitted fabrics are taxed at 45 per cent duty, with a British preferential of $12\frac{1}{2}$ per cent, under which rates by reason of free admission of wool, Canadian knitters are enabled to control the major part of their market, subject to a very active British competition.

FALSE STATEMENT ABOUT TAX NEEDED, IF WOOL IS TAXED.

Paragraph 377, yarns.—Under the existing tariff, the import of yarns is practically prohibited by compensatory duties, based on the false assumption that 4 pounds of wool are needed for 1 of yarn, together with 40 per cent ad valorem. Necessarily, the tax on yarn is to be based on the way foreign wools are treated in the bill under consideration. Given free wool, the worsted yarn spinner should hold the largest share of the domestic market, accepting cost figures for his operations given by the tariff board, under a tariff tax of 25 per cent.

The avowed purpose of the present plan of tariff legislation is to lighten the burdens of the consumer and not to harm established industries. Therefore, equity requires that whatever rate of duty be levied on raw wool, a compensatory one be granted the spinner.

IMPORTANCE OF INDUSTRY.

Paragraph 378, knit fabrics.—The 1909 census classifies the hosiery and knit goods industry as follows: Establishments, 1,374; capital invested, \$163,641,000; salaries paid, \$7,691,000; wages paid, \$44,740,000; materials cost, \$110,241,000; value products, \$200,143,000.

The 1909 census reports the value of knit sweaters produced as \$22,430,817; of gloves and mittens, as \$7,296,887.

These figures, while showing the importance of the industry, make no distinction between establishments using wool only, cotton only, or both fibers. Under the existing tariff, knit fabrics are taxed with a compensatory wool duty of 44 cents a pound (based on the erroneous claim that 4 pounds of wool equal 1 pound of yarn), and 60 per cent ad valorem. Should the Congress decide on the free admission of foreign wool, the compensatory wool duty would, of course, be omitted alike for yarns and knit fabrics.

LABOR COST IN KNIT GOODS.

The labor cost for knit goods is stated by the Tariff Board to be 30 per cent of the cost of the finished product. This figure, by experience, proves to be a fair average. Similarly, it can be stated as the result of personal investigation that the wages paid are more than double those for like labor in Germany, which is a leading competitor in this class of goods. The overhead charges are also notably higher in this country than in England or the European Continent.

ERROR IN TARIFF BOARD REPORT.

The Tariff Board arbitrarily set off overhead charges from the items entering into the cost of the finished product and assigned them to selling expenses. This distinction is unwarranted in fact. The manufacturer that omitted to add his overhead charges when calculating costs would find himself in the bankruptcy court in short order.

HANDICAP IN TRADE CUSTOM.

The domestic manufacturer is additionally burdened by trade customs, which form a handicap for him as against the yarn spinner and the foreign knitter. Both these classes require cash or, at best, short-time payments, whereas our knit-goods industry operates under a system which grants its customers credit for the greater part of the year. This makes necessary the employment of an amount of capital much larger in proportion to the volume of its trade (being a one-season business), than in lines having two seasons per annum, or selling the year around. Consequently, the interest charge is a heavy one; in a balance sheet furnished to the writer it amounts to 2 per cent on the output.

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COMPETITIVE BASIS.

The increased cost of labor and overhead charges in our country notwithstanding, the undersigned is of opinion that with free wool and 25 per cent on yarns, our knit goods industry would compete with the foreign product under a 50 per cent duty.

Schedule K has no doubt received from the members of the Committee on Ways and Means the study its importance demands. No other has been the subject of more discussion and complaint with charges of unfair provisions—only too deserved.

BASIS OF ARGUMENT.

The arguments above submitted are given from personal knowledge of a lifetime as to gloves, mittens, sweaters, and similar fabrics—based on inquiry and study as to wool and yarns. They are dictated in a spirit of absolute fairness to the branches of the wool industry discussed.

INVERTED PYRAMID.

Tariff rates of 20 per cent of wool, 30 per cent on yarns, 40 per cent on knit goods, would be attempting to rest a pyramid on its apex instead of its base. Revenue taxes when applied to goods produced in this country afford incidental protection when so laid as to place the domestic maker on an even footing with his foreign competitor; if otherwise, they must prove detrimental. That the more complex forms of an industry, employing most of labor and capital, need most of such incidental protection would appear to be self-evident.

NO FAVORS ASKED—ONLY EQUITY.

No favors are asked, only scientifically correct and equitable treatment in the decision on the paragraphs governing the life of the knit goods industry.

MAX LOWENTHAL.

LABOR COST IN KNIT GOODS.

Working hours in knitting industry.—United States, 54 hours; Germany, 61½ hours in summer, 60½ hours in winter (vide Shadwell, *Industrial Efficiency*, 1906).

Weekly wages for females in American mill.

	High.	Low.	Average.
Forewomen.....	\$18.00	\$13.00	\$14.66
Knitters.....	12.50	6.00	8.80
Machine finishers.....	18.00	8.00	10.50
Hand finishers.....	12.50	6.00	8.40
Spoolers.....	12.50	5.00	8.35
Menders, cutters, examiners.....	14.00	5.00	7.60
Boxers, etc.....	12.00	5.00	7.25

Weekly wages for females in Chemnitz mill.—Average, 10 English shillings; i. e., \$2.40 (vide *Industrial Efficiency*, Shadwell, 1906).

N. B.—Home finishing of hosiery by women at a wage which rarely exceeds 5 shillings a week; i. e., \$1.20 (vide *Work and Wages*, by Lord Brassey, 1904).

Rates of weekly wages in industrial countries.

{Report of Commissioner of Labor, 1900.}

	Low.	High.
1889: Germany—Foremen hosiery and knit goods, men.....	\$6.42	\$7.14
1898: France—Knitters, female.....	1.56	2.34
France—Knitters, female..... hours per week..	.51	.63
1887: Germany—Machinists.....	3.60	11.88

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Later foreign statistics, not here available, would doubtless show some advances over those given.

The items of nonproductive labor, like superintendent, salesman, bookkeeper, stenographers, it is known will show an equal difference in cost to American mill over any European one.

MAX LOWENTHAL,
Of MAX LOWENTHAL & SONS.

ROCHESTER, N. Y., *February 10, 1913.*

ROCHESTER, N. Y., *July 29, 1912.*

HON. OSCAR UNDERWOOD,
House of Representatives, Washington, D. C.

DEAR SIR: Since, according to latest dispatches, there appears a likelihood of a revision of Schedule K, I take the liberty of submitting certain views on this subject for your consideration.

Firstly, then, the unprejudiced observer can not but admit that all measures of legislative protection have failed to stimulate the production of wool in the United States in quantity sufficient to meet the wants of its people. Next, it is plain that this deficiency in the supply of wool will constantly increase with the growth of population, the disappearance of free grazing lands and the cutting up of ranches into farms. Incidentally, it is to be remarked that overstimulation of industry by excessively high tariff rates has accentuated the tendency to crowd the native young as well as the immigrant into towns, as consumers, abstracting them from the land, where they would have been producers.

These facts being incontestably true, it becomes evident that our countrymen will need, in addition to every pound of domestic wool, more of the foreign product as the years go by. While, therefore, a tax on this fiber for the purpose heretofore had in view, namely, to insure a sufficient domestic supply, must be acknowledged as futile, yet every revenue tax inevitably acts as a bounty to the domestic producer, as his sale price will equal or approximate closely the foreign price plus duty.

A revenue tax, then, being purposed, the equitable method is to levy the same on a uniform ad valorem basis, ignoring all classifications heretofore in use. Such a tax would give to American manufacturers of woolen goods the use of every grade of their raw material, from the coarsest to the finest, enabling the production, in combination with the domestic clip, of every variety of needed product, to suit the wants and the purses of our large and so rapidly growing population. Only an ad valorem tax will produce so desirable a result, whereas a specific one must necessarily exclude the lower and cheaper grades from entry. The objection that an ad valorem basis will lead to undervaluations is of the least conceivable weight as argued in this connection, for not only is the price of foreign wool fixed in open market, by competitive bidding, but its value is known and its cost can be accurately determined by the many expert buyers, from whom the Government can select its appraisers.

Finally, as to the rate of duty, it can not fail of consideration that while it is the expressed object of the Democratic Party to enact tariff laws for revenue, it is equally pledged to have them effect a lightening of the burdens of the people by lessening the high cost of living. Both these objects, then, need to be kept in view when determining the wool duty, for as it is fixed it automatically carries with it the necessity of fixing a proportionate rate on the manufactured foreign product. While not venturing dogmatically to insist on one specified rate as the only possible and allowable one, under which the American producer, alike of wool and woollens, can manage to thrive, it needs to be emphasized that, in order to be just to all concerned, there ought to be a definite proportion in such respective duties, with due regard to the capital invested and wages paid in each branch. Thus, in the at present improbable contingency of 10 per cent being agreed upon as the rate on raw wool, 35 per cent might not inaptly be considered as a minimum for the finished wool product, and so 20 per cent for wool would imply 50 per cent, or possibly 45 per cent, for woollens—the latter, by the way, the Canadian rate on American goods, with a preferential rate for British.

The reported Senate proposal of 40 per cent on raw wool can not be considered as a measure of tariff revision and a relief to the consumer—in fact, would be but another of the shams with which the American people have been deluded on this matter these many years past. It is not conceivable that, in the light of known and easily

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verifiable facts bearing on this subject, a Democratic majority in the House of Representatives will allow itself to be so turned from its avowed purpose.

To sum up, what the country needs is (1) a lower rate of duty on wools and woollens; (2) that the rate be ad valorem; (3) that in fixing the rates due consideration be given to the proportion in which capital and labor is interested in the production, respectively, of raw wool and the finished product, to the end that, while the consumer is benefited, there be no harmful upsetting of existing conditions.

In conclusion it should be said that the writer speaks as a convinced tariff reformer, with whatever knowledge of the subject 40 years as a maker of woollen goods has given him.

Very sincerely, yours,

MAX LOWENTHAL.

BRIEF BY THE TATTERSFIELD CO., PHILADELPHIA, PA.

PHILADELPHIA, *January 13, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: This letter is for the consideration of your committee in connection with the proposed revision of the tariff, and especially that part of it known as Schedule K.

Our company is engaged almost entirely in importing and the selling of imported wools. We import these from various parts of the world, but principally from India, Russia, China, Turkey in Asia, and in Europe. Most of our wools are what are known as "third-class" wools or carpet wools. We also import to a limited extent wools of the "first" and "second" class from Australia, South America, and the British Islands. We also import large quantities of camel's hair from Russia and from Asia. Our annual importations amount to about 10,000,000 pounds.

We sell very few domestic wools; that is, wools grown in the United States of America. Nevertheless, we write this letter to urge upon your committee that in this—one of the most important schedules of the tariff—you should bear in mind the vital importance of so arranging new rates of duty, both upon the raw product, the partly manufactured, and the manufactured product, that there will be no diminution in the production of wool in the United States.

Without any intention of suggesting to your committee that the woolgrowers of the United States require consideration from your committee, we would draw your attention to the fact that the interests of the people of the United States require that there should be as much wool produced in this country, if not more, than there is at present in order to prevent very serious consequences, if not actual disaster. To accomplish this, it is not only necessary to discriminate in favor of American wool by putting duties upon foreign wools, but it is of still more importance that the greatest care should be exercised in so protecting manufacturers of wool in the United States that they will be able to use all of the present product and more besides; that is to say, it is a vital matter that there should be a home market and a profitable market for all the wool this country can produce, so that the supply will not in any way diminish.

Any legislation which discourages the woolgrower—as, for example, the tariff law commonly known as the "Wilson bill" of 1894—tends at once to diminish the production of wool and to turn the attention of the woolgrower to the raising of cattle or even the turning of his land into agricultural purposes of different kinds, such as the raising of grain or fruit. The Wilson bill resulted in a serious reduction in the production of wool in many of the Eastern States, and when the duties were placed again on wool the farmers and former woolgrowers did not resume the raising of sheep, because meantime they had found it more profitable to use the land for raising other products.

Unfortunately there is no substitute whatever for wool. Food can be varied, and if a supply of one kind of meat is scarce another can be substituted. If there is less meat, more grain can be eaten. But if the wool supply is diminished there is absolutely nothing else from which warm winter clothing can be produced. Not only this, but if certain varieties of wool are scarce they can not be substituted by any other kind. This is something that seems to have been lost sight of by many writers on the subject of Schedule K. They seem to think that a crossbred wool can be used to replace a Merino, or that a short wool can be used in place of a long wool, or that if a fine wool is scarce, a coarse carpet wool can be substituted therefor. This

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is practically an impossibility, and as a result it means that if any kind of wool is scarce the price of the article manufactured therefrom has to be raised accordingly, or else the manufacture itself has to stop.

It has been urged, however, that it is not necessary to stimulate the production of wool in the United States, because sufficient can be procured in other countries to meet every possible demand. Unfortunately this is absolutely untrue. Twenty to twenty-five years ago it was probably correct. In other words, at the time of the Wilson tariff, and before that, there was a surplus of wool produced in foreign countries. Exactly the reverse is the case to-day. The reasons are very simple and they are briefly as follows:

First. The population of that part of the world which lies within the Temperate Zones has increased very rapidly the last 20 years, with consequently very much enlarged consumption on that account.

Second. Countries which 20 years ago were scarcely considered as consumers of wool are to-day very large consumers. For example, Japan is now a very important factor in the purchase of Australian wool. China is beginning to be a factor in that also. Turkey is consuming almost all its own wools, whereas 20 years ago the greater part of it was available for export. Russia, which had a tremendous supply for export 20 years ago and only a limited number of mills, is now a consumer of the greater part of its own wools and is a very large importer of wools also. Reference is made to this matter further on in this letter.

Factories have been started in Australia for the consumption of part of their tremendous supply, and in such countries as India and Persia woolen factories have been started where 20 years ago they were unknown.

Third. The production of wool in almost all foreign countries has rapidly decreased. The shortage in this season's Australian clip is estimated at some 300,000 to 350,000 bales, or about 130,000,000 pounds—almost one-half the amount produced in the United States.

South America, particularly the Argentine Republic, shows also a very marked decrease in supply. Every recent year shows a large reduction from its predecessor and the tendency there is continually downward. The reasons for the decrease in Australian wools are partly due to socialistic conditions and partly to drought, but no serious increase can ever be expected again from that country. In the Argentine Republic it is competition with cattle raising and with wheat growing that has a tendency to reduce the production of wool; the very same reasons which tend to reduce the production in the United States.

In South Africa there was for a year or two an increase in the production of wool, but not enough to offset the diminution in South America. This season, however, the supply is considerably less, due to unfavorable climatic conditions.

In Russia the decreased supply of wool has become such a serious matter that it has been taken up very earnestly by the Russian Government itself to see if they could devise ways and means to cooperate with the manufacturers in Russia and with the farmers for the purpose of bringing the production back to the quantity of former years.

On this subject there is a very valuable article recently published in the Consular Reports issued by the Department of Commerce and Labor, and written by the Hon. Mr. Snodgrass, the very able American consul general at Moscow, in which he clearly shows how seriously the Russian Government have taken up this subject and how much concerned they are at the shortage in the supply of wool. Perhaps they realize more than any other country how vital it is to them that the supply of wool be not diminished. The consumption of wool in Russia has increased enormously. This is not only due to the increased population there, but to the fact that the conditions of the Russian peasant have greatly improved, and his purchasing ability and desire for better clothing is enhanced thereby. So that Russia, although still growing large quantities of wool, has become a very serious importer of Australian, South American, and other foreign wools.

In the Continent of Europe the story is exactly the same. In Turkey the supply of wool is diminishing as well as local consumption increasing. France shows less production of wool, England the same, and in Germany certain wools are almost now unprocureable which formerly were in large supply there, and all over the rest of the world the same conditions exist. Even in Asia, although the central part of this great continent is only in a semicivilized condition, the supplies are rapidly diminishing. All through Asia the decrease in the number of sheep and the supply of wool is due to the advance of civilization where the former nomadic tribes are settling down

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and becoming agriculturists instead of sheep herders, as they find it more profitable and less arduous.

With these conditions existing throughout the world, it seems nothing less than suicidal to take any steps which would decrease the world's supply of wool. Your committee, therefore, is requested to earnestly consider this point in any steps they may take for the revision of Schedule K.

We do not intend to suggest any rate of duty. We made some suggestions to the late Tariff Board on this point in a report which we gave them at their request, on carpet wools. They published in their report the most of what we said but ignored this vital question entirely. We do not know that they were called upon to consider it—at least they did not do so.

It may be that a high duty on wool is not necessary, but it is at least necessary that the American sheep grower, if he is to be encouraged, should find such a market for his wool that will be to him a profitable one and make him satisfied to continue in the business.

It has been suggested to us that instead of an import duty there should be given to the wool grower a bounty for each sheep that he raises. This is given to you for your consideration.

On one other point we respectfully address your committee. That is, on the question of the duty upon tops.

As said before, we are importers and if your committee made the duty upon tops a very moderate one, it would be a very simple, and possibly a profitable business for us to go into, but we think that there should be a sufficient margin between whatever duty your committee thinks should be upon wool and the duty upon tops to enable the mills of this country fitted for the production of this article, to be run at least without loss. Under the bill which was submitted to the President last year, there was only 4 per cent difference between the duty upon wool and the duty upon tops, they being, respectively, 29 per cent and 32 per cent. Such a duty would be utterly inadequate to cover the difference required and would have resulted in such a large importation of tops into this country as to make their production here impossible.

In the Wilson law, above referred to, wool was free and tops were subject to 20 per cent duty ad valorem. Even under that law we imported very large quantities of tops of the finest grade. We do not say that there should be 20 per cent difference in the duty upon wool and the duty upon tops—that is to say, we would not advocate 49 per cent duty on tops if there was 29 per cent duty on wool.

We think your committee can obtain from the large top manufacturers of the country—such as the Arlington Mills, Lawrence, Mass.; Messrs. Pearce & England Co., Philadelphia; and other large mills—what is the minimum amount of duty that is required to enable them to run their mills and pay the present rates of wages. Our opinion is at least 15 per cent difference is required—thus if the duty upon wool were 20 per cent there should not be less than 35 per cent duty upon tops.

We inclose herewith a memorandum extracted from the annual review of the wool trade in 1912 of the Weekly Wool Chart and Private Business Report, published by C. F. Mallett, Bradford, England. This is one of the leading authorities in England on the wool market. The original is at your service, if required, as well as other statistics taken from various trade papers.

Yours, faithfully,

TATTERSFIELD CO.,
PERCIVAL TATTERSFIELD,
President.

[Extract from the weekly wool chart and private business report December 27, 1912.]

THE POSITION OF RAW MATERIAL.

The relationship between raw material supplies and the world's demand is now of supreme interest, especially in view of the estimated decrease of 300,000 bales in the Australian merino clip for the current season. There is no promise of any appreciable increase in the New Zealand clip, whilst the South American supplies are estimated to show a shortage on the preceding season equivalent to about 65,000 Australasian bales. Bearing on this question it may be noted that Messrs. Dalgety estimate that as an after effect of the drought in Australia there was a loss of 5,000,000 sheep, and that the yield of wool per fleece is about half a pound less. Then, again, we learn from the same source that the expansion of flocks in Australia and New Zealand is checked by the more extensive use of land for agricultural and dairy farming purposes

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and by the heavy slaughter of sheep for the mutton trade. Another point to be considered in this connection is the possible effect of the lowering of the wool tariff in America on home production. It is said that American wool growers have found it difficult to make a satisfactory margin of profit under the existing tariff in competition with colonial imports, and it is considered not unlikely that the lower tariff will militate against American woolgrowing. It is, of course, a matter of speculation as to what will be the actual development in this direction, but it is a fact that during the free-wool period of 1894-1897 the production of wool fell by over 88,000,000 pounds. The Tariff Commission appointed by President Taft reported that it cost more to grow wool in the United States than in any other country in the world.

The appearance of Japan as a keen competitor in the primary markets is also an interesting feature. The total amount purchased by the Japanese was only a small percentage of the whole, but their operations must be regarded as a sign of the times. There is reported to be a rapidly growing demand in Japan for woolen in preference to cotton garments, whilst China is following in the same direction and using increased quantities of wool in clothing the army and navy. These factors, coupled with the higher standard of living, especially in the western countries, go a long way toward accounting for the present raw material situation.

BRIEF PRESENTED BY E. H. VAN INGEN & CO. OF NEW YORK.

Our views regarding the downward revision of the tariff are fully expressed in the booklet hereto annexed, entitled "Schedule K, wool and woolens," which was published throughout the country. We have not changed the opinions therein expressed.

We are comparatively indifferent, however, as to the rates of duties which may be imposed. We are greatly interested as to the date when they shall become operative. We most earnestly urge upon the committee that January 1, 1914, shall be the earliest date for reduced duties on manufactures of wool.

If any earlier date be named, the change will come in the middle of a business season. Terrible confusion, enormous losses, and country-wide disaster will certainly result.

Woolen merchants, clothiers, and all others dealing in woolen goods place their orders, with foreign and domestic manufacturers, for the autumn and winter seasons in the preceding months of November, December, January, and February. All the goods are to be made after the orders are given.

Deliveries are made by manufacturers in April, May, June, and July. Salesmen are dispatched to all parts of the country, and, in March, April, and May orders are taken from tailors, retail clothiers, and dry-goods merchants. Shipments of such orders are made to retail merchants between the 15th of June and the 1st of August.

Unless prices can be established for the season, great embarrassment must ensue. Merchants could not order domestic goods with reductions equal to more than all their profit staring them in the face. American manufacturers would not be able to run half their machinery during the period antecedent to the lower duties on wool. There would be months of practical chaos among manufacturers, wholesale clothiers, and woolen merchants.

Few retail merchants can wait until September or October to lay in their fall stocks. Business opens up early in August, and they must be ready for it.

Every merchant, wholesale and retail, should have the whole of the last half of the year to get ready for the reductions which would become operative January 1. A very widespread, angry feeling will result if this clear act of justice be refused.

But if the reduced tariff rates on manufactures of wool should go into effect on January 1, 1914, American manufacturers ought to be allowed a reasonable time to meet the changed foreign competition. Whatever reduced rates on wool may be adopted, they should go into effect at least two and a half months before the lower duties on manufactures become effective.

All of which is respectfully submitted.

E. H. VAN INGEN & Co.

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WOOL AND WOOLENS.

Before the McKinley bill was enacted, in October, 1890, the duty on wool of the better sorts was 12 cents per pound. The duties on woolen goods of the foreign value of over 80 cents per pound were 40 per cent ad valorem and 35 cents per pound.

By the McKinley bill the duty on first-class wools was placed at 11 cents per pound and the duty on woolen goods costing abroad over 40 cents per pound at 50 per cent ad valorem and 44 cents per pound.

The Wilson bill made wool free and woolen goods costing over 40 cents per pound 50 per cent ad valorem.

As a result of foreign wools coming in free the prices of American wools fell off about one-half, so that woolgrowers found the value of their product disastrously reduced. Many cheap, strong, foreign wools upon which the duty had previously been absolutely prohibitory now arrived in great, indeed, excessive quantities and were eagerly taken by manufacturers. Good, honest, low-grade fabrics were made and sold at lower prices than had been known in this country during the previous 40 years. The better grades of American goods were also much reduced in price.

The manufacturers were well satisfied; the woolgrowers were not. They were immediately "up in arms," formed themselves into a strong fighting organization and forced the manufacturers to join them. "If you do not help us to restore the duties on foreign wools, we will cut in two your protective duties on woolen goods," was the effective threat employed. An alliance, offensive and defensive, was agreed upon, which still lives. It wields enormous power, can control the votes of several States, could have defeated McKinley, Harrison, or Taft for the presidency, and is extremely aggressive and insistent. Owing to its overwhelming influence, the Dingley bill (following the Wilson bill, which was in operation only from Jan. 1, 1895, to Oct. 1, 1897) not only restored the McKinley rates, but increased the duty on woolen goods from 50 per cent ad valorem and 44 cents per pound to 55 per cent ad valorem and 44 cents per pound.

Again, under its masterful and not overscrupulous management, the influence of this fighting organization, having behind it untold millions of money, dictated the framing of the present Payne bill so far as Schedule K (wool and woolens) was concerned. That was left undisturbed. "Downward revision" was not applied to that nor even seriously talked of. Why? The duties remained as established by the Dingley bill—viz, 55 per cent ad valorem and 44 cents per pound on goods costing in foreign countries over 70 cents per pound, with 11 cents per pound on the better sorts of wool. These rates covered all the goods used by merchant tailors and practically excluded from the country all such low grades as are used by ready-made clothiers.

The 55 per cent was to "protect" the American manufacturer against the cheaper labor and materials obtainable by his foreign competitor. The 44 cents per pound on cloth was to "compensate" him for the 11 cents per pound duty on those foreign wools which he would be compelled to buy if he would make any of the numerous fabrics for which, in whole or in part, such wools were absolutely necessary.

The 55 per cent ad valorem was more than ample protection. Forty per cent ad valorem would be generously sufficient. It is claimed that 4 pounds of greasy wool are required to produce 1 pound of finished cloth. That is not true. Probably 3½ pounds would be a liberal estimate.

If the present duty of 11 cents per pound on wool were reduced to 6 cents or 7 cents per pound, then 35 or 40 per cent ad valorem and 21 cents or 24 cents per pound on cloth would fully "protect" and "compensate" the American manufacturer, while 6 cents or 7 cents per pound would give all the "protection" to the woolgrower which he ought in reason to ask for.

If the Wilson bill had established such rates, and had been allowed to stand long enough to permit woolgrowers, manufacturers, and merchants to adjust themselves to the new conditions, it might have stood unchanged to this day—and the country have escaped great disturbance and loss. But that unwise bill left untouched the excessive "protection" which the manufacturers had enjoyed and took away all the "protection" from the woolgrowers. It was too kind to the former and too harsh to the latter. It gave to the woolgrowers plausible and even real grounds for complaint, while furnishing them with a weapon which they have mercilessly used and are still using to coerce manufacturers and both of the political parties.

Only the wool of the sheep can be advantageously used for making clothing fabrics. In that, especially and remarkably, each fibre is covered with projections, or pointed scales, tough, elastic, and pliable, which easily clutch and interlock with each other

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under moisture and pressure. When saturated with fuller's soap and rubbed or pounded together, the fibres of wool will mat themselves into a solid mass, making an unwoven fabric known as felt. That is used for cheap rugs, horse cloths, and many other articles. But it bulges easily under slight pressure and is entirely unfit for clothing.

After the wool has been made into yarn, in which process the fibers have been partly interlocked, and after the yarn has been woven into cloth, the fabric, filled with fuller's soap to make it work smoothly during the operation, is placed in a "fulling" machine and, in effect, pounded together. The fibers quickly and further interlock and a thin, sleazy, flannely fabric will be worked into a firm, compact cloth, of almost any weight.

But there is a wonderful variety of difference in the "fulling" qualities of different wools. The points, or scales, as many as 2,800 to the inch in some fine merinos, may be less than 500 in some other wools. Hence, to make a given cloth some wool may be superior to any other, since practically no two wools are exactly the same in their shrinking, fulling, and other qualities.

The best of the merino wools grown in Australia are the finest in the world. To make a very fine cloth only those can be used. Our Ohio wools are of the same character, but not so good, and are much used in conjunction with Australians. They are also used for many of the high second-class fabrics. For a very fine dress coating, only Australian wool would be used. Australians and Ohios combined make a handsome medium-grade cloth, and a great many of the better and more dressy Americans are so constructed.

Scotch, Irish, and English wools are different in many and varying respects from others grown elsewhere.

Certain of our wools, known in a general way as Kentucky wools, have unique and special qualities. Fabrics are made from them, strong and handsome, which can be produced from no other wools obtainable, elsewhere, by European manufacturers. The same is true of many other wools, having great and peculiar merits, grown in this country and unknown in Europe.

American manufacturers must be able to obtain any or all the wools grown throughout the world if they are to produce the multiplicity of fabrics needed to satisfy the requirements of ninety millions of people.

If freer access to all the wools of the world were allowed to our manufacturers, the prices of many foreign wools would be enhanced by their purchases, and an approximate equality of values might soon be established as between those wools and our own. Foreign makers might soon be taking certain American wools in order to produce those desirable fabrics which can be made from them but from no other wools.

To reproduce exactly the same wools, possessing the same peculiar qualities, as that grown in some certain given country or section of a country would require—

First. Exactly the same breed of sheep;

Second. Exactly the same climate as regards conditions, degrees and seasons of moisture, heat, and cold;

Third. Exactly the same soil; and

Fourth. Exactly the same food, chemically analyzed.

Those are conditions impossible of attainment and explain why a particular cloth can only be exactly made from some certain wool, grown in some certain place.

The wools of the whole world are essentially needed by any country which would manufacture every kind of woolen goods. Every kind, to greater or less extent, is wanted and demanded in this country.

There are no more expert manufacturers anywhere than the best of those in this country. They are wonderfully quick to catch ideas, to modify, alter, improve, and to meet quickly the ever-changing demands of fashion and fancy. They produce as great a variety of woolen cloths as can be found in the whole of Europe together.

The fine and medium grades of the woolen cloths made here are generally better than those of equal quality to be obtained in any other country. American colors are as a rule better, clearer, and more lasting than those of similar foreign-made fabrics. The designing talent in America is quite equal to any in Europe.

Europe excels only in the finer or finest grades. Such are not made in America, but easily could be except for the fact that the small quantities of the very best wools consumed in any one country would fail to justify the establishment of the complex and highly capitalized plants which would be necessary. England could not maintain its finest industries if it had only its home market. The whole world must be available. As before stated, a very small percentage of the people of any country use the very best. English manufacturers have six hundred millions of people as customers. We have ninety millions.

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Our best goods must be imported. But in sound medium grades—as this exhibit demonstrates—Americans are not only better but much cheaper than similar foreign goods of the same qualities.

The duties on goods imported by our house (reducing the compound rates to an ad valorem equivalent) range from 70 to 125 per cent, the average being 90 per cent. In a few special cases the duty will run up to 135 and 150 per cent.

Thus, 1 yard of a cloth the cost of which in England may be \$1 will cost, after paying duties, \$1.90, and to this must be added freights, insurance, and other important items of expense.

The finer the goods, the lower the duty. The cloth weighing 16 ounces to the yard, costing abroad \$1, will pay 55 per cent ad valorem and 44 cents weight duty. The latter is 44 per cent on cost, so that the total is equal to 99 per cent ad valorem.

A cloth of same weight as above and costing abroad \$2.50 will pay 55 per cent ad valorem and 44 cents per pound. But the weight duty will only be $17\frac{1}{2}$ per cent on cost and the total be equal to $72\frac{1}{2}$ per cent ad valorem.

This seems like a discrimination in favor of the rich, but, of course, was not so intended. It is not easy to avoid placing a higher tax on low goods than is paid on the fine goods. The specific or weight duty is the Government's only safeguard against undervaluation. The ad valorem portion can be evaded in part. The weight duty can not be dodged unless by collusion with officials.

If all the duty were specific, the discrimination against the poor man's goods would be greater than now. If all the duties now levied were in the form of weight duty and 99 cents per pound were the rate, then, on the goods costing abroad \$1 the duty would still be 99 per cent. But the goods costing \$2.50 would pay 99 cents, which would be the equivalent of only 40 per cent. Therefore the low goods would pay 99 per cent and the fine goods 40 per cent, as against 99 per cent and 73 per cent, respectively, as now.

If the whole duty were made ad valorem, say 99 per cent, all grades would pay the same—which would seem just. But undervaluation would flourish and smuggling become a fine art. The Government, using all its powers to stop it, would have but indifferent success. The higher the ad valorem rate, the more lucrative and extensive will be the undervaluations.

If duties of 6 cents per pound on first-class wools, with 35 per cent and 21 cents per pound on goods—or 7 cents per pound on wool, with 40 per cent and 24 cents per pound on goods—should be levied by a new tariff law, we believe the whole country would be satisfied and such a law stand undisturbed for many years. Of course the fighting organization of the woolgrowers would cry "More! More!" whatever the rates.

If 35 per cent and 21 cents per pound were adopted, goods costing abroad \$1 would pay the equivalent of 56 per cent ad valorem instead of 99 per cent, as now. Goods costing \$2.50 abroad would pay 43 per cent ad valorem, instead of 73 per cent, as now.

If 40 per cent and 24 cents per pound were established, goods costing abroad \$1 would pay the equivalent of 64 per cent ad valorem, instead of 99 per cent, as now. Goods costing \$2.50 abroad would pay 50 per cent ad valorem, against 73 per cent, now.

It is our business to supply the better and highest classes of merchant tailors with such reliable fabrics as they require, and with which they can maintain the superiority of custom-made garments over ready-made clothing. In the production of the latter, low price is the first consideration, and expert cheapening in every way is the rule. We do not supply the inferior stuff which they consume to that trade, nor to the cheap tailors, whose garments are no better than, if so good as, the ready-made.

Hence our general remarks deal almost entirely with the wools paying 11 cents per pound, and the goods paying 55 per cent ad valorem and 44 cents per pound. The lower grades, which pay 50 per cent ad valorem, and 33 cents per pound, do not concern us or our customers, being more or less in the nature of rubbish.

The difference in the wages paid in any two countries does not necessarily represent the difference in the cost of production in those countries. The same kind of loom, running at the same rate of speed and with the weaver, in each case, paid by the piece, will produce more yards of cloth, in a given time, in the United States than in Great Britain. The man here works quicker, as when he is obliged often to stop and restart his loom he is more alert in everything and all the time. Every detail, such as taking out a completed piece, putting in a fresh warp, etc., is more quickly accomplished here. The same celerity of operation is observable in every department of of the mill. Probably 15 per cent, at the least, may fairly be added to the scale of English wages to allow of a fair comparison in estimating the relative cost of production in England and America.

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Exaggerated ideas prevail as to the effect upon the prices of custom-made garments in the event of a downward revision of Schedule K. The saving to the tailor would be on the cloth only. His trimmings, labor, and general expenses would probably cost as much as now.

If 40 per cent and 24 cents per pound were made the rates he could abate, say, \$3 on a suit, not more. If the rates were made 35 per cent and 21 cents per pound, he could allow \$4 or \$5 per suit from the present prices.

The statements in this paper, which we believe to be irrefutable, are made primarily for the information and benefit of our customers. As our business has to do with both foreign and domestic goods, it is of small consequence to us whether duties be high or low, excepting that whatever policy will best conduce to the general prosperity of the country will be most advantageous to us.

[Copied from the American Wool Reporter, p. 1161, issue of Dec. 19, 1889.]

To the honorable Senate and House of Representatives in Congress assembled:

The undersigned, being each and all of us engaged in growing, manufacturing, or dealing in wool, respectfully petition that the duties on raw wool may now be removed or greatly reduced for the benefit of our domestic woolgrowers and woollen manufacturers alike. At a recent meeting of woollen manufacturers in Boston it was correctly stated "that the wholesale introduction into the United States of foreign wools in the form of finished fabrics, thereby displacing American wool, which would otherwise be consumed in American mills, is due to the unjust and illogical arrangement of the tariff. While the imports of clothing and combing wools have not materially increased, and the American production is materially decreasing of late years, notwithstanding the rapid growth in our population and the increasing per capita consumption of wool by this increasing population, the quantity of foreign wool introduced into this country, in the shape of goods and yarns, has increased to the enormous total of 141,474,144 pounds in 1888, equaling 44 per cent of our total home production of wools of all descriptions. The wholesale market value of our annual importations of manufactured wool exceeds by nearly 50 per cent the value of our annual wool clip."

As the only civilized country in the world, so far as we are informed, which levies a duty on raw wool, we ask that American industry may be relieved of this unnatural burden, and that our domestic wool interests may now be put upon the same wholesome basis as the cotton manufacturing industry, with free raw material.

Jesse Metcalf, agent Wanskuck Co.; Geo. B. Nichols, of Nichols, Dupee & Co.; Wm. J. Follett, of George Follett & Co.; M. T. Stevens, of M. T. Stevens & Sons; Robert Bleakie, of Robert Bleakie & Co.; Henry C. Weston, of Weston, Whitman & Co.; Eben Sutton, of Sutton's N. A. Mills; B. W. Evans, treasurer Blackstone Woolen Co.; Evans, Seagrave & Co.; Rowland Hazard, treasurer Peacedale Manufacturing Co.; Walter Stanton, of Converse, Stanton & Cullen; Henry Martin, of Martin, Lawrie & Co.; G. Z. Silsbee, treasurer Middlesex Co.; Noah Sagen-dorph, East Brookfield, Mass.; Arthur T. Lyman; Edw. W. Hooker, assistant treasurer and secretary Broad Book Co.; T. B. Beach, secretary Beacon Falls Mill & Power Co.; John W. Croft, of Howland Croft, Sons & Co., Camden; A. Priestly & Co., Priestly Worsted Mills, Camden; Wm. M. Ayres, of Wm. Ayres & Sons, Philadelphia; Geo. W. Patton & Co., 38 North Front Street, Philadelphia; John Elliott, 1158 South Broad Street, Philadelphia; James Kitchenman, Huntingdon and Jasper Streets; S. Wood & Ward, Howard and Lehigh Avenues; Geo. W. Emlen, Third and Cumberland Streets; Z. Talbot, treasurer Holliston Mills; J. B. Little, treasurer Bay State Felt Boot & Shoe Co.; C. J. Amidon & Sons, Hinsdale, N. H.; Thos. Radcliffe, Radcliffe Bros., Birmingham, Conn.; Joseph Dews, treasurer Phoenix Woolen Co., East Greenwich; Chas. Dawson, Dawson Manufacturing Co., Holden, Mass.; Walter Aiken, Franklin, N. H.; Frank H. Colony, Colony Bros., Wilton, N. H.; Edwin Farrell, Woonsocket Worsted Mills; Geo. W. Olney, Cherry Valley, Mass.; E. D. Thayer, Worcester, Mass.; O. H. Perry, agent Middlesex Co., Lowell, Mass.; Connor Bros., Holyoke, Mass.; Ralph H. Damon, president Damon Manufacturing Co.; Salem C. Moses, treasurer Worumbo Manufacturing Co., Bath, Me.; S. E. Lee, agent Vassalboro Woolen Mills; H. Strusberg, jr., agent Germania Mills;

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C. Fox & Co., Stafford Springs, Conn.; Geo. H. Nye, Nye & Wait Carpet Co., Auburn, N. Y.; Wm. F. Wait, Auburn, N. Y.; D. M. Read, treasurer Read Carpet Co.; Owen Bros., agents Atlantic Mills, Providence, R. I.; Saxony Woolen Mills, Newburgh, N. Y.; Michael Collins, Collinsville, Mass.; C. L. Blanding Manufacturing Co., Providence, R. I.; Hudson River Woolen Mills, Newburgh, N. Y.; Lawrence, Webster & Co., Malone, N. Y.; F. A. Howarth, Oxford, Mass.; Chas. M. Beach, treasurer Broad Brook Co., Broad Brook, Conn.; W. E. Delabarre & Co., Conway, Mass.; Ellison Tinkham, president Carolina Mills Co., Carolina, R. I.

P. S. Peckham, jr., of P. S. Peckham & Co., Washington, R. I.; Benjamin Lucas, of B. Lucas & Co., Poquetannock, Conn.; Geo. Mabbett, agent, Central Falls (R. I.) Woolen Mills; Frank E. Seagrave, treasurer, Central Falls (R. I.) Woolen Mills; J. F. Phetteplace, president, Central Falls (R. I.) Woolen Mills; Stephen O. Metcalf, treasurer, Steere Worsted Mills; Berwick Woolen Mills, West Fitchburg, Mass.; James McTaggart, West Fitchburg, Mass.; Perseverance Worsted Co., Woonsocket, R. I.; Horace A. Kimball, Manton, R. I.; Richard Howard & Son, Apponaug, R. I.; Horatio Colony, Keene, N. H.; Weybosset Mills, Taft Weeden & Co., agents, Providence, R. I.; O. H. Hayes & Co., New York; Francis & Muller, New York; Bills & Davenport, New York; Schoff, Fairchild & Co., New York; Geneva Worsted Mills, by M. S. Ulman, treasurer, Providence; Rockfellow & Shepard New York; John Lunn, Philadelphia; Esterheld & Co., Pekin Mills, Manayunk, Pa.; James Legg & Co., Mapleville, R. I.; W. R. Lawfer & Co., Allentown, Pa.; W. S. Woodman, Allentown, Pa.; Refnal Mills, Allentown, Pa.; J. H. Lawfer, Allentown, Pa.; H. C. Thacher, of H. C. Thacher & Co.; Franz & Pope Knitting Machine Co., Wm. Pope, president, Bucyrus, Ohio; John J. Currier, treasurer and director, Bailey Hat Co., Newburyport, Mass.

And 131 others on the first list of signatures as printed in our issue of November 28 Since that time the following additional signatures have been obtained:

Swenarton & Keiser, New York; Mills & Co., New York; J. M. Valentine & Co., New York; T. B. Snow, New York; Rochester Knitting Works, Max Lowenthal, proprietor, Rochester, N. Y.; Alfred Bayliss, of Bayliss & Crandall, Utica, N. Y.; C. P. Crandall, of Bayliss & Crandall, Utica, N. Y.; Empire Scotch Cap Factory, Utica, N. Y.; S. Bradley & Sons, Allegheny City, Pa.; Wm. Barker, jr., of S. Bradley & Sons, Allegheny City, Pa.; James A. Bradley, of S. Bradley & Sons, Allegheny City, Pa.; Wm. H. Bradley, of S. Bradley & Sons, Allegheny City, Pa.; E. B. Smith, of Smith & Penfield, Delhi (N. Y.) woolen mills; L. J. Rossman, of Rossman Knitting Co.; B. F. Haigh, of Rossman Knitting Co.; Wm. Oliver, secretary, treasurer, and general manager, Mississippi Mills, Weeson, Miss.; W. P. Sharp, of Home Knitting Works; C. E. Sharp, of Home Knitting Works; S. A. Sharp, of Home Knitting Works. Jefferson Woolen Mills, by Frank Stoppenbach, manager, Jefferson, Wis.; Robert A. Allison, secretary Jackson (Tenn.) Woolen Manufacturing Co.; W. T. Earnshaw, superintendent Jackson (Tenn.) Woolen Manufacturing Co.; P. J. Murray, manager oil mills, Jackson, Tenn.; N. S. White, banker, Jackson, Tenn.; Jno. Y. Keith, wool raiser, Jackson, Tenn.; W. S. Small, farmer and sheep raiser, Jackson, Tenn.; W. P. Robertson, merchant and planter, Jackson, Tenn.; M. V. B. Exum, farmer and wool grower, Jackson, Tenn.; Jno. W. Theuz, banker and farmer, Jackson, Tenn.; Ashley Stonfield, sheep raiser, Jackson, Tenn.; Miles Standish, farmer, Jackson, Tenn.; Bruce Douglas, farmer, Jackson, Tenn.; Manley Armfield, planter, Jackson, Tenn.; J. C. Gooch, Jackson, Tenn.; A. C. Treadwell, Jackson, Tenn.; Jno. Goodrich and 100 others, Jackson, Tenn.; D. Crowther & Son, Germantown, Pa.; Thomas P. Cope, jr., of Cope & Co., Philadelphia, Pa.; Alfred Cope, of Cope & Co., Philadelphia, Pa.; F. Hazen Cope, of Cope & Co., Philadelphia, Pa.; Howland Croft, of Howland Croft Sons & Co.; Smith Lightbottom; Geo. Bustle, jr.; Michael Collins, Collinsville, Mass.; Christian Hess; Isaac Reldon; John Hammond; Joseph B. Underwood; A. Helliwell; Benjamin Lobley; Joseph Lobley; L. D. Rodibaugh, New Paris, Ind.; Claud Neilson, New Paris, Ind.; W. H. Reinhold,

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of W. H. Reinoehl & Co., Reading, Pa.; O. B. Wetherhold, of W. H. Reinoehl & Co., Reading, Pa.; O. R. Delsart, of W. H. Reinoehl & Co., Reading, Pa.; Montgomery Merritt, of Henderson (Ky.) Woolen Mills; Jas. S. Alves, wool grower; W. S. Johnson, of Henderson (Ky.) Woolen Mills; Paul J. Marrs, of Henderson (Ky.) Woolen Mills; Jas. R. Barich, of Henderson (Ky.) Woolen Mills; Dr. B. Alors, secretary of Henderson (Ky.) Woolen Mills; Jas. Morning, superintendent of Henderson (Ky.) Woolen Mills; D. W. Boone, subsuperintendent of Henderson (Ky.) Woolen Mills; A. N. Taylor, carder boss, Henderson (Ky.) Woolen Mills; John Gust, spinner boss, Henderson (Ky.) Woolen Mills; B. T. Linton, loom boss, Henderson (Ky.) Woolen Mills; Philetus Beal, finisher, Henderson (Ky.) Woolen Mills; Edwd. Oberodorfer, wool dealer, Henderson (Ky.) Woolen Mills; Geo. Metz, wool dealer, Henderson (Ky.) Woolen Mills; Morris Metz, wool dealer, Henderson (Ky.) Woolen Mills; Mann Bros.; Morris Baldauf, merchant; Ed. Starr, clothier, Henderson, Ky.

Berry & Co., dry-goods merchants, Henderson, Ky.; Schlesinger & Geibel, dry-goods merchants, Henderson, Ky.; Thomas Soaper, Henderson, Ky.; I. W. Levan, Reading, Pa.; I. W. Levan & Son, Reading, Pa.; A. Erskine, manufacturer of blankets, shawls, etc., Third and Cumberland Streets, Philadelphia, Pa.; Thomas Duston, North Salem, N. H.; W. P. Hewitt & Co., Menasha (Wis.) Woolen Mills; Shuttleworth Bros., Amsterdam, N. Y.; O. H. Nordstraw, South Side, Punxsutawney, Pa.; D. W. McAllister, overseer, Punxsutawney, Pa.; F. W. Cheney, agent Athens (Ga.) Manufacturing Co.; Kanawha Woolen Mills, Frank Woodman, proprietor, Charleston, W. Va.; A. J. Cameron & Co., of New York and Philadelphia; C. B. Robinson, for Beargrass Woolen Mills, Louisville, Ky.; Lippit Woolen Co., by C. H. Merriman, treasurer, Providence, R. I.; Reedsburg Woolen Mill Co., W. H. Frence, manager, Reedsburg, Wis.; J. Turner & Sons Manufacturing Co., Cleveland, Ohio; Joshua Turner, Cleveland, Ohio; John G. Turner, Cleveland, Ohio; A. K. Wein, Cleveland, Ohio; N. H. Turner, Cleveland, Ohio; C. F. Keatley, manager of the Keatley Hosiery Manufacturing Co., Galena, Ill.; Stewart Bro. & Co., 1219 Temple Street, Philadelphia, Pa.; Jas. S. Cochran, Tenth Street and Columbia Avenue, Philadelphia, Pa.; Rice, Bean & Co., Manayunk, Pa.; Fitzpatrick & Holt, Manayunk, Pa.; D. Levis Moore, Moore Alpaca Co., Philadelphia, Pa.; Thos. A. Pearce, Pennsylvania Hosiery Mills; D. Edwards & Sons, Ithaca, N. Y.; R. O. Edwards, Ithaca, N. Y.; D. D. Edwards, Ithaca, N. Y.; David Ellwood's Sons, Ithaca, N. Y.; C. H. Sanford, Glover, Sanford & Sons, Bridgeport, Conn.; H. B. Sanford, Glover, Sanford & Sons, Bridgeport, Conn.; E. G. Sanford, Glover, Sanford & Sons, Bridgeport, Conn.; Chas. G. Sanford, Glover, Sanford & Sons, Bridgeport, Conn.; T. H. Sanford, Glover, Sanford & Sons, Bridgeport, Conn.; Glover E. Sanford, Glover, Sanford & Sons, Bridgeport, Conn.; Halfpenny, Campbell & Co., (Ltd.), Antes Fort, Pa.; H. T. Doebing, manager Davenport Woolen Mills, Davenport, Iowa; S. A. Jennings, president Davenport Woolen Mills Co.; J. M. Eldridge, stockholder in Davenport Woolen Mills; W. C. Wadsworth & Co., wholesale dry goods, Davenport, Iowa; Robt. Krause, jobber of woolsens, Davenport, Iowa; N. Moritz & Bro., jobber of woolsens, Davenport, Iowa; M. Neidemann, jobber of woolsens, Davenport, Iowa; A. B. Haipke, manufacturer of knit goods, Davenport, Iowa; Aug. Steffin, jobber of dry goods, Davenport, Iowa; J. H. C. Petersen's Sons, dry goods, Davenport, Iowa; W. D. Petersen, Davenport, Iowa; H. F. Petersen, Davenport, Iowa; Jos. Froehlich, dealer in woolsens, Davenport, Iowa. Isaac Rothchild, dealer in woolsens, Davenport, Iowa; W. S. Ritcher, director Davenport (Iowa) Woolen Mills Co.; I. H. Sears, Davenport (Iowa) Woolen Mills Co.; L. M. Fisher, sheep raiser; A. Stratliek, dealer in dry goods, Davenport, Iowa; J. H. Hiner, dealer in dry goods, Davenport, Iowa; John Dutton, overseer in woolen mill, Davenport, Iowa; Jas. W. Robertson, general manager Porter Manufacturing Co., Clarksville, Ga.; James Williamson & Co., Germantown, Pa.; Wm. Jameson, Germantown, Pa.; C. A. Reynolds, King Philip Mills, Davieville, R. I.; Wm. F. Perry, president Forest Mills Co., Bridgeton, Me.; J. F. Brailer, superintendent Forest Mills Co., Bridgeton, Me.; Louis

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Kraemer & Co., Stony Creek Mills, Reading, Pa.; W. Ward, superintendent Riverside and Oswego Mills, Providence, R. I.; Seth Humphrey, Lower Merion, Montgomery County, Pa., owner; Charles Ohara, superintendent Mills & Co., New York; Swenarton & Kiser, New York; J. W. Dodge, president Dodge-Davis Manufacturing Co., New York; C. H. Proctor, overseer, Dodge-Davis Manufacturing Co., New York; H. C. Whipple, treasurer Dodge-Davis Manufacturing Co., New York; H. Beckman, North Ohio Blanket Mills, Cleveland, Ohio; Samuel Lea & Son, 1148 St. John Street, Philadelphia, Pa.; M. H. Heynemann, of Heynemann & Co., San Francisco, Cal.; Sig. Greenebaum, of Greenebaum & Co., San Francisco, Cal.; J. R. Manury & Co., Philadelphia, Pa.; J. R. Sullivan, dry goods, Oswego Falls, N. Y.; Connell & Patterson, dry goods, Oswego Falls, N. Y.; Bennett & Stewart, dry goods, Oswego Falls, N. Y.; Farrell & Son, merchant tailors, Oswego Falls, N. Y.; H. Amdursky, clothing, Oswego Falls, N. Y.; J. C. O'Brien, dry goods, Oswego Falls, N. Y.; A. R. Nery, dry goods, Oswego Falls, N. Y.; H. Rosenbloom, dry goods and clothing, Oswego Falls, N. Y.; H. J. Peoples, clothing, Oswego Falls, N. Y.; J. H. Lee, department overseer, Riverside and Oswego Mills; W. R. Hamilton, department overseer, Riverside and Oswego Mills; J. B. Phillips, department overseer, Riverside and Oswego Mills; J. H. Wilson, department overseer, Riverside and Oswego Mills; R. Harrison, department overseer, Riverside and Oswego Mills; Chas. B. Sheard, overseer, Riverside and Oswego Mills; A. F. Williams, overseer, Riverside and Oswego Mills; Henry Pollard, section overseer, Riverside and Oswego Mills; Wright Motham, section overseer, Riverside and Oswego Mills; Thomas G. Gill, section overseer, Riverside and Oswego Mills; Crossley Holmes, section overseer, Riverside and Oswego Mills; William Bower, section overseer, Riverside and Oswego Mills; Joseph Bower, section overseer, Riverside and Oswego Mills; John Burns, section overseer, Riverside and Oswego Mills; C. A. Van Leuvan, section overseer, Riverside and Oswego Mills; C. H. McCaffray, section overseer, Riverside and Oswego Mills; David Hartigan, section overseer, Riverside and Oswego Mills; Jas. Winters, section overseer, Riverside and Oswego Mills; J. H. Fairguere, section overseer, Riverside and Oswego Mills; Wm. F. Read, Victoria Mill, Philadelphia, Pa.; Geo. Grayson & Co., Philadelphia, Pa.; J. A. Buguey, superintendent Waumbeck Co., Milton Mills, N. H.; Carl Freschel, of Kalamazoo Knitting Co., Milwaukee; L. L. Tabor, of Kalamazoo Knitting Co., Milwaukee; Louis H. Elbromer, of Kalamazoo Knitting Co., Milwaukee; Geo. G. Granger, 22 Broad Street, Boston, Mass.; E. C. Caswell, of E. C. Caswell & Co., Bloomsburg, Pa.; J. M. Staver, of E. C. Caswell & Co., Bloomsburg, Pa.; John F. Hayle, carder for E. C. Caswell & Co., Bloomsburg, Pa.; C. W. McCaslin, spinner for E. C. Caswell & Co., Bloomsburg, Pa.; E. L. Caswell, boss weaver for E. C. Caswell & Co., Bloomsburg, Pa.; George W. Yost, engineer for E. C. Caswell & Co., Bloomsburg, Pa.; Miles M. Bet, finisher for E. C. Caswell & Co., Bloomsburg, Pa.; Elias E. Shaeffer, weaver for E. C. Caswell & Co., Bloomsburg, Pa.; Joseph Ruckle, dresser for E. C. Caswell & Co., Bloomsburg, Pa.; John Custred, weaver for E. C. Caswell & Co., Bloomsburg, Pa.; Daniel L. Jones & Co., Philadelphia, Pa.; Concord Woolen Mills, Nicotack, Ga.; Porter Manufacturing Co., Clarksville, Ga.; Sulloway Mills, A. W. Sulloway, treasurer, Franklin, N. H.; John S. Collins, Gilsun, N. H.; L. Farr & Son, of Ogden Woolen Mills, Ogden City, Utah; Newton Farr, Ogden City, Utah; Ezra Farr, Ogden City, Utah.

GREYSTONE MILLS,

Greystone, R. I., November 19, 1912.

Mr. G. F. O'SHAUNESSY,
Providence, R. I.

DEAR SIR: In laying before you the following facts relative to the effect the Underwood bill will have, should it become law, on the mohair and alpaca manufactures of Greystone Mills, we wish to say that we have spent millions of dollars in practically bringing a new industry to United States of America from England. We are now

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the largest users of domestic mohair in this country, having been able to manufacture it into articles which were never thought of before we transplanted some of our machinery in 1904, consequently the farmers and goatmen are now reaping advantages which were formerly impossible.

We have mills in England making identically the same 16 qualities as those we refer to on separate statement. The same raw alpaca and mohair is used, the same class of machinery is employed, and the same class of workers are engaged in producing the same goods in England and America, and the qualities of cloth are interchangeable.

The calculations are made absolutely on the same basis, no profit has been added, and the prices are net for goods delivered in New York from England and Greystone.

We are willing to show our English and American calculations from the fleece to the finished cloth, should the results we give be questioned.

We understand you support the Underwood bill as passed by the House of Representatives, and we beg of you to kindly consider the statements which we herewith present to you.

It will be seen that if the Underwood bill becomes law the importer of yarns and the finished cloth will have such a serious advantage over the American spinner and manufacturer that there can be but one result, viz, the closing down of the mills. The advantages to the importer, as shown by us in the accompanying statement, do not embrace any which may be derived by unscrupulous importers.

Kindly note the results of these calculations show that tops, single and two-fold yarns, can be imported under the Underwood bill at lower prices than they can be made in the United States of America, if the present rate of wages is paid.

Also that all qualities of cloth, whether made in United States of America from the imported fleece, imported tops, or imported yarns, can not be produced at the prices of the imported cloths, if the present rate of wages is paid.

We are perhaps fortunate in having English mills, where we shall manufacture the same cloths as we now make here and ship them to this country if the Underwood bill becomes operative, but we feel it is rather hard to see the results of a lifetime, as exemplified in these mills, in jeopardy.

We trust you will give this serious letter and statement your earnest consideration.

We remain,
Yours, truly,

JOSEPH BENN & SONS (INC.),
HARRISON BENN.

Cost figured on Underwood bill, 1912.

	A4	A5	A6	A7	M2	M3	M4	M5
Cost of tops made in United States from imported fleece paying 20 per cent ad valorem duty, per pound..	62.4	81.4	106.1	135.7	61.6	77.8	105.1	140.0
Cost of imported tops paying 25 per cent ad valorem duty, per pound..	60.2	77.7	100.2	126.5	58.7	71.5	99.0	124.5
Advantage to importer per pound.....	2.2	3.7	1.9	9.2	2.9	6.3	6.1	15.5
	1/32	1/36	1/42	1/50	1/12	1/16	1/30	1/40
Cost of single yarns made in United States from imported fleece paying 20 per cent ad valorem duty, per pound.....	92.3	116.5	148.8	190.1	80.1	100.4	154.5	186.5
Cost of imported single yarns paying 30 per cent ad valorem duty, per pound.....	84.7	106.0	135.5	171.7	76.2	92.5	129.5	163.5
Advantage to importer per pound.....	7.6	10.5	13.3	18.4	3.9	7.9	25.0	23.0
	2/32	2/40	2/50	2/60	2/24	2/32	2/40	2/50
Cost of twofold yarns made in United States from imported fleece paying 20 per cent ad valorem duty, per pound.....	96.3	126.0	168.3	214.1	89.4	113.9	167.8	207.0

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Cost figured on Underwood bill, 1912—Continued.

	A4	A5	A6	A7	M2	M3	M4	M5
Cost of imported twofold yarns paying 30 per cent ad valorem duty, per pound.....	86.5	112.5	149.5	199.0	81.5	100.2	138.0	179.0
Advantage to importer.....	9.8	13.5	18.8	15.1	7.9	13.7	29.8	28.0
	1/32	1/36	1/42	1/50	1/12	1/16	1/30	1/40
Cost of single yarns made in United States from imported tops paying 25 per cent ad valorem duty, per pound.....	89.7	112.2	142.0	179.5	76.7	93.0	132.7	168.7
Cost of imported single yarns paying 30 per cent ad valorem duty, per pound.....	84.7	106.0	135.5	171.7	76.2	92.5	129.5	163.5
Advantage to importer.....	5.0	6.2	6.5	7.8	.5	.5	3.2	5.2
	2/32	2/40	2/50	2/60	2/24	2/32	2/40	2/50
Cost of twofold yarns made in United States from imported tops paying 25 per cent ad valorem duty, per pound.....	93.7	121.7	161.5	203.5	86.0	106.5	146.0	189.2
Cost of imported twofold yarns paying 30 per cent ad valorem duty, per pound.....	86.5	112.5	149.5	199.0	81.5	100.2	138.0	179.0
Advantage to importer.....	7.2	9.2	12.0	4.5	4.5	6.3	8.0	10.2

	Qualities.							
	1	3	31	33	35	84	86	93
Cost of cloths made in United States from imported fleece paying 20 per cent ad valorem duty, per yard.....	28.0	32.5	36.5	42.7	50.7	69.2	84.7	45.0
Cost of imported cloths paying 45 per cent ad valorem duty, per yard.....	25.4	29.4	33.5	38.7	47.9	62.1	79.8	42.7
Advantage to importer.....	2.6	3.1	3.0	4.0	2.8	7.1	4.9	2.3
Cost of cloths made in United States from imported tops paying 25 per cent ad valorem duty.....	28.2	32.0	36.0	42.2	50.0	68.0	83.0	46.2
Cost of imported cloths paying 45 per cent ad valorem duty.....	25.4	29.4	33.5	38.7	47.9	62.1	79.8	42.7
Advantage to importer.....	2.8	2.6	2.5	3.5	2.1	5.9	3.2	3.5
Cost of cloths made in United States from imported yarns paying 30 per cent ad valorem duty.....	28.0	31.0	35.2	41.0	48.5	65.7	81.2	45.0
Cost of imported cloths paying 45 per cent ad valorem duty.....	25.4	29.4	33.5	38.7	47.9	62.1	79.8	42.7
Advantage to importer.....	2.6	1.6	1.7	2.3	.6	3.6	1.4	2.3

PARAGRAPHS 360-369—RAW WOOL.

Cost figured on Underwood bill, 1912—Continued.

	Qualities.							
	97	386	488X	545	549	879	880	888
Cost of cloths made in United States from imported fleece paying 20 per cent ad valorem duty, per yard.....	78.2	37.0	33.7	39.0	45.0	31.2	39.7	47.2
Cost of imported cloths paying 45 per cent ad valorem duty, per yard.....	71.5	32.9	30.5	35.5	41.6	28.3	36.9	44.2
Advantage to importer.....	6.7	4.1	3.2	3.5	3.4	2.9	2.8	3.0
Cost of cloths made in United States from imported tops paying 25 per cent ad valorem duty.....	74.5	36.5	34.0	39.2	44.0	31.0	39.0	46.2
Cost of imported cloths paying 45 per cent ad valorem duty.....	71.5	32.9	30.5	35.5	41.6	28.3	36.9	44.2
Advantage to importer.....	3.0	3.6	3.5	3.7	2.4	2.7	2.1	2.0
Cost in cloths made in United States from imported yarns paying 30 per cent ad valorem duty.....	73.2	35.2	33.0	37.7	43.5	30.2	38.2	45.7
Cost of imported cloths paying 45 per cent ad valorem duty.....	71.5	32.9	30.5	35.5	41.6	28.3	36.9	44.2
Advantage to importer.....	1.7	2.3	2.5	2.2	1.9	1.9	1.3	1.5

JOSEPH BENN & SONS (INC.),
Greystone, R. I., November 23, 1912.

Mr. GEORGE F. O'SHAUNESSY,
Providence, R. I.

DEAR SIR: In accordance with my promise, I herewith inclose duplicate copies of the cost of cloths made in the United States of America from imported fleece, imported tops, and imported yarns and identically the same qualities imported in the finished state, all delivered, net New York.

Also I give you the cost of yarns made from imported fleece and imported tops, and also the cost of the same yarns imported, all delivered, net New York.

The basis of these calculations is what has been known as the Underwood bill, namely, 20 per cent ad valorem duty on wool, 25 per cent ad valorem duty on combed wool, 30 per cent ad valorem duty on yarns, and 45 per cent ad valorem duty on cloths.

I might remark that this Underwood bill appears to be drawn up by importers, because it favors them in every line and every particular.

You asked me if I knew of a tariff which would be satisfactory to us, and I referred you to a bill which Senator Lippitt had been the means of preparing. I am not sure who introduced it at the last part of the session in the Senate, but that bill, I think, would be satisfactory. If you can obtain a copy, I think you will find a great many reductions have been made on the Payne-Aldrich bill.

I again assure you that it would be impossible to continue working these mills if the Underwood bill, with provisions as stated above, were enforced.

I return to England to-day, and any communication you may wish to make I shall be very pleased to consider if you will address me at Becksides Mills, Great Horton, Bradford, Yorkshire, England. I hope to be here again the early part of March.

Thanking you for your courtesies in granting me the interview I had with you, I remain,

Yours, truly,

HARRISON BENN.

PARAGRAPHS 360-369—RAW WOOL.

BRIEF OF WILLIAM C. HUNNEMAN, BOSTON, MASS.

60 CONGRESS STREET,
Boston, Mass., January 30, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
Washington, D. C.

SIR: After having carried on for four years a campaign for ad valorem duties on the products covered by Schedule K, it is cause for profound satisfaction on my part that this principle is to be recognized as a basis for the revision of the wool schedule by the administration that comes into power on the 4th of March.

So far as the Underwood and the Underwood-La Follette tariff bills provided for uniform ad valorem rates on the respective products they have my unqualified approval. I believe, however, that the rates named in these bills are not such as should be adopted in the revision of Schedule K.

In making suggestions to your committee as to the rates under the new law to be enacted by the Sixty-third Congress, I do not feel called upon to make any recommendation for the rates to be imposed on raw materials. It has been decided that these rates shall be ad valorem.

Fixing the rates on manufactures of wool necessarily depends on judgment. They can not be calculated by any general formula, such as that based on the difference between the domestic and foreign cost of production.

As experience is the principal guide in fixing tariff rates we should first consider the experience this country has had in connection with the wool tariff. For nearly 50 years the present Schedule K, with the exception of a brief interval, has been in force. The experience with that schedule has been so unsatisfactory, its abuses have been so serious, the special privilege and discrimination under it have been so flagrant, and the schedule has been so thoroughly exposed as to bring upon it the overwhelming condemnation of the public. The only experience this country has had during the last half century with an ad valorem tariff on wool products was during the period under the Wilson bill. While the woolen and worsted business was very unsatisfactory during the time the Wilson bill was in force, it is undoubtedly true that the depression at that time was due to other factors than the change in the tariff. The bill was in force about three years, and when it was repealed the woolen and worsted industry was becoming fairly well adjusted to its provisions.

While the Wilson bill provided fairly adequate protection to the manufactures of wool, any lower rates than those provided by that law would at that time and would now work serious and permanent injury to the industry.

The Wilson bill provided for free raw materials for wool manufactures. It is assumed that the bill to be enacted will place a tariff on wool and wool by-products to provide adequate protection to the producers of these raw materials, and such protection is unreservedly approved. The only suggestion in this connection is that the same ad valorem rate shall be placed on all kinds of wool and wool by-products regardless of condition.

On manufactured goods the Wilson bill provided for a duty of 40 per cent ad valorem on goods valued at not more than 50 cents a pound and 50 per cent ad valorem on goods valued at more than 50 cents a pound. Such a system of graduated duties is objectionable because it makes undervaluation easier and more profitable under certain conditions. For example, a reduction of the valuation of the fabric from 51 to 49 cents a pound results in a reduction of the duty from 25½ to 19½ cents a pound, the difference in duty being equal to three times the difference in the valuation. Moreover, there is no good reason for placing a lower ad valorem duty on low-priced goods than is placed on high-priced goods. As a matter of fact, if the object is protection, the rate should be higher on the low-priced goods, because the proportion of manufacturing cost is usually greater on low-priced goods. The variation, however, is not such as to call for any graduation of the duty, and therefore I recommend one uniform ad valorem rate on each class of partly or wholly manufactured wool goods.

Because of the facts already given I recommend that the rate on partly and wholly manufactured woolen and worsted cloths shall approximate as closely as possible the rates under the Wilson bill. That measure provided for two rates, 40 and 50 per cent. I suggest that the rate in the new bill be fixed at 45 per cent ad valorem, in addition to such amount as may be necessary to equalize or balance the tariff that is placed on raw materials.

The calculation of the duties on wool goods to compensate for an ad valorem duty on raw wool is very simple. In practice the proportion of raw material in the cost of wool

PARAGRAPHS 360-369—RAW WOOL.

goods seldom falls below 50 per cent or rises above 65 per cent. It follows, therefore, if 60 per cent be taken as the proportion of raw material in the cost of goods in calculating the compensatory duty, such duty will be ample to compensate for the raw material tariff on practically all kinds of goods. If the cost of a foreign fabric consists of 60 per cent for raw material and 40 per cent for manufacturing, and there is a duty of 35 per cent on the raw material, it follows that the raw material duty will be equal to 21 per cent of the foreign cost of the goods. In other words, it will be necessary to place a duty of 21 per cent on the finished cloth to compensate the domestic manufacturer for the tariff on raw material. This 21 per cent is 60 per cent of the raw material duty, 35 per cent. With such a compensatory duty on cloths the foreign and domestic manufacturers will be placed on equal terms as far as raw material is concerned.

Assuming only for illustration that the tariff on raw material is 35 per cent ad valorem, it follows that the recommendation already given means the placing of 66 per cent on the finished wool goods, this rate consisting of the 21 per cent necessary to compensate for the duty on the raw material and the 45 per cent which is recommended to make the duty on finished goods equal to the average duty under the Wilson bill, which provided for free wool.

After the rates on raw materials and finished goods have been fixed the rates on partly manufactured materials, such as tops and yarns, shall be graduated to correspond with the approximate cost of manufacturing the respective products.

The 66 per cent recommended for finished goods, assuming for illustration a raw-material duty of 35 per cent is as low as it can safely be placed in beginning the revision of Schedule K.

I also suggest that the new tariff bill provide that the new rates on manufactured goods shall not go into effect until six months after the duties on raw material become effective.

Respectfully,

WILLIAM C. HUNNEMAN.

BRIEF OF FRANCIS WILLEY & CO., BOSTON, MASS., CONCERNING TARIFF ON WOOL.

BOSTON, MASS., *January 31, 1913.*

SCHEDULE K.

Schedule K is that division of the tariff which treats of wool and the manufactured products of wool, and whether one believes in the doctrine of protection to the American industries or not does not affect the necessity of raising a revenue by tariff duties. The revenue derived from Schedule K has amounted in latter years to an average of \$30,000,000, and at present the amount of duty is protective by a very large surplus to the American manufacturer of wool textiles. It is now proposed to reduce these duties either to a purely revenue basis, as is the belief of the Democratic Party, or to a basis of revenue and protection by an amount which equalizes the difference in the cost of manufacturing here and with our lowest foreign competitor. The United States produce yearly approximately 300,000,000 pounds of wool, which is equivalent to 140,000,000 pounds of scoured wool. There is an average annual importation of foreign-grown wools of about 110,000,000 pounds of class 1 and 2 wools suitable for the manufacture of wearing apparel. This will represent about 75,000,000 pounds of scoured wool. The present duty on tops and yarns makes them prohibitive, but in the form of completely manufactured articles—woolen and worsted cloths, dress goods, blankets, ready-made clothing, etc.—there is a further 8,000,000 pounds of wool imported or a total annual consumption by the American people of 223,000,000 pounds, or 2½ pounds per capita, and this demand can be considered as pretty accurately standardized. The 140,000,000 pounds of scoured wool grown in American then represents 63 per cent of the demand, and as it costs more to grow wool in this country than any other country in the world, this wool must necessarily find its market in the American machinery, so that it is not the 63 per cent of our demand with which the tariff deals particularly but the other 37 per cent which is imported.

There are three possibilities open for the method in which a duty on wool and the manufactured products of wool can be assessed:

First. A specific duty on the grease weight as at present. This method prohibits the importation of any heavy shrinking wools, for the 11 cents duty includes a duty on waste, such as grease, sand, and dirt, and therefore would appear to be an erroneous method of levying duty although the simplest to operate and it would have the advan-

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tage of being constant no matter at what price the commodity. It would be definite, enabling the accurate determination of values and would be also simple and admitting of the least opportunity for fraud. All things considered, that in as much as any form of assessing duty will have grave faults, this method would without doubt be the most satisfactory.

A second method would be a specific duty levied on the scoured content of wool. The practical difficulties in determining the amount of shrinkage in a given lot of wool would make this expensive and difficult to carry out; and further, as the rate is specific it would mean that on the finer qualities of wool worth a high value the duty would be proportionately less than on wools of inferior quality, throwing the burden of duty to be paid on that class of people least able to pay it; for example: Fine Australia merino wools at a shilling a pound in the grease, shrinking 50 per cent, would mean that the wools would cost 50 cents per pound and a duty of 20 cents a pound would be a duty of 40 per cent on the value of the wool. On the other hand, crossbred wools worth 10 d. per pound, shrinking 33 per cent, would be worth 30 cents per scoured pound, and the same specific duty of 20 cents would represent an ad valorem duty of 67 per cent, which principle is opposed to justice.

The third method of assessing duties is an ad valorem duty which offers the opportunity of an undervaluation by importers and difficulty in determining its actual value at all times; a high rate of duty when prices are high and a low rate of duty when prices are low, which are directly contrary to the needs of the people at the time; and, further, a governmental revenue fluctuating with the price of the commodity and, therefore, of the greatest inconsistency; but one of the three forms must be adopted and it would appear that an ad valorem basis is the only consideration of the new Congress.

Starting then with an ad valorem duty on wool, and in order to follow out the future calculations to assume that it has been decided that 20 per cent would be sufficient to keep the American woolgrowers in business, we will investigate the amount of duty required on the further processes of manufacture predicated on a 20 per cent duty on raw wool. Generally the manufacture of cloth can be divided into three divisions: First, top making or the combing of wool; second, spinning or the converting of tops into yarn; third, weaving or the converting of yarn into cloth. These subdivisions may be carried on all in one mill where raw wool is completely converted into cloth, or they may be subdivided into particular industries, both of which exist to-day in the United States. If the top-making industry were protected by an amount of duty in excess of the duty on wool, to so enable them to convert wool into tops cheaper than to import the equivalent top from abroad, no tops would be imported. If yarns were protected likewise, no yarns would be imported unless it were some few very special yarns made for a very particular purpose. Then the total importations would come in either in the form of raw product or finished goods. Further, if the top-making industry were not protected, it would appear that tops would be imported, but the importation of tops would depend on the protection afforded yarn, and if this were not sufficient no tops but rather yarn would be imported; and, again, if the conversion of yarn into cloth were not sufficiently protected, no yarns would be imported but rather the cloth. On such a duty we can conceive that the total importation would then be in finished goods. In order that there may be both wool and tops and yarn and cloth imported into this country, it would be necessary to offset the difference in the cost of conversion between any two of the above stages, and this should be protected by an amount which would equalize the cost of importing the equivalent object from abroad; and in this way only will there be an active competition between America and her foreign competitors both in tops, yarns, and goods. To find what this amount in each branch of industry would be in excess of the previous stage will be the object of this investigation, which will allow of no protection but will show the per cent amounts required to enable the process of manufacture to be carried on to meet competition from abroad.

ANALYSIS OF COST OF TOPS AND COMPENSATORY DUTIES.

The cost of converting wool into tops may be divided into four general headings: (1) Preparation of wool for combing—sorting; (2) loss by noilage and other by-products of combing; (3) cost of mechanical operation of combing; (4) cost per pound of top apportioned to carrying on the business.

These headings will cover the costs in whatever countries manufactured, and by an analysis of each one and a duty based on the sum of what is necessary in each case to offset the greater cost in America, will give the amount of duty which will place America and England on a basis of equality and open competition.

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(1) When wool is sorted preparatory for combing the value of the matchings so made is increased over the original value of the wool by an amount which includes the labor cost of sorting the wool and the loss due to removing parts of the wools of inferior value.

The labor cost in England for sorting wool ranges from 50 per cent to 60 per cent of the cost of doing the same thing here, and the loss due to the less value of the inferior parts of the wool will be 20 per cent more here, as wool will be that much more valuable here because of the 20 per cent duty imposed on it.

Now, if the extra amount of duty assessed on matchings, represented by the increase of the value of the matchings over the original wools, will compensate for the increased cost of making the matchings here, then raw wool will be imported and the sorting done here, but as this compensation is only 20 per cent of the increased value and it costs 50 per cent more to do it here than in England, it is reasonable to suppose that wool will be imported as matchings ready for combing by all who are able to have this done in England. Therefore, as the cost of preparing the wool is identical, the wool can be considered as in the form of matchings and the first heading can be neglected in so far as it affects the difference in the cost of making tops. However, it creates a hardship to the American sorters, depriving them of 33 per cent of the raw material which is now available.

(2) In combing scoured wool, the principal product recovered is called top and generally there is 80 per cent of the weight of scoured wool so recovered; noils constitute on an average 15 to 18 per cent and the balance is made up by minor wastes. Of this 20 per cent other than tops it may be said that they are generally worth one-half as much as the top and so a recovery is made of 90 per cent of the value of the top. This ration will hold pretty closely in either country; so a compensation will be required to offset the 10 per cent loss in value of product recovered of 10 per cent of the duty on wool which has been assumed at 20 per cent. Therefore, we must allow 10 of the 20 per cent duty, which equals 2 per cent for the increased loss due to the combing by-products in America.

(3) The cost of combing wool depends not on its value but rather on the quality. The comparative costs per pound of top combed in England and America are about as follows:

	England.	United States.
	Cents.	Cents.
36-44, prepared.....	0.0215	0.05
44-46, carded crossbreds.....	.0267	.055
50, crossbreds.....	.0325	.06
56-58, fine crossbreds.....	.0350	.0675
Merinos.....	.0430	.075

an amount equal to from 3 to 4 cents greater in America. To find the ad valorem equivalent of this specific amount, it is necessary to ascertain what percentage of the value of the top is attributable to the cost of combing. Based on to-day's value that percentage of the value of the top made in England, which is attributable to the cost of combing, ranges from 7 to 9 per cent, irrespective to the quality. Supposing the wool to be imported and combed here, the top would be increased in value by the excess cost of combing in America; on that percentage of the value of the top due to combing in America would be from 14 to 16 per cent—an average difference between that portion of the English top and the United States top, which relates to combing or which is necessary to compensate the increase of cost of combing in the United States of 7 per cent on to-day's value. Figuring in this way—the highest prices of which we have record for tops the difference would be 6 per cent and the lowest 15 per cent, and the general average 9 per cent. As we must allow for low values, as well as high or average values, it would appear that did we assume this difference at 11 per cent we would be reasonably safe, and, therefore, can assume this 11 per cent to be requisite to about equalize the protection required for the increase in cost of combing in America.

The fourth heading which relates to the cost of doing business in America being greater than in England would be practically eliminated when English tops were to be marketed in America.

Therefore, to assemble the duty necessary to equalize, we have shown 2 per cent for loss in combing by-products, which should be levied on the material, i. e. the wool, and 11 per cent for the cost of combing to be levied on the top.

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The value of a top is composed of the wool in it plus the cost of conversion. The conversion cost will represent from 15 to 25 per cent of the total value of the top and 20 per cent will be a fair average, or 80 per cent on an average will be the value of the wool in the top.

On the assumption that there is to be a duty of 20 per cent on raw wool, we have endeavored to show that this should be increased by 2 per cent to compensate for the wool in the top and therefore the duty on the top should be 22 per cent for the wool in it (which equals 80 per cent of the value of the top) plus 11 per cent compensating duty for excess cost of combing here, or a total duty of 22 per cent (80 per cent) plus 11 per cent equals 17.6 per cent plus 11 per cent equals 28.6 per cent, or say 28½ per cent on tops when there is 20 per cent on wool.

YARNS.

In the conversion of tops into yarns we are again concerned with three of the same general headings as under tops:

(1) Loss of a portion of the top in the spinning operation; (2) cost of the mechanical operation of spinning; (3) cost per pound of yarn apportioned to carrying on the business.

This latter will again be neglected when Europe markets the yarns under the same condition that we do, and we are concerned in offsetting the increased cost of America covered by loss of material and the operation of spinning, and in order to find the amount of an ad valorem duty in excess of the duty on tops required to equalize the American costs with her European competitors, we will resolve the percentage of cost of the value of the yarn due to conversion in America and compare this with the percentage of cost which the conversion in England amounts to when based on the cost of making the yarn here from tops imported free, and then find what duty on yarn is required to offset this difference when there is a duty on tops of 28½ per cent.

(1) The operation of converting tops into yarns will include: (a) Drawing, or the reduction in the size of the top sliver; (b) Roving, or the preparation of the sliver to an even weight per yard most suitable for spinning; (c) Spinning the yarn into the desired counts or number of yards per pound; (d) Twisting two or more spun threads into one yarn; (e) Preparation of the yarn so made for the market, such as examination, winding on warp spools, or making into skeins.

In each of the above operations there is a loss of material which will amount in the entire process to from 8 to 10 per cent of the weight of the top. These wastes are recovered and sold for less than the value of the yarn; and it may be stated that the 10 per cent of wastes are worth approximately one-half the value of the yarn, so that the recovery from the top will be 90 per cent in yarn and 10 per cent of waste worth one-half as much as the yarn, or 95 per cent is the value of the recovery. Therefore, there is a 5 per cent loss of material. This loss will be the same in Europe as America but the material will be 28½ per cent more valuable here because of the duty on it, and therefore we desire 5 per cent of the 28½ per cent increase in the value of the American top, which equals 1.425 per cent, to compensate for our increased cost of the top, which, to simplify, call 1½ per cent.

(2) The cost of the mechanical operation of making yarn out of top will be made up of the mill costs: labor, supplies, fixed charges, power, etc., apportioned to the number of pounds of yarn made. The number of pounds which can be made in a given time depends on the weight per yard or the number of yards per pound, and these are designated as counts with a unit of 560 yards. A 2/40s yarn then would mean that there would be two strands twisted together and there would be 40 by 560 yards of each per pound. There is a definite limit of counts to which any given top can be spun and as the conversion costs will be greatest when the top is so spun to its limit, we will compare the percentage of costs due to conversion on the assumption that the tops will be spun to their limit. Between the counts of 16s and 40s the spinning costs in America will be pretty close to one-half cent per count and similarly in England they will be one-fourth cent per count; and in the finer counts, whereas it will cost more than one-half cent per count to convert the top, it can be authoritatively stated that the cost of spinning will be 100 per cent more in America than in England.

The value of yarns depends on the price of top, the spinning costs remaining constant. On to-day's top values, yarns in England will have approximately 18 per cent of their cost attributable to the cost of spinning. As it costs twice as much to spin here as in England, the percentage of cost of making yarn from imported tops would then be 36 per cent of the value of the yarn here, or a difference required to compensate

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America of 18 per cent of the value of the yarn. To find what this difference requisite to America would be by analogous reasoning of the lowest, highest, and average top values of the last decade, we find that there should be 28 per cent for the lowest, 16 per cent for the highest, and 20 per cent for the average to compensate the increased cost in America; or to allow for a reasonable compensation there should be a compensatory duty of 22 per cent of the value of the yarn to allow for the existence of the United States spinner based on the supposition that the raw material or top was obtained free. If now, however, a duty of 28½ per cent is placed on tops, 1½ per cent of the value of the top is required to compensate the American spinner for his higher cost of top, and the material of which his yarn is made will be 30 per cent more valuable than in England.

Our duty on yarn, when there is 28½ per cent on tops, should then be 30 per cent on that portion of the yarn's value represented by the material in it plus 22 per cent of the value of the yarn or when, as will be the case, the entire duty is levied on the yarn, it is only necessary to find what portion of the value of the yarn is made up by the top from which that yarn is made; multiply this portion by 30 per cent and add the 22 per cent spinning compensation. We showed that 20 per cent of the cost of yarn was represented by the spinning cost and 5 per cent of the cost was represented by loss in material or 25 per cent of the cost of yarn is due to conversion; therefore, the remaining 75 per cent must be the material from which it is made. This is: a top on an average is worth three-fourths as much as the yarn made from it, and our duty then can be stated as 30 per cent of three-fourths of yarn plus 22 per cent of yarn equals 22.50 per cent plus 22 per cent equals 44.50 per cent, or in round figures, a duty of 45 per cent on yarn will be the desired equivalent duty with wool at 20 per cent and tops at 28½ per cent.

FRANCIS WILLEY & Co.
Per JOHN R. MUNN.

[Enclosure.]

Should there be free wool, there would be no necessity of any compensatory duties for the wool contained in tops and yarns and the entire duty would then be what is requisite to offset the increased labor costs in the United States. On tops this was shown to be 11 per cent. On yarns this increased labor cost was shown to be 22 per cent and the duty on yarns should then be 11 per cent of 75 per cent (for the compensatory duty on tops) plus 22 per cent increased labor cost = 8.25 per cent + 22 per cent = 30¼ per cent with wool at 15 per cent; tops 16½ per cent (80 per cent) + 11 per cent = 24.2 per cent; yarns 25½ per cent (75 per cent) + 22 per cent = 41 per cent; with wool at 10 per cent, tops 11 per cent (80 per cent) 11 + per cent = 19.8 per cent; yarn 21 per cent (75 per cent) + 22 per cent = 37.75 per cent.

	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Wool.....	Free.	10	15	20	25
Tops.....	11	20	24	28½	33
Yarns.....	30	38	41	45	

BRIEF OF THE FORINO CO. (INC.), BOSTON, MASS.

BOSTON, MASS., *January 30, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

SIR: Sometime ago I did send you a list of the different wools and by-products which should be taken in consideration if a duty on wool should be levied. To-day I took the liberty to send you by parcel post eight samples to support my previous statement and to support why only an ad valorem duty should be levied on wools.

I would not have sent those samples if I had not seen the Wool Growers' Association was before your committee and supported 18 cents per pound on the clean basis for all wools; this would be the same as it is now and only good wools and the best of them could be imported. The samples I sent represent mostly pulled wools, which are barred from this country on account of the foolish tariff we have now. Pardon me for my expression, but no milder expression should be used. The manufacturers claim so long as there is not a specific duty maintained on wool they can not exist; this also is mildly said to belong under foolishness.

The wool growers claim all wools should pay at least 18 cents a pound on a clean basis. Take my sample I sent you, No. 3, which is an absolutely clean scoured wool, and sells

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to-day at 15½ cents per pound, delivered United States ports (let me state that is an absolutely pure new wool, and is the undersorts of so-called pulled wools, and can easily be used for felting and such purposes, and is a class 1 wool because it comes from South American and Australian skins); if we would follow the sheep growers and put 18 cents a pound clean basis on wool, the duty on that wool would be over 100 per cent, and on lot 6, which represents best Australian clothing scoured, the per cent of duty would be a good deal lower, because that wool costs about 60 cents in to-day's market in the United States, in bond.

Take sample No. 7, a Cape wool, class 1 to-day—that wool would cost laid down here to-day about 20 cents scoured; in bond the duty would be pretty near 100 per cent.

Take samples 1, 2, 4, and 5: Those wools represent large lines of pulled wools; at least more than 100,000,000 pounds a year are made of those wools, in coarse and in fine, in white, gray, and black; but none of those can be imported to-day on account of our prevailing tariff. We think there are more than 100,000,000 pounds of pulled wools made up through Europe to-day which are absolutely barred to the United States on account of the tariff wall against wool.

We could engage an extra car for samples of the different wools which are to-day barred from the United States, and would not go to this great trouble, but the few samples we sent you will show as well as if we had sent a good many more.

Samples 114 and 125 were also offered very recently to us from Hamburg, and they show that if all the different items are not taken care of it will lead to very much trouble for the importer, and it should be settled once and for all, so we will not have to tend to so many details as we have to tend to now on any importations we make. One hundred and fourteen and 125—one is torn threads but dyed over one color, and if anybody can read German you will see what it says on the sample, and also in the inclosed letter, which is the original offering of a Hamburg house, and you can see what they state. One hundred and twenty-five is black dyed and carbonized; 114 is olive dyed and carbonized, and in the new tariff bill those items should be taken care of.

Tops.—It has often been mentioned what the difference is to make wool in tops. We took the pains to find out from the most honest man in this country, and he claims it takes about 19½ per cent of the cost of wool to make tops and about 35 per cent of the cost of wool to make yarn. Tops also can be dynamited, as they use the expression for silk, with oil or steam; most of the tops which are offered carry from 2 to 8 per cent of oil, and if tops are made dry, that is to say, without any oil in, and if packed in bales, can be put through steam without damaging, and the tops will gain from about 5 to 8 per cent without detecting off-hand.

Pray, dear sir, do not think me obtrusive, but I have read in the papers only the statements which are made to you, and I thought it better to send you those samples to convince you why only an ad valorem duty should be levied, and not duty on a clean basis. This would lead to the most corrupt actions which could be mentioned, because out of any lot of grease wool we could draw a sample which would shrink at least 15 per cent more than the wool actually shrinks.

Sometimes when we talk on an article somebody might like to know what we know, and I beg leave to state I was born in the wool business; I am 52 years old, and when I was 14 years old I bought the first lot of wool, and there is not a kind of wool in existence to-day which I have not seen or handled.

I, for myself, would surely support Mr Bennett than anything else, but what we should have on all importations is an ad valorem duty, manufactured goods or raw materials, so far as a duty should be levied. This would help the importer a good deal because he would not need an office force to figure on every article so much.

The facts in this letter I can prove.

Yours, most respectfully,

HERMANN WEINBERG.

[Inclosure.]

F. O. W. BECKER & Co.,
Hamburg 8, den 9. Dezember, 1912.

The FORINO Co., Boston.

Mit Heutigem gestatten wir uns Ihnen nachfolgend einige Muster von Shoddy zu senden, in der Annahme, dass Sie auch hierfür Interesse haben.

Lot 125. 5,000 Kg. bunt-carbonisiert.....	à Mk. 1.05 pkg.
Lot 193. 5,000 Kg. fein bunt, carbonisiert.....	à Mk. 1.10 pkg.
Lot 125. 5,000 Kg. schwarz gef. carbonisiert.....	à Mk. 1.20 pkg.
Lot 127. Braun gefärbt-carbonisiert.....	à Mk. .95 pkg.
Lot 114. 5,000 Kg. oliv gef.-carbonisiert.....	à Mk. 1.10 pkg.

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Hiervon sind regelmässig Quantitäten bis zu 15,000 Kilos lieferbar f. o. b. Hamburg, netto Tara, Emballage gratis, 3 Monatsbankrembours, freibleibend.

Obgleich wir die besten Farbstoffe verwenden, können wir eine Garantiewegen Echtheit der Farben nicht übernehmen, weil uns Ihre Ansprüche nicht genügend bekannt sind.

In der Hoffnung recht bald wieder einmal für Ihre w. Firma beschäftigt zu sein, zeichnen,

Hochachtungsvoll,

F. O. W. BECKER & Co.

Wir bestäigen noch Ihr w. Schreiben vom v. pts.

MEMORANDUM SUBMITTED BY EDW. W. ATKINSON, BOSTON, MASS.

BOSTON, MASS., *January 31, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman, Ways and Means Committee, Washington, D. C.

Schedules I and K.

DEAR SIR: I realize that you are an extremely busy man and in a position of great responsibility in connection with the tariff. However, I hope that you will read the inclosed short memorandum on labor in textile mills, which appears to me to be the most vital question of all.

For the past 30 years, I have been engaged in supplying textile mills both with the imported raw material and imported equipment. I want to see the tariff on their equipment reduced and the tariff on their product reduced but not so drastically as to ruin their business.

The facts are that the labor in textile mills in this country is not, by a long way, as skillful as the labor in similar mills abroad. Highly skilled labor at high wages means the lowest cost of production and the possession of this highly skilled labor by the foreign textile manufacturers at a lower wage than is paid for labor in this country which is not as skilled, puts the American textile manufacturer to a double disadvantage, and this state of facts, I believe, should receive the most careful consideration of your committee in their efforts to reduce the duties on textile goods.

Respectfully submitted.

EDW. W. ATKINSON.

P. S. I am referring to labor conditions in the New England States. I am not posted on southern labor conditions.

[Inclosure.]

PROTECTION AFFORDED TO FOREIGN MANUFACTURERS BY OUR EXISTING LAWS.

Our tariff laws protects the manufacturer. Our contract labor law injures him and protects his competitors abroad. Therefore, reduce the first but repeal the last. The contract-labor law was passed to prevent the padrone system. It has utterly failed. It was not passed to close to this country the skilled labor markets of the world. Its chief effect, however, has been this very thing. It is a failure. It is of greater importance to have skilled labor than to have either protection, revenue, tariff, or free trade. Skilled labor means intelligence, thrift and good citizenship, high wages, and the lowest cost of production. As you say, the tariff law dams in the would-be exports. The contract-labor law dams out the would-be skilled, intelligent immigrants, and, what is worse, has a large hole in it through which the undesirable immigrants can come in endless numbers.

Why? Intelligent and skilled labor abroad is employed. Employment abroad, even at the so-called "pauper wage," is more highly prized by foreign skilled workmen than an ocean voyage to an unknown country with nothing certain and fixed at the journey's end. The inducement of fixed and certain employment at a higher wage is the only thing that will move skilled labor to this country. This means contract, now forbidden by law. Per contra, ignorant and irregularly employed labor abroad has nothing to lose and everything to gain by coming to this country. It comes en masse. It is aided by steamship companies and undesirable foreigners already here. In reality it evades the contract-labor law wholesale. It is the only labor that our manufacturers can recruit from. It is unskilled, excitable, it makes bad citizens, it puts a heavy expense on schools and jails, it increases the cost of production because

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it is unskilled, it is not worth having. If it has a real or imaginary grievance when employed here it needs but the fiery speech of the agitator to cause a miniature French Revolution in industrial cities. The only effective method of immigration restriction is free immigration subject to sanitary conditions, but free immigration coupled with free access to the skilled labor markets of the world. Under these conditions the best immigrants will come and make the best citizens. The poorest will stay away because they can not secure work. The present contract-labor law is immigration restriction of the very worst type.

The manufacturer abroad.—Our laws keep him abundantly supplied with skilled labor forbidden to come here. He can thus keep his wages on a lower plane. We give him this weapon as a present to use in competing with us. Repeal our laws and his wages go up on the same skilled labor. His cost of production goes up accordingly and he can not compete as well.

The manufacturer here.—He must employ ignorance. He must control violence. He must submit to the agitator or shut down his plant. His cost of production must be high because the law compels it. Hence he must have some measure of protection to live. Give him access to the skilled labor markets of the world and the result is plain.

Labor unions.—The intelligent labor union man is beginning to think. Intelligent labor will not work to-day in the same room with ignorant, imported, and physically unclean people, if it can avoid it; but it can not avoid it yet.

Conclusion.—We are unconsciously building, in all of our industrial towns, volcanoes the eruptions of which will be more frequent and more violent as time goes on unless the contract-labor law is changed.

J. N. BRODSKY WRITES CONCERNING THE DUTY ON WOOL.

CHICAGO, February 1, 1913.

HON. OSCAR UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Sickness prevented me from being before your committee on the 27th in reference to Schedule K. I have been in the wool pulling business for 16 years, and previously to that I was born and raised in the woolen line. My duty now with Messrs D. Strauss & Co. is buying all the raw material, which takes me all over the United States and Europe. I noted carefully all the remarks which the manufacturers had to say about duty on wool, tops, yarns, and manufactured goods. None of them were fair enough to tell the truth for fear that it might hurt their business. We have at present a very large stock of wool on hand, and if the duty shall be removed from wool at present, there is no doubt but that it would sustain in a great loss to us. But at the same time I would take my losses before I would make a statement contrary to my real belief. The two bills which were passed before and vetoed by President Taft were entirely wrong. For instance: A duty of 29 per cent on raw wool and 49 per cent on manufactured goods would mean about 20 per cent protection on manufactured goods. But really it would mean 39 per cent on raw wool and 10 per cent protection on manufactured goods. As the average manufacturer buys wool here from the dealer on 60 and 90 days' terms, and the dealer adds to the actual cost his 10 per cent profit, where on the other side every manufacturer goes to the London auction sales and buys his month's production of wool at the same sales where our dealer buys. Everybody overlooked this item in their explanations before your committee and the 10 per cent which our manufacturer as protection the difference in labor from this side and the other side would easily overbalance. So we would hardly give our manufacturer any protection at all. The best bill and the fairest would be free raw wool and about 40 or 50 per cent on manufactured goods. I know the growers from the West will fight for protection on raw wool, but if they knew the real truth they would not have to fight at all as wool has been advancing on the other side for the last six months, and before you pass any bill I think the market there will be as high as it is here and will equalize the same. My real belief is if you will take all the duty from raw wool, inside of six months we will see wool higher here than it is to-day. It will be just the same as it was with hides. When the New England tanners were complaining about the duty on raw hides and said that they were at the mercy of the Chicago packers, you removed the duty from hides and since then hides have been higher than they ever were before. They have been pretty near as high as they were during the Civil War, and it would be just exactly the same thing with wool.

But whatever you do, put as little duty on wool as possible, and give more protection to manufactured goods. This is the only thing which will make the Democratic

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Party strong and fair before the people, as we need protection to protect our labor. The last time that I visited England I went through Manchester, Yorkshire, and Bradford, and I watched conditions in the mills pretty closely. I found boys and girls 16 to 18 years of age working for 10 and 12 shillings a week, while the same work in this country was paying from \$7 to \$12 a week. I could give you a good deal more information if I would have a chance to appear before you personally. At present I am going to the Pacific coast for business and expect to be home about the 15th of this month. I expect to sail for England on the 22d, and if you desire any information I shall be glad to gather it for your honorable body when I am abroad, and will be very glad to do it without any charges, as I always aided our special agent at Washington and gave him all the information without any charges. Also our custom-house people whenever there was any dispute about different grades of wool or skins they always sent for me and I explained them everything and anything I could in the right way.

Hoping that this information may be of a benefit to your honorable body, with best regards,

I remain, very respectfully, yours,

J. N. BRODSKY.

ADJUSTMENT OF TARIFF ON WOOL.

VIEWS OF C. E. BROWN, TALPA, TEX.

TALPA, TEX., February 19, 1912.

HON. OSCAR W. UNDERWOOD, M. C.,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: I am writing you concerning the revision of the wool tariff. I am a wool grower and am interested in an early adjustment of the wool schedule. I have no suggestions to offer as to the manner of the adjustment. As you know, it is only a short time until shearing will begin, and wool growers will then want to know what their product is going to bring on the market, and if Congress is still hanging fire on the matter the market will be unsettled and those growers who need money will have to sacrifice on the price.

I would like to call your attention to the January number of *The American Sheep Breeder*, published at Chicago, as voicing the sentiment of the sheepmen and also the wool trade in general. A great many sheepmen are awakening to a realization of the fact that there is no protection in Schedule K, when Australian wools are selling in Melbourne and Sidney for more money than similar wools bring in the American markets (see *Sheep Breeder*, Jan., 1912, p. 51, Australian letter as to American market quotations, p. 38), and not having the advantage of any foreign buyers to take our domestic wools in competition with the American buyers, some sheepmen are coming to think possibly there may be an understanding between the woolen manufacturers and some Members of Congress who are responsible for the delay in acting upon the woolen schedule.

Since I am a Democrat I feel more at liberty to trespass on your time than if you were not. The wool and woolen industry, as you know, is the most peculiar of any of our industries. It is well organized, and the different organizations of the industry are good financiers. You are also aware that for a number of years it has been a most valuable adjunct to the Republican Party. By reference to the first pages of the *Sheep Breeder* before mentioned, you will get the idea that early action by Congress upon Schedule K is desired. From sheepmen in this country I have it that they want immediate action. They want the agitation stopped before the wool goes to market. Early action is the slogan, and the sentiment is unanimous and strong. You may be interested to know that coupled with this is something that is fraught with dangers to Democratic success. "The Democrats have an opportunity now," and "Will the Democrats allow the woolgrower to sacrifice his wool again?" "Will they make a political football of the woolen industry to gratify political ambition?" All this goes with the speedy action idea.

I believe it is safe to say that the majority of the sheepmen in the United States are Republicans. They are sincere in desiring speedy action on the woolen schedule, but the leaders are not going to call this matter up in Congress. They do not care if the grower loses 5 to 10 cents per pound. They intend to trust their ability to show that the Democrats permitted the woolen manufacturer to reap a rich harvest through an understanding to delay action.

Now, Mr. Chairman, I am not presuming to know how to direct the affairs of your committee, but do know sheep and understand sheepmen. Personally I do not care

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whether it's high tariff, low tariff, or free wool. As long as wool sells for more in the foreign markets than it does here, no reasonable tariff will benefit the American sheepman. While this is my opinion, there are thousands of sheepmen who have been told that old lie so often and long that they believe the sheep industry of this country will languish and finally die unless it has "adequate" protection, and through the various organizations of the industry the Republican Party has been able to tax nearly every sheep in the United States for campaign funds. Their heaven has worked so well and the protective idea is so firmly fixed in the minds of so many sheepmen that I believe if you fail to report a bill out of your committee at an early date a tax will be laid on every sheep in the United States. Not living in a sheep country, it would surprise you with what alacrity this tax is paid for the purpose of defeating Democratic Congressmen.

I have stated my personal opinion in regard to the protective tariff idea, and now, with your indulgence, I would like to offer a suggestion that you, if possible, prepare the Democratic members of your committee to accept the Wool Growers' Association's basis—24 cents the scoured pound for wools of the first and second class—for the revision of that portion relating to raw wools. By accepting the association's basis, I believe it would contribute largely toward Democratic success this fall. I do not pretend to say that that is the exact figure that it should be, but the association seems to think that is about right, and most sheepmen have concluded that is about right, and I believe the Democrats can afford to make allies instead of enemies of the sheepmen.

I trust I have made myself clear without tiring you. Personally I do not care how it is disposed of, so it is done at once.

With highest personal esteem, I am, yours, truly,

C. E. BROWN.

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VIEWS OF P. B. WORRALL, NEW YORK, N. Y.

NEW YORK, *May 11, 1911.*

HON. WALTER I. MCCOY,
House of Representatives, Washington, D. C.

MY DEAR MR. MCCOY: I was duly in receipt of your favor of the 8th, but have been too busy to reply, and even now I have not the time to go into the matter as deeply as I should like.

You ask my views in regard to the effect under the Wilson bill of placing wool on the free list. The effect then was to drive the Democratic Party from power, and if the same thing is again indulged in, in the creation of a new tariff, the effect will be political suicide. This may seem to you a very strong statement, but I believe it just as I believe the sun will rise to-morrow morning.

In the first place, there certainly seems to be no sense in putting wool on the free list and at the same time protecting the manufacturer of woolen and worsted goods. Placing wool on the free list, to my mind, is very much like flying in the face of Providence. The Democratic Party to-day have the confidence of the country, and from my standpoint have acted wisely so far; but you very well know what a tremendous advantage our opponents would have if such a course were pursued.

The ideal duty on wool, in my opinion, would be 25 per cent ad valorem on all kinds of wool. It would create a large revenue, and inasmuch as the value of wool can so readily be determined at any given time there would be no trouble in fixing the value for dutiable purposes.

I have talked with very many people who are much wiser than I am regarding this matter, men both in and outside of the trade, and I have found their views on this wool duty very much the same as my own.

To provide a specific or compensating rate of duty on merchandise based on a duty of 25 per cent on wool I know would be a rather difficult proposition, and as far as I am concerned I should not like to tackle it, but still I believe it could be done and done fairly. This specific duty would be in the nature of a compensatory duty to the manufacturers. On top of this specific duty I would place a duty on pieces of woolen and worsted goods for men's wear of 35 per cent ad valorem up to the value of 70 cents a pound, and beyond that value a duty of 40 per cent. I do not believe our Republican friends could find very much to find fault with in a duty of this character (except, of course, the old-fashioned standpatter), and it would be eminently fair in every respect.

You must always remember that manufacturing is a thing of the past, and that "machineufacturing" has taken its place. When there is no tariff under discussion

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the American manufacturer will tell you what splendid machinery he uses and how adaptable his work people are to its use, but once a tariff discussion is started, then he pleads all kinds of things, many of which are untrue, and hence harmful.

I remember having said to you that I believed that the cost of the clothing of the men, women, and children in this country, made partly or entirely of wool, was at least \$100,000,000 greater than the entire value of our domestic wool clip. You know the number of people there are in this country, and multiply that by three and you get somewhere in the neighborhood of \$275,000,000; and our entire wool clip, if I am informed rightly, amounts to about \$150,000,000. This is the base of my argument in this matter, and I think it is nearly correct.

As you know, I go abroad as a rule in midsummer of each year for four or five weeks, as we have a warehouse in Bradford in Yorkshire, England, and in addition to which I want to get away for the heated term, as I am so much better for the following season's work. As a rule, I buy about three suits of clothes in England, which three suits cost me in the neighborhood of \$75 net. This clothing I buy in Bradford from a very good tailor, and if I were to buy a corresponding suit here, in fact, the last suit I did buy here was from a not very swell tailor, but it cost me \$80 less 5 per cent, \$76. This will show you something of the difference in the cost of clothing between the United States and England.

I forgot to say above that one of the reasons why I should endeavor to make the compensatory duty a specific one, would be so that the ad valorem duty, which would be the protective duty to the American manufacturer, would not be over 35 per cent, and this because any duty over 35 per cent ad valorem seems to provoke undervaluation. Everything should be done that can be done to prevent that. The present compensatory duty to American manufacturers is ridiculously high, and I have no doubt that Mr. Underwood knows just about how much of each kind of wool it takes to make a pound of cloth. One of the glaring inconsistencies of the present tariff is that of mohair, which pays 11 cents a pound in the grease, and the manufacturer gets 44 cents a pound as a compensatory duty. My information from Bradford is, that out of 100 pounds of good ordinary mohair, from 70 to 75 pounds of tops are obtained, to say nothing of the noils. Our good friend, Mr. Whitman, worked this matter to the queen's taste, and succeeded in robbing his allies, the mohair growers in this country, besides creating an enormous rate of duty on mohair fabrics.

Regarding the duty on goods made of cotton warp and worsted, wool or mohair weft, I should endeavor to put also a compensatory specific duty on these goods, which would compensate the manufacturer for the duty on wool, and up to a cost per square yard of 20 cents I should assess a duty of 35 per cent, and beyond that cost a duty of 40 per cent. Under this division I should say that 75 per cent of the goods that come here from Yorkshire would come in at a 35 per cent duty.

Regarding the pound weight duty on goods of this character, that is, goods made of cotton warp and worsted, wool, or mohair weft, I should obliterate the pound weight duty entirely, except on goods weighing 6 ounces or more per square yard. In the present tariff these goods pay, as you know, when they are over 4 ounces to the square yard, the same rate as is assessed on goods made of all wool or worsted, and the duty runs up to somewhere in the neighborhood of 110 per cent, including, of course, the compensatory duty and the protective ad valorem duty to the manufacturer.

I have been hoping for an opportunity to get down to Washington and have a talk with Mr. Underwood, provided he thought I could be of any practical assistance to him. As you know, we have behind us an experience of 73 years, and for 40 of those years I have had to do entirely with these tariff matters for our house.

Speaking again of free wool. I really believe that if the Democratic Party in 1894 had assessed a duty such as I propose on wool, the Wilson tariff bill would have been in operation to-day.

There is one thing that I would like to tell you, and which I wish you would in turn tell Mr. Underwood when you get an opportunity, and that is, during the last two years of the operation of the Wilson tariff bill, the American manufacturers, particularly of worsted and woolen goods for men's wear, never made so much money in their lives, nor were conditions ever so satisfactory, and you will remember that with free wool in that bill there was assessed a duty on woolen and worsted goods of 40 to 50 per cent, according to the original cost of the goods.

This letter is not just exactly as I should like to have written it, as I have not had time to go into the matter thoroughly, but I trust you will understand what I mean, and hope it will be of some assistance to you.

Trusting to have the pleasure of seeing you when you come over to New York, I remain, yours very truly,

P. B. WORRALL.

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BRIEF OF W. N. COWDEN, QUAKER CITY, OHIO.

QUAKER CITY, OHIO, *January 25, 1913.*The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: I appear before you as a representative of the Tri-State Wool Growers Association. This association represents the wool growers of eastern Ohio, western Pennsylvania, and northern West Virginia, the section of the United States where the majority of the delaine wool of the United States is produced. This class of wool is everywhere known as the highest priced wool and most difficult to produce because of the skill and care needed in its production. As wool growing is the only profitable line of stock breeding we can follow on account of our hilly land we are vitally interested in the tariff law you may formulate. I assume that every one who has investigated the cheapness with which wool is grown in Australia and South America, our chief competing countries, will not wonder at our interest in the laws you may enact. We know that our life or death depends on your conclusions. We assume that the policy of the Government in the future, as in the past, will be to raise the greater part of its revenue from a tariff on imported products. It is assumed also that in the coming revision of the tariff downward, to which all parties were pledged in the last campaign, will not discriminate against any useful industry. The American farmer is fully convinced that the present tariff law does not afford him the protection the importance his occupation deserves. To prove this statement we need not go farther than Schedule K. We refer only to the wool growers' part of Schedule K. As the wool manufacturers have steadily gained in rates and Treasury decisions until they have practically the entire market without competition, while the production of wool has not kept pace with the growth of population. The only reason for this condition that the price has steadily decreased until the clips of 1910, 1911, and 1912 were sold on a free-trade basis, as anyone can see that will look at the sales of wool in London or Melbourne, where wool was often sold as high and sometimes higher than we sold the same grade in the United States.

Someone greatly deceived our good President about Schedule K, leading him to believe that the crookedness that secured the rates of the Dingley law was the work of the wool growers, and he proclaimed from Wynono to the Atlantic and Pacific that Schedule K was indefensible. Later, I am glad to say, he exonerated the wool growers from any crookedness in the passage of that bill. The cards were again stacked against us in the passage of the Payne-Aldrich bill. The Tri-State Association sent a delegation to meet this committee, instructed to ask for some changes in Schedule K, but when we got to Washington we were everywhere told that we must not open up Schedule K or we would be put on the free list. We afterwards learned that a few wool manufacturers had called a meeting in Chicago of some ranchmen and persuaded them that the Dingley rates must be left alone or we would lose all. The above in connection with the "skirting clause" that has taken one-half of the 11 cents per pound we were promised, and provisions concerning wastes and noils, etc., with the more recent introduction of class 3 wool to be used for carpets alone as originally intended by the tariff of 1867 but to be used for all purposes (these wools come in at from 4 to 7 cents, mostly 4 cents), with other considerations, has convinced us that we have not had a square deal, and we look to you for redress. Our association, in common with the national association, believes that redress is only found by changing the classification of Schedule K. The present classification was first adopted in the tariff law of 1867, and was well adapted to the conditions then existing, but in the changes in the quality of wool all over the world and especially the inventions in manufacturing machinery by which almost any fleece can be now combed has rendered that classification obsolete.

We believe that the scoured pound should be the unit of value instead of the grease pound. This is not a radical change as all wool now whether in the growers wool house or in the commission warehouse is bought and sold on the estimated scoured pound. It need not be objected that we have no experts estimate the per cent of loss, because it is common knowledge that our experts seldom miss the correct scoured pound content more than 1 or 2 per cent. Neither can it be objected that such a plan is expensive to the Government as less than \$2,000, will install a scouring plant to be used in case of disagreement. Such classification brings the whole transaction to an honest basis and would be an advantage to importer, manufacturer, and grower. The Treasury reports that the wool grower receives 45 per cent protection is known to be incorrect by

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every wool grower when he feels his pocket book, and may be found incorrect by anyone that will make the calculation. If we received the promised 11 cents per pound straight it might be something near correct, but I have shown that we only get 11 cents per pound on paper. During the life of the Wilson bill which some of us Democrats distinctly recollect, we had in connection with it a panic and a drought that taxes us to the utmost to winter our stock and still with all these discouragements Justic, Batement & Co., of Philadelphia, report that the lowest price at which they sold delaine wool was 17½ cents per pound. Our last three clips sold at an average of 22 cents per pound. Where is the 11 cents per pound protection?

A consideration that should have great weight in deciding the tariff problem is that our markets are the result of our high civilization made by our taxes and modes of life, and we are thus handicapped if the semicivilized nations enter our markets on an equality with us. Another consideration is that in the nature of things the American farmer can only be protected on a few of his products and it is only fair that where protection will apply he should have as much as the most favored industry.

In conclusion gentlemen, we only ask for a square deal. We ask no more and will be satisfied with no less. We are ready to go on the free list when all others go there, but so long as we pay tariff to every other industry, we want the same tariff in return. As announced in the platform of the Farmers National Congress we will oppose with our influence and punish with our votes any man or party that discriminates against us in the new tariff law.

Respectfully submitted.

W. N. COWDEN.

RESOLUTIONS OF THE CALIFORNIA SHEEP & WOOL GROWERS' ASSOCIATION.

[Passed at the fifth annual meeting held in San Francisco, Dec. 14, 1912.]

RESOLUTION No. 1.—*Our national organization.*

Whereas the National Wool Growers' Association has recently accomplished much for the betterment of the sheep business, particularly concerning the reduction of freight rates on wool, the great educational fight for a specific duty on wool based upon the "scoured content" and the publishing of the National Wool Grower: Therefore be it

Resolved, That we, the California Wool Growers' Association, do heartily indorse the work done by the National and urge the reelection of the same efficient officers at the next annual meeting in Cheyenne, Wyo.

RESOLUTION No. 2.—*Forest Service.*

Whereas it is the policy of the Forest Service to conserve the timber and other natural resources and to permit grazing of live stock upon the national forest under a permit system, therefore be it resolved that the California Wool Growers' Association do heartily indorse said principle of conservation, and whereas in the execution of this principle many rangers are employed who, being prejudiced against the sheep men, make false reports to higher officials concerning the movement of sheep and sheep men within the national forest: Therefore be it

Resolved, That we, the California Wool Growers' Association, urge upon the forest supervisors, district foresters, and other officials the need of other and more reliable evidence before action is taken by them in adjusting lines or changing permits.

RESOLUTION No. 3.—*Bureau of Animal Industry.*

Whereas the Bureau of Animal Industry by maintaining a field force in all our Western States has practically eradicated the scabies, but unless careful inspection is made semiannually the disease may soon spread until every flock is infected: Therefore be it

Resolved, That we, the California Wool Growers' Association, ask that sufficient appropriation be made by Congress to continue such portion of the field force as may be necessary for such inspection.

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RESOLUTION No. 4.—*State veterinarian.*

Whereas the State veterinarian, working in harmony with the Bureau of Animal Industry, has practically eradicated the scabies in this State, and whereas the field force of the Bureau of Animal Industry may be reduced at any time, thus placing all the responsibility and expense upon the department of the State veterinarian: Therefore be it

Resolved, That we, the California Wool Growers' Association, urge upon our State legislature the need of sufficient appropriation for the successful prosecution of this work by the State veterinarian.

RESOLUTION No. 5.—*Urging Federal control of the unappropriated semiarid grazing land.*

Whereas we believe that the public grazing lands of the arid and semiarid West are being overfed by the present indiscriminate methods of grazing: Therefore be it

Resolved by the California Wool Growers' Association, That we strongly recommend the early passage by Congress of a bill providing for Federal control of these unappropriated public grazing lands, and a just and reasonable method of leasing such lands.

RESOLUTION No. 6.—*Indorsing the work of the Department of Agriculture.*

Whereas the basis of our national prosperity rests in the intelligent development of our agricultural resources in the raising of meat food animals; and

Whereas the Department of Agriculture has been of incalculable benefit to the farmers and stock raisers of this country, and has become one of the most important bureaus of our National Government: Therefore be it

Resolved by the California Wool Growers' Association, That we heartily commend the very capable work of the Department of Agriculture in all its branches, and we urge upon Congress that sufficient appropriations be made for the thorough carrying on of all needful work in connection with the development of the agricultural and live-stock industries of the United States.

RESOLUTION No. 7.—*Tariff question.*

Whereas the Tariff Board has made a full and complete report as to the difference in costs of producing wool in the United States and competing countries: Therefore be it

Resolved by the California Wool Growers' Association, That we urge the enactment of a law by Congress revising Schedule K in accordance with this report imposing a specific duty upon the "scoured content," whether imposed as a protective measure or for revenue only.

And be it further resolved, That we recommend the maintenance of a nonpartisan tariff commission.

RESOLUTION No. 8.—*Resolution on free meat.*

Whereas the cost of grazing and feeding live stock for slaughter has been gradually increasing: Therefore be it

Resolved by the California Wool Growers' Association, That we demand the retention of sufficient duties on imports of live stock and its products and all farm products of this country as will be equal, fair, and just to the industry which we represent, compared to the import duties on other products, whether those duties shall be levied for protection or for revenue only.

PARAGRAPHS 360-369—RAW WOOL.**RESOLUTION No. 9.—*Transportation of live stock.***

Whereas much loss on live stock in transportation is due to inadequate railway service:

Therefore be it

Resolved by the California Wool Growers' Association, That we urge upon Congress the enactment of a law giving the Interstate Commerce Commission the power to prescribe a minimum speed limit for stock trains to suit the conditions in different localities.

RESOLUTION No. 10.—*Bounty law.*

Whereas the stock men, poultry raisers and sportsmen of our State suffer great loss each year from the depredations of wild animals, and

Whereas the loss to the State in revenue derived from the stock interests are considerable, and

Whereas the game and fish commission are now and for some years past have been importing different varieties of game birds and distributing same throughout the State, we believe that they should have the support of every true sportsman in asking that a State law be enacted for the protection of same, and believing that a reasonable bounty would ultimately result in the eradication of such animals:

Therefore be it resolved by the California Wool Growers' Association, That we appeal to the State Legislature to enact a bounty law and that the executive committee of this association take steps to bring this resolution to the attention of the governor and legislature. We recommend that a bounty of \$2 be placed upon coyotes and wolves, and that uniform rules and regulations be prescribed for the marketing of pelts.

And be it further resolved, That we urge the enactment of a law by Congress placing a bounty on all predatory animals.

RESOLUTION No. 11.—*The Panama Exposition.*

Whereas a world's fair, celebrating the opening of the Panama Canal is to be held in San Francisco from February to December, inclusive, in the year 1915, at which place there will be one of the greatest sheep shows ever held in the United States, and whereas, the National Wool Growers' Association never has held a convention in California:

Therefore, be it resolved by the California Wool Growers' Association, That we do hereby invite the National Wool Growers' Association to meet with us in 1915.

RESOLUTION No. 12.—*Resolution of thanks.*

Whereas many have done much to assist in making this meeting a success: Therefore, be it

Resolved that we, the California Wool Growers' Association extend a vote of thanks:

To President C. A. Kimble for his untiring efforts in behalf of our State and national organizations.

To Secretary Ellenwood for his efficient work at Washington during the past year regarding the proposed revision of the wool tariff, and the investigation of the proposed law concerning the disposition of the arid and semiarid Government lands of the West; for the suggestions and benefits derived from his long and careful study of conditions existing in the Eastern woolen, worsted, and shoddy mills; and for his calling the attention of the Western Growers to needed efficiency in the sheep business by his written articles such as "Report on trip to Washington" and "Preparing wool for market."

To John H. Hattan, associate district forester, for his excellent paper on "Disposition of semiarid and unappropriated grazing land."

To Dr. H. H. Hicks for valuable paper read on Government inspection of meats.

To Dr. Keane, State veterinarian, for his remarks and suggestions offered.

To the management of the Palace Hotel for the use of the hall.

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BRIEF SUBMITTED BY JULIUS FORSTMANN, PRESIDENT
FORSTMANN & HUFFMANN CO., PASSAIC, N. J.PASSAIC, N. J., *January 27, 1913.*The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: I take the liberty of submitting to you herewith a statement regarding what are, in my opinion, the lowest possible rates for the various items in paragraphs 360-378, 380, and 381 of Schedule K, of the present tariff law, which would compensate the various factors uniting to form the cheaper productive cost of Europe, and which would at the same time place American manufacturers upon the keenest competitive basis with European manufacturers—the avowed purpose of the contemplated tariff revision. My statement is accompanied by several tables and charts which I hope will serve to make matters clearer.

ESTIMATED IMPORTS AND REVENUE UNDER PROPOSED RATES.

In accordance with the committee's instruction for filing briefs I have prepared, for those items which are covered by paragraphs of the act of 1909 referred to above, a statement showing the present imports of wool and manufactures of wool, with the customs revenue derived therefrom; also the estimated amount of imports of each item under the rates suggested by me and the duties which would be collected on such estimated imports under the rates proposed. For the sake of greater clarity, and also for the purpose of comment and comparison with my own figures, I have inserted in the said table the estimates of imports and revenue under the rates of H. R. 22195 (the Underwood bill), made by the Ways and Means Committee in their report recommending that bill.

ESTIMATES CONSERVATIVE, BASED ON NORMAL BUSINESS CONDITIONS.

It is naturally quite impossible to make an absolutely exact estimate of the importations under the rates proposed by me. The best I can do is to take as a guide those items—(1) wool and (2) fine goods over 70 cents per pound—in which there has so far been considerable importation and foreign competition, and regarding which I can therefore form a fairly accurate estimate; and then, with my knowledge of trade conditions here and in Europe, to form a similar estimate for those articles which have hitherto been practically excluded from the United States, but which, under the rates proposed by me, would all be put on a competitive basis.

The figures given in the estimates of the accompanying table are conservative and are based upon normal business conditions. They are rather too low than too high, and under favorable conditions the actual imports would probably exceed my estimates. This is clear, from a comparison of my estimates with the figures of actual imports for the fiscal year 1909-10, which represent the imports under the present tariff in a year of good business. The figures given by me can undoubtedly be taken as a reliable basis for the computation of revenue. Should my estimates for one item prove too low others may prove too high, so that under normal conditions the average will be correct.

WEAK POINTS OF UNDERWOOD BILL AND ACCOMPANYING ESTIMATES.

From the point of view of a practical manufacturer I should say that the principal weak points of the Underwood bill and the accompanying estimates are as follows:

1. The duties on partly and wholly manufactured products are placed entirely too low, especially as compared with the duty on wool, thus favoring the importation of the former instead of raw wool. This would not alone diminish domestic manufacture to that extent, but would also displace a corresponding portion of American wool, as the American wool grower can not profitably dispose of his wool in the open markets of the world. Even with free wool the duties on manufactures would be insufficient to maintain competitive equality between here and Europe.

2. The placing of a flat ad valorem duty on all grades of partly and wholly manufactured products ignores the fact that such a flat ad valorem rate is either too high for the cheap goods, thus making dearer the cloths used for the clothing of the masses, or is too low for the fine goods, which are used for the apparel of the well-to-do, and which are imported no matter what the duty. Too low a rate for fine goods needlessly sacrifices revenue.

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3. The estimated increased imports of raw wool and manufactures of wool are mutually contradictory. As a matter of logic, the two propositions are quite opposed. An increase of domestic consumption sufficient to take care of the estimated increase of imports of wool and of manufactures is not to be expected, and therefore if the wool imports increase to the extent estimated, the manufactures can not, and vice versa. Consequently I think my estimate of wool imports is much more nearly correct, and there will therefore probably be a loss of revenue on wool imports under the rate of 20 per cent. The only way to make up for this is to keep the present duties on finer products on a sufficiently high level.

4. It has been stated that the object of the Underwood bill is to place all items of the tariff on a keenly competitive basis, and yet the estimates given in that bill are only \$890,535 for the imports of noils and waste, \$732,508 for tops, a very important article of commerce, and \$1,373,937 for all counts of yarn. The reduction of the hitherto practically prohibitive duties on these articles to 20 per cent, 25 per cent, and 30 per cent, respectively, as proposed in the Underwood bill, would undoubtedly increase enormously and beyond all expectations the importation of noils, waste, shoddy, etc., and most especially tops and yarns. This would, indeed, have to be the case, if the bill, with respect to these items, is to justify the claim that it is a competitive tariff. For these items I have estimated, under the rates proposed by me, imports of \$1,500,000, \$6,300,000, and \$8,400,000, respectively.

EXPERIENCE.

In further pursuance of the instructions given by the committee, I beg leave to say that I have all my life been engaged in woolen and worsted manufacturing, as were my ancestors for over a century. I was formerly a manufacturer in Germany, and in 1903 came to Passaic, where I established the Forstmann & Huffmann Co., for the manufacture of fine woolen and worsted yarns and fabrics. In addition to my manufacturing experience I have traveled in all the principal countries of Europe and have also visited Australia and Argentina, so that I am well acquainted with conditions affecting the whole industry, from wool growing to the marketing of the finished merchandise. My experience has covered all grades of products, but as my former European house and our American company have always made a specialty of the manufacture of the finer products, I consider myself especially qualified to speak in behalf of them. In our mills at Garfield and Passaic, N. J., we employ to-day 2,200 people, and our business is so organized that we buy our wools, through our own agents, in the primary markets of Australia and Argentina and similarly in the domestic wool-growing centers; spin our own woolen and worsted yarns; and weave, dye, and finish our own goods, carded woolen as well as worsted, and sell them direct to the trade. Our activity, therefore, covers all phases of the industry.

WITH AD VALOREM RATES STRONG ADMINISTRATIVE ACT NECESSARY.

In regard to instruction No. 5 of the committee, I would say that I consider the most essential part of any ad valorem tariff a very strong administrative law which will minimize, as far as possible, the weakening of the law by undervaluation. I have always advocated specific duties, as adopted in preference to ad valorem rates in all countries of continental Europe. They have been found superior to ad valorem duties because they prevent undervaluation, do not fluctuate with market values, and do not entail a staff of customs officials with such a high technical training. This is especially true of raw materials and many partly manufactured products. As it is the avowed intention of the Democratic Party to adopt a straight ad valorem system of duties, I have made up the accompanying schedule of proposed rates entirely on the ad valorem principle.

PAPERS ACCOMPANYING THIS BRIEF.

The tables and charts herewith submitted are:

A. Digest giving present rates, under the act of 1909, on wool and manufactures of wool, so far as they affect woolen and worsted yarn and cloth manufacturing; also rates proposed by me on the same articles.

B. Charts showing, in graphic form, the ad valorem percentage of the rates, both present and proposed, mentioned under A, viz: (1) Greasy wool and by-products; (2) tops; (3) woolen yarn; (4) worsted yarn, single; (5) worsted yarn, twist; (6) woolen and worsted cloths and dress goods.

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C. Chart showing total imports in dollars of woolen cloths and dress goods for the fiscal years ending June 30, 1911 and 1912, customs revenue derived therefrom, and the ad valorem percentage of duty to imports; also same figures for fine woolen cloths and dress goods having a foreign value of over 70 cents per pound.

D. Table showing present imports of wool and manufactures of wool, with the revenue derived therefrom, together with the estimated amount of imports of each item under the rates suggested by me and the duties which would be collected on such estimated imports under the rates proposed.

ELEMENTS OF PRODUCTIVE COST.

In arriving at adequate rates of duty, four principal factors have been kept in mind: (1) Cost of construction, installation, and equipment of plant and necessary higher capitalization, 50/60 per cent more in the United States than in Europe, entailing much higher overhead charges.

(2) Cost of maintenance (repairs and renewals) much higher in the United States, and allowances for depreciation, which are 50/60 per cent higher than in Europe, in proportion to the higher investment; all these items also increase overhead charges.

(3) Wages: $2\frac{1}{2}$ times higher in the United States than in Europe; salaries even higher.

(4) Raw material, supplies, etc.: If imported, price increased by amount of duty; if domestic, price about equal to foreign value plus duty.

These four elements combined are the principal causes of the much higher cost of production in the United States.

GREATER COST OF CONSTRUCTION, INSTALLATION, AND EQUIPMENT IN UNITED STATES.

From my own experience I am able to state most positively that the cost of constructing and installing two practically identical plants, one in the United States and one in Europe, is in the ratio of 150/160 : 100. Woolen and worsted machinery, for the greater part, especially for finer goods, must be imported, subject to a duty of 45 per cent, with an extra charge of 10/15 per cent for packing, insurance, freight, etc. This excess cost of plant and equipment in the United States increases with the fineness of the products manufactured. While many other industries have the advantage of better American machinery, in the woolen and worsted industry just the reverse is true.

GREATER CAPITAL NECESSARY IN AMERICA.

The higher cost of construction, installation, and equipment in the United States, as compared with Europe, for a mill of the same capacity, and the resultant higher fixed capital, cause a considerable increase in expense burden. In consequence of dearer raw material and enhanced value of product in all stages of production, a much larger working capital is also necessary for a mill in the United States than for one in Europe of the same capacity. This also adds to the expense burden. The combined fixed and working capital of a mill situated in the United States may conservatively be placed at 50 to 60 per cent higher than the combined fixed and working capital for a mill of the same capacity erected in Europe.

HIGHER OVERHEAD CHARGES—INTEREST, DEPRECIATION, REPAIRS, RENEWALS, ETC.

The higher costs of construction, installation, and equipment are of importance because they operate to make the items for interest and depreciation—two of the most important items in overhead charges—very much higher in the United States than abroad, and form one of the principal causes of dearer domestic production. Furthermore, the rates of interest are mostly higher in the United States than in Europe. Especially on the floating indebtedness of a woolen and worsted mill, i. e., on that part of its capital necessary to carry the fluctuating items of material, goods in process of manufacture, etc., are the rates a good deal higher here than abroad. The overhead charge due to depreciation is at least 50 to 60 per cent more than in Europe, as it must be reckoned on that much greater investment. In addition to the items mentioned, come those of repairs and renewals, in the case of which a greater excess cost exists than for the original construction and equipment work. Then comes the amount of dutiable supplies, such as oil, chemicals, dyestuffs, etc., and numerous miscellaneous general expenses, which when totaled up form a considerable aggregate. Taken all in all, the overhead charges of a woolen and worsted mill in the United States, of the same size and producing the same quantity, may safely be given as from 70 per cent to 90 per cent higher than in Europe.

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AMERICAN COSTS NOT REDUCIBLE BY HIGHER EFFICIENCY.

All this additional burden must be spread over the same output, quantitatively, as is produced by the European mill with a smaller investment and consequent lower expenses. European mills operate with high efficiency, and, despite claims to the contrary, American woolen and worsted mills can not attain any greater efficiency than those of Europe. My experience has rather shown that in this respect the older European mills have the advantages over those in America, owing to the fact that their workers stick to woolen and worsted manufacturing from generation to generation and thus acquire an experience and proficiency not found in the same measure among similar workers in the United States, because the industry in this country is much younger.

Whatever is true regarding the possibility of increasing efficiency in the case of industries with simpler products and greater mass production is not true of the woolen and worsted industry, with its more complicated product and limited possibilities of wholesale production. Our industry, with its ever-changing fashions and styles, is, more than any other, an industrial art rather than a science, and its products can not be turned out in such an automatic way, nor can it benefit by the mass production due to purely automatic processes.

HIGHER OVERHEAD CHARGES HEAVIEST ON FINE GOODS.

The higher overhead charges, a most important factor in cost, fall more heavily on the finer than on the coarser manufactures of wool. For finer yarns and fabrics more expensive machinery and greater length of processes are necessary, causing relatively greater indirect expenses for the manufacturer of them; and as the finer products can not by far be produced on such a large scale as the cheaper products, the overhead charges per unit of manufacture are still further increased. For these reasons the rates of duty must be graded so as to properly compensate the American manufacturer of fine woolen products for his additional costs. A fair scale of rates to compensate American manufacturers for their increased overhead charges of all kinds, as compared with Europe, would be from 18 to 32 per cent on the European value, varying with the fineness of the products. In this connection it must be borne in mind that the present ratio of American overhead charges is based upon the present American output. If that American output is lessened by increased importations, it will mean a corresponding increase in the ratio of overhead charges here and decrease of the ratio abroad.

HIGHER WAGES AND SALARIES IN THE UNITED STATES.

In the manufacture of those goods which are made of all new wool and the dearer by-products, the wages paid to workers in Europe constitute from 15 to 25 per cent of the total cost of the product, according to character of fabrics. As American wages have been shown beyond question to be fully 2½ times higher than European wages, a duty of from 19 to 32 per cent of the foreign value of imported products must be imposed to compensate for the higher wages paid in America. The highest wages are naturally paid in the manufacture of the finest products, and for this reason these rates also should be graded according to the fineness of the goods. It may here be mentioned that despite the higher wages paid in the United States, there is a great lack of experienced labor here, and this is especially felt in the fine-goods manufacture, where all imperfections in the work must be remedied at great expense or many pieces oftentimes be sacrificed as seconds at considerable loss. Since wages, on the basis of the proposed rates, would be maintained at the same level under a new lower tariff, while the present value of the product would be considerably reduced by foreign competition, it is a foregone conclusion that the present proportion of wages to product in the United States would be considerably increased.

It may be added that all salaries for the better positions are very much higher than in Europe, the excess for these over abroad being much greater than in the case of operatives' wages, on account of the fact that a very much smaller number of people with experience in woolen and worsted manufacturing are available here than in Europe.

COMPENSATORY DUTY FOR RAW MATERIAL.

In arriving at the compensatory rate to be adopted for raw material, it must be borne in mind that, as a rule, the value of the material plays a much more important part, as compared with other items of cost, in the cheap goods than in the finer goods.

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The coarser all-wool fabrics represent a relatively higher cost of material and lower labor cost, while the more finely constructed all-wool goods consume, per yard, less value of material while entailing much greater costs of conversion. The proportion of material to the total value thus varies inversely with the fineness of the product, amounting to 60 per cent in the case of the cheapest goods and to only about 40 per cent in the finest fabrics. With a rate on raw material of 20 per cent, this would give a compensatory rate of 12 per cent for the cheapest goods.

EFFECTIVE DUTY HIGHER ON FINER FABRICS.

But with regard to the compensatory rate for raw material on fine fabrics it is important to remember that wool is not at once scoured after being imported. It must first be sorted. In sorting raw wool for the manufacture of fine products, a large proportion of the raw wool falls into the lower qualities and off sorts. These lower qualities and off sorts can not be used in the finer woolen and worsted manufacture and must be disposed of at low prices to be utilized in the manufacture of cheaper goods. As the accompanying charts show, by the lowering of the duty under the proposed schedule the value of these lower qualities and off sorts will be lower than ever, entailing a loss of revenue for the fine yarn and goods manufacturer and enhancing the cost of material actually retained in the products. The effective duty on the material actually available for manufacture, therefore, as against the primary duty paid on the raw material, would surely in the case of fine yarns and fabrics be much greater than 20 per cent. When it comes to the actual manufacturing processes the same thing holds true.

In the carding, combing, drawing, and spinning processes much waste ensues, the amount of waste increasing with great rapidity in the manifold and intricate fine-yarn processes. In weaving and finishing the same holds true throughout. And in all cases the value of the by-products is enormously decreased through the lowering of the tariff rates on raw material. With a nominal proposed duty of 20 per cent on raw material, then the effective duty on the material which actually remains in the finer finished products is fully one-half higher, making the total compensatory material rate for the finest goods about 12 per cent.

FINER PRODUCTS BENEFIT LESS BY REDUCTION OF WOOL DUTY.

It will also be seen from the accompanying charts that the reduction of duty in the case of the finer raw material entering into the manufacture of the finer yarns and fabrics is much less than in the case of the cheaper raw material used for cheaper products. It would therefore be illogical and unfair to place the same ad valorem rates on the finer yarns and fabrics, which will receive less benefit from the reduction of wool duties as on the cheaper products which will benefit by very much lower duties on wool and even still cheaper rates on the substitutes—shoddy, waste, etc.—used in their manufacture.

FOREGOING FIGURES JUSTIFY PROPOSED SLIDING SCALE OF DUTIES.

The foregoing figures are based on years of manufacturing experience and represent an average covering all possible cases for a long period of time. To give in detail the figures from which these averages are compiled would involve an enormous amount of work and would, on account of complexity, be confusing rather than explanatory. Experience has shown, however, that the total costs of production in the United States—material, labor, and overhead charges—are from 49 per cent for the cheapest goods to 76 per cent for the fine goods higher than in Europe. These figures are the justification of the sliding scale of duties in the accompanying schedule, compensating for the dearer material and higher conversion costs, compared with European material and conversion costs, actually incurred by the manufacturers of fine woollens and worsteds in the United States, and with all items of the tariff—wool, tops, yarn, and fabrics—carefully and correctly adjusted with respect to each other. Without such graded compensation the latter would not be on a competitive parity with the European manufacturers; and the fine-goods industry, which has only in late years been successfully established in America, could not continue its successful development. Former tariffs, whether protective or revenue tariffs, have all failed to provide sufficiently higher duties on the finer manufactures—a principle which is accepted and carried out in all foreign tariffs. If the new tariff is to be really a competitive tariff, it must be one which without question permits of competition between American and

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European manufacturers in all stages of manufacturing from raw wool, tops, and yarn to the finished fabric. And I do not hesitate to assert most positively that with rates below those proposed the American woolen and worsted mills could not compete with those abroad.

PROPOSED RATES COMPETITIVE AND COMPENSATORY, NOT PROTECTIVE.

The rates proposed are not protective and represent only the compensation necessary to place the American manufacturer on a competitive parity in the American market with European competitors as regards his higher overhead charges, higher wages, and dearer materials and supplies. It can not be too strongly emphasized that the competitive feature of the rates applies solely to the enabling of European manufacturers by American legislation to compete with American manufacturers on an equal footing in the United States. As long as the present economic system exists here, however, with its all-prevalent higher standard of values, no tariff legislation will enable American woolen and worsted manufacturers to compete at all in the open markets of the world. Under these competitive rates, therefore, Europeans will have the advantage of being able to decrease their productive costs by the increased output made possible by their ability to compete in the American market, and in times of industrial depression in Europe, to unload their surplus products here, and thus still further accentuate the competitive feature of the tariff; while manufacturers in the United States will be absolutely unable to decrease their productive costs by increased output due to foreign sales, or in times of domestic slackness to seek relief by disposing of their products abroad.

BASIS OF PROPOSED RATES IS 20 PER CENT WOOL DUTY OF UNDERWOOD BILL.

The proposed rates are based upon a flat ad valorem rate upon wool of 20 per cent. Should a lower or higher rate be adopted, the rates for partly and wholly manufactured products would be lowered or raised accordingly, any change in the rates for material being felt less and less, proportionately, as the processes of manufacture become more and more advanced and more complicated, where the labor and overhead charges outweigh more and more in importance the raw material.

In drawing up my schedule of proposed rates I do not feel justified in attempting to fix a rate of duty necessary to compensate American woolgrowers for the cheaper costs of woolgrowing in other countries. Therefore I have simply accepted the rate of 20 per cent contained in the Underwood bill, and on this have based all rates for manufactures of wool. At the same time I wish to state it as my most positive conviction that the rate on wool should be such as will properly compensate the American grower and place him upon a competitive equality with the growers of other countries. This I do not so much in the interest of the woolgrower himself as in the interest of the industry as a whole and of the wool-wearing public. Although woolgrowing is not as large as many other American industries, yet the American clip ranks third among the wool clips of the world and is only surpassed by those of Australia and Argentina, so far almost wholly pastoral countries, where woolgrowing is one of the chief industries. The world's production of wool has reached its maximum, and the woolgrowing industry of the United States should therefore be encouraged by proper compensatory rates rather than discouraged by inadequate rates of duty on wool.

DIFFERENCE IN COST OF PRODUCING FINE AND CHEAP GOODS GREATER HERE THAN ABROAD.

The objection may be made that the finer products already receive a higher compensation than the cheaper goods, owing to their higher foreign value. This objection is not justified, because the cost of producing the finer yarns and goods in the United States increases, with a strongly cumulative effect, as the yarns or goods grow finer. The finer the woolen products that are made in this country the more intense become all the elements of increased cost—dearer direct labor and supervision, higher machine cost due to better and more expensive machinery, and greater cost due to need of keeping same in absolutely perfect condition. Greater length of time is also necessary with fine goods for the various processes, as they can not be rushed through the mill at the same rate as cheaper goods, thus increasing the overhead expenses per unit of manufacture, and so on. Furthermore, the market for fine goods is a much more limited one, so that the possibility of decreasing cost by increasing output is much less in the case of the fine goods than for the cheaper ones. In short, more an l

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more are all the disadvantages felt under which the manufacturer of fine yarns and goods in the United States labors as compared with his European competitor. In plain and clear words, the cost of producing wool manufactures in the United States rises, with the advance in value of the product, in more rapid progression than does the cost and value of the product in Europe.

FOR GOODS CONTAINING CHIEFLY COTTON AND SHODDY, RATIO OF MATERIAL TO TOTAL COST NOT SO GREAT.

It has sometimes been denied that the cost of conversion, including the labor cost and overhead charges, forms a larger proportion of the total value in the case of finer than with cheaper goods. The examples submitted by way of proof, however, are drawn from that class of goods in the manufacture of which cotton and shoddy play an important part. While it is of course true that in these cases the cost of material can not represent the same ratio to conversion cost that exists in the case of goods made entirely of new wool or the dearer by-products, yet it is manifest that in their case the minimum rate on cloth, which in the attached schedule is placed at 55 per cent, is almost wholly a compensatory duty on manufacture—labor and overhead charges—as they require little or no compensation for their extra outlays for material, cotton being free and shoddy being so cheap that the ad valorem duty is almost a negligible quantity. Material used for shoddy is to-day cheaper in America than in Europe, and the material from which shoddy is made—rags, tailors' clippings, etc.—is exported from the United States to the other side, while for the fine merino wool used in the manufacture of fine goods the highest prices have to be paid. And whatever the ratio between material and conversion costs, the fact remains that, as already explained, the conversion costs—labor as well as overhead expenses—on finer products must always be much higher, in a cumulative degree, than on the cheaper manufactures.

Being a manufacturer of both cloth and dress goods, I have combined these articles in one item, with the same rates, as the present varied classification is a survival of conditions which no longer exist.

REASON FOR HIGHER AD VALOREM RATES ON HARD-TWISTED YARNS THAN ON FINE FABRICS.

* Exception may also be taken to the fact that a higher ad valorem rate is suggested for hard-twisted and singed yarns than for the finest finished fabrics. Such higher ad valorem rates, however, are calculated on the foreign value of this yarn, and the duty actually collectible thereunder does not necessarily mean a higher duty per pound than on the finished cloth unless the yarn is as valuable or more valuable than the cloth, in which case the higher duty is justified. Furthermore, the compensatory rates proposed for this yarn must not be compared with those proposed for cloth, but with the cost of the former as existing in Europe, which bears a very much lower ratio to the cost of normal twisted yarns than it does in the United States.

HARD-TWISTED AND GASSED YARNS A NEW INDUSTRY AND ARTICLE OF LUXURY.

With especial reference to the extra compensatory duty on hard-twisted and singed yarns, it may be said that these yarns are used only in very fine, high cost manufactures, such as silk, etc., and thus belong entirely in the luxury class. Their manufacture is an industry of recent origin, entirely new here, having been introduced into this country by our company and a few other worsted spinners in our vicinity. Even under the present tariff relatively much of this kind of yarn is imported, and in the forming of new rates it should receive more consideration than normal twisted yarn. In spite of the youth of this industry it is making rapid progress, silk mills are using hard-twisted worsted yarn more and more, and with fairly competitive rates of duty the business is susceptible of much greater development.

In the manufacture of hard-twisted yarns a great deal of extra twist is necessary, involving additional expensive machine time and operatives' time, thus increasing the general expenses and lessening the output of the machinery by that much, so that the burden of expense per pound of yarn is much greater for hard-twisted yarns than for normal twisted yarns; and as all expense items are in themselves higher in the United States than in Europe, the increase of expense per pound of hard-twisted yarn manufactured in the United States would be correspondingly greater than the increase of cost of production of the same yarn abroad.

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The waste in the production of hard-twisted yarns, both here and in Europe, is greater than in the case of ordinary yarns, chiefly because the waste from the former, having received such a hard twist and in many cases having been gassed or singed, can not be reprocessed and utilized again and is almost entirely without value. Owing to the higher value of material and the greater cost of conversion in the United States, the increased loss by waste in the case of hard-twisted yarns, as compared with normal twisted yarns, is correspondingly greater in the United States than in Europe.

RATES ON FINE YARNS AND FABRICS ARE TAX ON LUXURY AND ADD TO REVENUE.

The highest rates for the finest yarns and fabrics are further justified by the principle recognized by all parties that articles of luxury are a proper subject of taxation. The whole agitation for a reduction of the tariff has been based on the necessity of cheapening the clothing of the masses, which can only be done by reducing the rates for cheaper products, but with which the rates of finer manufactures have nothing whatever to do. Fine goods are not made in great quantities for general consumption in everyday wearing apparel, but are articles of luxury used for fashionable attire. In their case all economic considerations are against any radical reduction of rates. The manufacture of such finer products is still comparatively a new industry in the United States and as such is deserving of ample compensation by fairly competitive duties, especially when such duties do not fall into the category of a tax upon necessities, but as a tax upon luxuries are quite consistent with the principles of a revenue tariff.

PRESENT IMPORTATIONS OF WOOLEN FABRICS AND REVENUE THEREFROM CONSIST ALMOST ENTIRELY OF FINE GOODS.

Fine woollen goods, even with the present tariff rates, are imported in proportionately large quantities, showing that these articles can very well stand the present rates. That is so because they are a luxury and would be imported no matter what the duty. From the point of view of a tariff for revenue only, the rates proposed for the finer qualities of woollen fabrics are fully justified. In the fiscal year ending June 30, 1912, there was imported into the United States $4\frac{1}{2}$ million dollars (foreign value) of woollen and worsted cloths valued at over 70 cents per pound, with an average duty of 93.23 per cent, aggregating about $4\frac{1}{2}$ million dollars revenue; and of dress goods valued at over 70 cents per pound about $2\frac{3}{4}$ million dollars worth (foreign value), at an average duty of 98 per cent, aggregating about $2\frac{3}{4}$ million dollars revenue. For the year ending June 30, 1911, the imports of woollen cloths and dress goods valued at over 70 cents per pound were about 10 million dollars in all, with an aggregate revenue of the same amount in round figures. The revenue from fine goods alone was in 1912 26 per cent and in 1911 34.4 per cent of the entire revenue, including raw wool, from Schedule K, and in 1912 90 per cent and in 1911 86.6 per cent of the entire customs duties collected on all cloths and dress goods.

PRESENT CONSUMPTION OF CHEAP AND FINE WOOLEN AND WORSTED GOODS.

The present average annual consumption of woollen and worsted goods may be placed at \$450,000,000, and this value will, by competition due to the revised tariff, be reduced to about \$400,000,000. Assuming that the reduced values will increase demand—a debatable point—we can not expect that such increased demand will do more at best than make up for the reduced values, bringing the total again up to \$450,000,000. This total consumption may be taken as being roughly divided as follows: 60 per cent cheap goods, 25 per cent medium goods, and 15 per cent fine goods, or 270, 112 $\frac{1}{2}$, and 67 $\frac{1}{2}$ million dollars, respectively.

FINE GOODS IMPORTS NOW REPRESENT ABOUT 30 PER CENT OF DOMESTIC CONSUMPTION OF FINE GOODS.

As the present imports of goods over 70 cents per pound average \$10,000,000 annually (foreign value), or \$20,000,000 duty-paid value, it is clear that fine goods, with an importation amounting to 29.6 per cent of their domestic consumption, are already subject to a very fair share of foreign competition.

Furthermore, the rates for fine goods proposed by me are, as a matter of fact, a great reduction over existing rates and would of themselves even still further increase the imports of those goods and the consequent competition, so that lower rates than those proposed by me would be absolutely unjustifiable on any ground whatsoever. As

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goods over 70 cents per pound are now imported at an average duty of 98 per cent, and as a great quantity of this class, to my knowledge, are imported around 75 per cent duty, it is clear that a large proportion is imported at a duty considerably over 100 per cent. When this portion of the fine goods class comes in at even the highest rate of my schedule, 75 per cent, it will mean a considerable reduction in revenue on those goods which are now imported at the higher rate, but this reduction would be somewhat more than counterbalanced by the increased importations. The more the rate drops below 75 per cent, the greater is the reduction of present revenue and the lesser the possibility of the larger importations compensating therefor.

FINE GOODS, OWING TO HIGH VALUE, RICHER AND SURER SOURCE OF REVENUE THAN CHEAP GOODS.

There will of course be a great increase in the importations of cheap, heavy goods, such as overcoatings, and of cheap and medium serges, chevots, etc., which have so far been excluded. It must be remembered, however, that the larger quantities of cheap goods imports, which would tend to regulate the domestic market, would nevertheless aggregate a much smaller total value and therefore be a less satisfactory source of revenue, in proportion to quantity, than the fine goods.

Although I do not appear as the advocate of a reduction of duties on cheap goods, I do maintain that, as long as duties are to be reduced, it is illogical to reduce to the same extent the rates of fine goods, which are already on a keenly competitive basis with foreign goods, as on the cheaper goods and medium goods, which are at present practically excluded from the American market. The raising of the greatest possible revenue on fine goods is an absolute fiscal necessity, to make possible and compensate for the lower duties on cheaper goods which are used for the clothing for the masses and also to make up for the probable lower revenue from raw wool. Failure to recognize and apply this principle is, in my opinion, one of the most serious mistakes of the Underwood bill.

NECESSITY OF AMPLE TIME BETWEEN ENACTMENT OF LAW AND OPERATION OF SAME.

The Underwood bill, both times it was passed in the House, provided about six months between its passing and its going into effect. As the bill did not pass the Senate until much later, this time was considerably reduced, so that if the President had signed the bill, it would have gone into effect almost immediately. This would have been most harmful to woolen and worsted manufacturing and also to all branches of the industry. Any new law should provide that as regards wool it does not become operative until at least three months and as regards manufactures of wool until at least six months after its final enactment. This will free manufacturers and merchants from uncertainty and enable them to make their commitments with as little risk as possible. For instance, woolen and worsted manufacturers are now confronted, on the one hand, with the necessity of purchasing their raw material to be used in the manufacture of goods to be delivered during the latter part of the current year, and, on the other hand, of fixing their selling prices for all fabrics for the fall season. In order to make their calculations properly, it is necessary for them to know definitely that no tariff changes will go into effect before the close of that season. As the tariff rates which it is expected will be adopted in the new Congress can not be foretold with any accuracy, it is impossible to make any calculations in advance based on them. Ample time should therefore be allowed between the passing of the law and its operation for all parties interested to adjust their business to the new rates. This is necessary not only for the sake of business interests but also and more especially for the sake of the hundreds of thousands of workers in the employ of woolen and worsted mills and the allied branches of the trade, who during the tariff uncertainties of the last two years suffered great irregularity of employment and consequent financial loss. In their interest it is of great importance that no tariff changes be put into effect without ample time being given to the industry to adjust itself to such changes as gradually as possible without sudden or radical alterations either in number of employees or in hours of employment. All this is perhaps not to the advantage of the importing interests, but they form such a small proportion of the industry in general that their interests should not be allowed to outweigh those of manufacturers and merchants and their employees.

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RÉSUMÉ.

In conclusion permit me to sum up the statements made by me in the foregoing pages:

1. The elements of productive cost—material, labor, and overhead charges—are all higher in the United States than in Europe, the difference in productive costs between cheaper and finer yarns and fabrics being greater in the United States than in Europe, varying from 49 per cent more for cheap goods to 76 per cent more for fine goods.

2. A corresponding graded scale of compensatory duties is therefore justified.

3. The rates proposed by me are solely compensatory, not protective, designed only to place manufacturers in the United States upon a comparative parity with those of Europe.

4. The manufacture of fine yarns and fabrics is a comparatively new industry in the United States, and these fine products are articles of luxury. Higher duties are, therefore, fully justified from standpoint of revenue tariff.

5. Importations of fine goods are already about 30 per cent of their domestic consumption, and yield a revenue of 100 per cent on the foreign value. This shows that no reduction of rate is necessary to increase foreign competition in fine goods, and any reduction of rate is only needless sacrifice of sure revenue.

6. Estimates submitted by me show that committee's former estimates of imports of wool and manufactures of wool can not both be correct, and that in my opinion the estimated imports of wool and the revenue therefrom are too high. As it is not desired to retain too high rates on cheaper products, the only way to make up revenue is to retain sufficiently high duties on the finer products.

7. To minimize as much as possible the derangement of business due to changes in the tariff, the new bill should provide that its provisions will not go into effect, so far as regards wool, until at least three months and so far as regards manufactures of wool until at least six months after the bill becomes a law.

Very respectfully,

JULIUS FORSTMANN,
President Forstmann & Huffmann Co.

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CHARTS AND TABLES ACCOMPANYING BRIEF OF JULIUS FORSTMANN, PRESIDENT FORSTMANN & HUFFMANN CO., PASSAIC, N. J.

A.—Comparative table of proposed rates and rates of act of 1909.

	Proposed rates, ad valorem.	Act of 1909.	
		Class 1.	Class 2.
Greasy wool.....	20 per cent.	11 cents per pound.....	12 cents per pound.
Wool washed.....		22 cents per pound.....	12 cents per pound.
Wool scoured.....		33 cents per pound.....	36 cents per pound.
N-olls, waste (n. o. s.), fags, etc.....		20 cents per pound.....	25 cents per pound.
Shoddy.....		25 cents per pound.....	30 cents per pound.
Top waste, slubbing waste, roving waste, ring waste, and garnetted waste.....		Value not over 20 cents per pound.....	24½ cents per pound + 30 per cent.
Tops.....		Value over 20 cents per pound.....	36½ cents per pound + 30 per cent.
Yarns, woolen, single or twist, gray, bleached or colored: Not over 33 cut.....		45 per cent.....	27½ cents per pound + 35 per cent.
Over 33 cut.....		50 per cent.....	38½ cents per pound + 40 per cent.
Rovings.....		38 per cent.....	Under manufactures of wool n. s. p. l. (same as woollen cloth).
Yarns, worsted, gray, bleached or colored:			
Not over 15's.....	Single.		
15's to 30's.....	Twist.		
30's to 45's.....	Per cent.		
45's to 60's.....	42		
60's to 75's.....	47		
Over 75's.....	50		
	52		
	57		
	62		
	65		
	67		
Worsted yarns, hard twisted, same duty as above, according to number, plus extra duty of.....	10 per cent.		
Worsted yarns, hard twisted and singed, same duty as above, according to number, plus extra duty of.....	20 per cent.		
		Value not over 30 cents per pound.....	27½ cents per pound + 35 per cent.
		Value over 30 cents per pound.....	38½ cents per pound + 40 per cent.

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Woolen dress goods.

Cloths and dress goods:

Foreign value not over 30 cents per pound.....
 Foreign value 30 cents to 50 cents per pound.....
 Foreign value 50 cents to 70 cents per pound.....
 Foreign value 70 cents to 90 cents per pound.....
 Foreign value over 90 cents per pound.....

(All cotton warp weighing not over 4 ounces per square yard:
 Value not over 15 cents per square yard and not over 70 cents per pound.....
 Value not over 15 cents per square yard and over 70 cents per pound.....
 Value over 15 cents per square yard and not over 70 cents per pound.....
 Value over 15 cents per square yard and over 70 cents per pound.....

7 cents per square yard + 50 per cent.
 7 cents per square yard + 55 per cent.
 8 cents per square yard + 50 per cent.
 8 cents per square yard + 55 per cent.

All cotton warp: weighing over 4 ounces per square yard.

5 per cent less duty than on cloths.

Not all cotton warp: weighing not over 4 ounces per square yard.

11 cents per square yard + 50 per cent.
 11 cents per square yard + 55 per cent.

Value not over 70 cents per pound.....
 Value over 70 cents per pound.....
Not all cotton warp: weighing over 4 ounces per square yard.
 Same duty as on woolen cloths.

Woolen cloths.

Value not over 40 cents per pound.....
 Value over 40 cents and not over 70 cents.....
 Value over 70 cents per pound.....

33 cents per pound + 50 per cent.
 44 cents per pound + 50 per cent.
 44 cents per pound + 55 per cent.

PARAGRAPHS 360-369—RAW WOOL.

B-1.

Duty on greasy wool under Payne-Aldrich Act and proposed rates.

	Payne-Aldrich Act.	Proposed rate.
Class 1.....	11 cents per pound.....	20 per cent ad valorem.
Class 2.....	12 cents per pound.....	Do.

Duty on woolen by-products used as substitutes for raw wool under Payne-Aldrich Act and proposed rates.

	Payne-Aldrich Act.	Proposed rates.
Top waste, slubbing waste, roving waste, ring waste, garnetted waste.	30 cents per pound.....	20 per cent ad valorem.
Shoddy.....	25 cents per pound.....	Do.
Noils, waste (n. o. s.), rags, etc.....	20 cents per pound.....	Do.

B-2

Duties on tops under Payne-Aldrich Act and proposed rates.

Payne-Aldrich Act.			Proposed rates.	
Foreign value per pound.	Compensatory duty per pound.	Ad valorem duty.	Foreign value per pound in cents.	Ad valorem duty.
Not over 20 cents.....	24 $\frac{1}{2}$	<i>Per cent.</i> 30	} All values.....	<i>Per cent.</i> 32
Over 20 cents.....	36 $\frac{1}{2}$	30		

B-3.

Duties on woolen yarn under Payne-Aldrich Act and proposed rates.

Payne-Aldrich Act.			Proposed rates.	
Foreign value per pound.	Compensatory duty per pound.	Ad valorem duty.	Counts of yarn.	Ad valorem duty.
	<i>Cents.</i>	<i>Per cent.</i>		<i>Per cent.</i>
Not over 30 cents.....	27 $\frac{1}{2}$	35	Not over 33 cut.....	45
Over 30 cents.....	38 $\frac{1}{2}$	40	Over 33 cut.....	50

B-4.

Duties on single worsted yarn under Payne-Aldrich Act and proposed rates.

Payne-Aldrich Act.			Proposed rate.	
Foreign value per pound.	Compensatory duty.	Ad valorem duty.	Counts of yarn.	Ad valorem duty.
	<i>Per cent.</i>	<i>Per cent.</i>		<i>Per cent.</i>
Not over 30 cents.....	27 $\frac{1}{2}$	35	Not over 15's.....	42
Over 30 cents.....	38 $\frac{1}{2}$	40	15's-30's.....	47
			30's-45's.....	52
			45's-60's.....	57
			60's-75's.....	62
			Over 75's.....	67

PARAGRAPHS 360-369—RAW WOOL.

B-5.

Duties on worsted yarn twist under Payne-Aldrich Act, and proposed rates.

Payne-Aldrich Act.			Proposed rates.	
Foreign value, per pound.	Compensatory duty, per pound.	Ad valorem duty.	Counts of yarn.	Ad valorem duty.
	<i>Cents.</i>	<i>Per cent.</i>		<i>Per cent.</i>
Not over 30 cents.....	27½	35	Not over 15's.....	45
Over 30 cents.....	38½	40	15's-30's.....	50
			30's-45's.....	55
			45's-60's.....	60
			60's-75's.....	65
			Over 75's.....	70

B-6.

Duties on woolen cloths under Payne-Aldrich Act and proposed rates.

Payne-Aldrich Act.			Proposed rates.	
Foreign value per pound.	Compensatory duty per pound.	Ad valorem duty.	Foreign value per pound.	Ad valorem duty.
	<i>Cents.</i>	<i>Per cent.</i>		<i>Per cent.</i>
Not over 40 cents.....	33	50	Not over 30 cents.....	55
40-70 cents.....	44	50	30-50 cents.....	60
Over 70 cents.....	44	55	50-70 cents.....	65
			70-90 cents.....	70
			Over 90 cents.....	75

C.

Woolen cloths and dress goods fiscal years ending June 30, 1911 and 1912.

Imports:		
1911—	All values.....	\$11,590,824
	Over 70 cents per pound.....	10,184,295
1912—	All values.....	8,050,732
	Over 70 cents per pound.....	7,342,510
Revenue derived:		
1911—	On all values.....	11,484,031
	On goods valued over 70 cents per pound.....	9,949,767
1912—	On all values.....	7,777,352
	On goods valued over 70 cents per pound.....	7,003,862
Average ad valorem rates of duty computed:		Per cent.
1911—	On woolen cloths and dress goods over 70 cents per pound.....	97.7
1912—	On woolen cloths and dress goods over 70 cents per pound.....	95.4

PROPOSED RATES.

On all fabrics over 90 cents per pound.....	75
On all fabrics 70-90 cents per pound.....	70

Imports of fine goods, 1911, 87.9 per cent of total imports of woolen cloths and dress goods.
 Imports of fine goods, 1912, 91.2 per cent of total imports of woolen cloths and dress goods.
 Revenue on fine goods, 1911, 86.6 per cent of total revenue on woolen cloths and dress goods.
 Revenue on fine goods, 1912, 90 per cent of total revenue on woolen cloths and dress goods.

PARAGRAPHS 360-369—RAW WOOL.

D.—Table showing present imports of wool, manufactures of wool, and revenue; also estimated imports and revenue.

Item.	Paragraph No.		Act of 1909.						12 months under H. R. 22195.			12 months under proposed rates.		
	H. R. 22195.	Act of 1909.	Year.	Quantity.	Value.	Duties.	Average ad valorem equivalent, act of 1909.	Average unit of value.	Rate of duty.	Estimated im- ports.	Estimated duties on estimated im- ports.	Rate of duty.	Estimated im- ports.	Estimated duties on estimated im- ports.
Unmanufactured wool.....	1	360-371	1910	256,606,638	\$47,687,293	\$21,128,729	44.31	0.186	20	\$66,991,000	\$13,398,200	20	\$45,000,000	\$9,000,000
			1911	165,900,839	29,572,258	12,482,855	42.20	.178						
			1912	193,770,722	33,141,408	14,454,234	43.61	.171						
Nails, wastes, shoddies, mungo, flocks, etc., and all other wastes or rags composed wholly or in part of wool, n. s. p. f.....	2	372-374	1910	577,720	203,509	79,293	38.96	.332	20	890,635	178,107	20	1,500,000	300,000
			1911	461,259	191,391	66,964	34.99	.415						
			1912	362,307	168,007	63,868	38.02	.464						
Combed wool or tops and wool and hair advanced in any manner n. s. p. f.....	3	375,376	1910	2,101	1,130	1,188	105.19	.538	25	732,508	183,128	32	6,000,000	1,920,000
			1911	124	130	117	80.99	1.05					300,000	114,000
			1912	877	712	654	91.85	.812						
Yarns made wholly or in part of wool.....	4	377	1910	127	28	45	160.71	.220	30	1,373,937	412,181	45	80,000	36,000
			1911	36	9	13	149.18	.250					120,000	60,000
			1912	323	84	118	141.07	.260						
Valued not over 30 cents per pound.....														
Valued over 30 cents per pound														
		4	377	359,761	326,858	269,251	82.38	.908					2,500,000	1,200,000
				117,490	186,645	142,992	76.61	1.052					3,500,000	1,855,000
				60,707	59,386	47,127	79.36	.978					1,000,000	580,000
													600,000	378,000
													400,000	272,000

Woolen.
 Not over 33 cut..... 45
 Over 33 cut..... 50
 Tops..... 32
 Rovings..... 38
 Worsteds.
 Single.
 Not over 15s.. 42
 15s to 30s.. 47
 30s to 45s.. 52
 45s to 60s.. 57
 60s to 75s.. 62
 Over 75s.. 67
 Hard twist..... plus.. 70
 Hard twist and singled..... plus.. 20

SCHEDULE K.

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Cloths (excluding knit fabrics, felts not woven, and all manufactures of wool n. s. p. l.), value not over 40 cents per pound.....	5	378	1910 1911 1912	6, 016 7, 739 10, 123	2, 111 2, 564 3, 524	3, 041, 144.05 3, 836, 149.61 5, 103, 144.79	.351 .331 .348	40	23, 102, 123	9, 240, 849	Not over 30¢ 30¢ to 50¢ 50¢ to 70¢ 70¢ to 90¢ Over 90¢	55 60 65 70 75	2, 000, 000 7, 000, 000 8, 500, 000 10, 000, 000 7, 500, 000	1, 100, 000 4, 200, 000 5, 625, 000 7, 000, 000 6, 625, 000	
	Value over 40 cents and not over 70 cents per pound.....	5	378	1910 1911 1912	458, 427 353, 938 282, 240	274, 246 211, 276 166, 659	338, 831, 123.55 261, 370, 123.71 207, 515, 124.51	.598 .567 .590							
		Value over 70 cents per pound.	5	378	1910 1911 1912	5, 433, 182 4, 461, 847 3, 921, 318	5, 827, 777 5, 012, 658 4, 207, 851	5, 986, 877, 96.02 4, 720, 175, 94.16 4, 207, 851, 93.23	1.070 1.123 1.150						
Dress goods, women's and children's coat linings, Italian cloths, bunting and similar goods, n. s. p. l., value not over 70 cents per pound.....			7	380, 381	1910 1911 1912	..... ..... .....	..... ..... .....	..... ..... .....	..... ..... .....	45	25, 408, 458	11, 433, 806	Not over 30¢ 30¢ to 50¢ 50¢ to 70¢ 70¢ to 90¢ Over 90¢	55 60 65 70 75	Included in cloths.
	Value over 70 cents per pound.		7	380, 381	1910 1911 1912	..... ..... .....	..... ..... .....	..... ..... .....	..... ..... .....		
		Total woolen cloths and dress goods and intermediate products (excluding blankets and flannels, clothing, etc., webbings, etc., carpets, etc.)	.....	.....	1910 1911 1912	..... ..... .....	..... ..... .....	..... ..... .....	..... ..... .....	41.64	51, 507, 561	21, 448, 071		69.19	51, 200, 000	30, 305, 000
Total wool and manufactures of wool, as above.....			.....	.....	1910 1911 1912	..... ..... .....	..... ..... .....	..... ..... .....	..... ..... .....	29.41	118, 495, 561	34, 546, 271		40.86	96, 200, 000	39, 305, 000

PARAGRAPHS 360-369—RAW WOOL.

BRIEF SUBMITTED BY RUDOLF KLEINJUNG, GENERAL MANAGER
NEW JERSEY WORSTED SPINNING CO., GARFIELD, N. J.GARFIELD, N. J., *January 23, 1913.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Responding to your solicitation addressed to merchants and manufacturers engaged in the trading of wool and its products to present their views regarding the contemplated downward revision of Schedule K, I have carefully prepared and herewith submit several tables showing the present rates of duties, together with a proposed schedule of duties, the object of the proposed schedule being to place the American manufacturer on an equal basis with their European competitors and also to fulfill its purpose of reducing the present rates of Schedule K.

The tables referred to are dealing only with the rates on raw wool, scoured wool, tops and yarns, constituting those branches of the wool industry which I consider myself to be a competent judge of.

In order to prove this assertion permit me briefly to mention that my experience in matters pertaining to wool extends over a period of 33 years—that is, 25 years in Europe and 8 years in this country.

As head of several of the largest concerns in Germany engaged in the scouring, combing, and spinning of wool, and having business connections with the principal countries of Europe, Australia, and South America, it was possible for me to gather an intimate knowledge of the industry in all its branches from the raw product to the finished yarn.

Previous to settling permanently in this country I traveled extensively in the United States for the purpose of studying their economic conditions, and I was so impressed that I decided to emigrate to and become a citizen of this country.

Eight years ago I conceived and completed plans for the building and installing of a worsted, scouring, combing, and spinning plant, which was erected in Garfield, N. J., and is since running, giving now employment to about 1,400 people. As general manager of this plant I have gained a thorough knowledge of American business conditions concerning the wool industry during a period of eight years.

The foregoing shall serve only and will suffice to establish my claim of being a competent judge on matters relating to wool as embodied in the tables hereto attached.

Tables A to D are showing my proposal of the following rates of duty: Raw wool, 20 per cent; scoured wool, 25 per cent; top, 35 per cent; yarns, 47 per cent to 83 per cent, which constitute in my opinion the very lowest basis for an American manufacturer to exist on.

The tables further show reductions of the present rates from 17 to 60 per cent. No further elucidating comments are necessary.

Table E is illustrating the cost of manufacture in Europe compared with that of America, and showing the cost to be two and one-half times greater than in Europe.

The figures for this table are based on exactly equal conditions prevailing here and in Europe, one of the largest establishments in Europe serving the European side of the argument and the Garfield mill representing the American side.

The slight margin shown on these tables in favor of the American product is justified for the reason that the figures are based on normal business conditions with an average output thereby still enabling the European manufacturer to compete successfully with the American product.

In the event of any disturbing factor tending to reduce the output of the American mill the cost of the product will be so considerably advanced that competition against the European manufacturer will be impossible.

I refer to this Table E as a sufficiently strong argument in favor of my proposed scale of duties and need add no more.

Respectfully submitted for your consideration.

R. KLEINJUNG,
General Manager, New Jersey Worsted Spinning Co.,
Garfield, N. J., U. S. A.

PARAGRAPHS 360-369—RAW WOOL.

TABLE A—Continued.

	Payne-Aldrich Bill.		Wilson Bill.		Underwood Bill.		Underwood-La Follette Bill.		Proposed Schedule of Duty.				
	Import cost.	Duty ad valorem.	Import cost.	Duty ad valorem.	Import cost.	Duty ad valorem.	Import cost.	Duty ad valorem.	Import cost.	Duty ad valorem.			
Wool.	Wool in grease, 11 cents; top, 3½ and 30 per cent; yarn, 3½ and 40 per cent.	80 94	88 88	Wool in grease, free; top, 20 per cent ad valorem; yarn, 40 per cent ad valorem.	70 80	20 25	Wool in grease, 29 per cent; top, 32 per cent; yarn, 35 per cent.	75 84	29 32	Wool in grease, 20 per cent; wool scoured, 20 per cent and 5 per cent; top, 20 per cent and 16 per cent; yarn from 1/8 to 1/80, 20 per cent and 15 per cent and 10 per cent and one-fourth per cent, per number; yarn, from 2/30 to 2/80 single yarn and 5 per cent and 1/10 per cent per number; yarn rolls, 10 per cent more than 2-ply.	70 86	20 35	
	Foreign cost in cent s.	68 64	88 88	.....20	70 80	20 25	75 84	29 32	70 86	20 35		
Clear scoured, without cost. Top. Yarn.	1/16.....	141	115	93	102	95	105	99	110	107	105	47	
	1/80.....	144	119	105	97	98	109	101	114	101	113	50.5	
	1/40.....	146	124	108	102	100	114	104	119	107	118	53	
	1/50.....	149	129	111	107	103	119	107	124	107	123	55.5	
	1/60.....	152	134	113	112	105	124	109	129	109	128	58	
	1/65.....	155	139	116	117	108	129	112	134	112	132	59	
	1/70.....	158	144	119	122	111	134	115	139	115	136	60.5	
	1/75.....	160	149	122	127	113	139	117	144	117	141	63	
	1/80.....	166	159	127	137	118	149	123	154	123	143	68	
	Two-ply:												
	2/30.....	146	125	90	103	100	115	104	120	104	120	115	55.5
	2/40.....	151	132	110	110	104	122	108	127	108	127	122	59
2/50.....	155	139	117	117	108	129	112	134	112	134	129	62.5	
2/60.....	159	146	120	124	112	136	116	141	116	143	139	66	

PARAGRAPHS 360-369—RAW WOOL.

TABLE A—Continued.

	Payne-Aldrich Bill.			Wilson Bill.			Underwood Bill.			Underwood-La Follette Bill.			Proposed Schedule of Duty.			
	Import cost.	Domes- tic cost.	Duty ad va- lorem.	Import cost.	Domes- tic cost.	Duty ad va- lorem.	Import cost.	Domes- tic cost.	Duty ad va- lorem.	Import cost.	Domes- tic cost.	Duty ad va- lorem.	Import cost.	Domes- tic cost.	Pro- posed duty ad va- lorem.	
Wool	Foreign cost in cents.															
	Wool in grease, 11 cents; top, 3½ and 30 per cent; yarn, 38½ and 40 per cent.															
	Wool in grease, free; top, 20 per cent ad valorem; yarn, 40 per cent ad valorem.															
	Wool in grease, 20 per cent; top, 25 per cent; yarn, 30 per cent.															
	Wool in grease, 29 per cent; top, 32 per cent; yarn, 35 per cent.															
	Wool in grease, 20 per cent; wool scoured, 20 per cent and 3 per cent; top, 20 per cent and 13 per cent; yarn from 1/8 to 1/80, 20 per cent and 15 per cent and 10 per cent and one-fourth per cent per number; yarn, from 2/80 to 2/80 single yarn and 5 per cent and 1/10 per cent per number; yarn voile, 10 per cent more than 2-ply.															
	Two-ply—Continued.	90	158	83	126	136	40	117	148	30	122	153	35	153	148	69.5
	2/70.....	97	174	80	136	153	40	126	165	30	131	170	35	168	165	73
	Voile:															
	2/40.....	84	142	86	118	120	40	109	132	30	113	137	35	142	132	69
2/50.....	88	162	84	123	130	40	114	142	30	119	147	35	152	142	72.5	
2/60.....	92	167	82	129	140	40	120	152	30	124	157	35	162	152	76	
2/70.....	97	174	80	136	160	40	126	172	30	131	177	35	174	172	79.5	
2/80.....	104	184	77	146	170	40	135	182	30	140	187	35	190	182	83	

Proposed duty reduction against Payne-Aldrich bill.

Wool, 47 per cent. Top, 60 per cent.

Yarn:

Up to 1/65s, 48 per cent; over 1/35s to 1/50s, 40 per cent; over 1/50s, 30 per cent; up to 2/35s, 40 per cent; over 2/35s to 2/50s, 32 per cent; over 2/50s, 17 per cent. Voile up to 2/50s, 17 per cent; over 2/50s, —.

PARAGRAPHS 360-369—RAW WOOL.

TABLE B.—*Australian 64s.*

Wool.	Foreign cost in cents.	Payne-Aldrich bill.			Proposed schedule of duty.		
		Import cost.	Domestic cost.	Duty ad valorem.	Import cost.	Domestic cost.	Duty ad valorem.
Clean scoured.....	52	74	74	<i>Per cent.</i> 42	62	62	<i>Per cent.</i> 20
Top.....	58	112	88	93	78	76	35
Yarn:							
1/16.....	67	132	109	97	98	97	47
1/30.....	69	135	113	96	104	101	50
1/40.....	71	138	118	94	109	106	53
1/50.....	73	141	123	93	114	111	55.5
1/60.....	75	144	128	92	119	116	58
2/30.....	71	138	119	94	110	107	55.5
2/40.....	74	142	126	92	118	114	59
2/50.....	77	146	132	90	125	121	62.5
2/60.....	80	151	139	89	133	128	66

Proposed duty reduction against Payne-Aldrich bill.

Wool, 50 per cent. Top, 62 per cent.

Yarn up to 1/35, 50 per cent; over 1/35 to 1/50, 42 per cent; over 1/50, 35 per cent; two-ply to 2/35, 42 per cent; 2/35 to 2/50, 33 per cent; over 2/50, 26 per cent.

TABLE C.—*Australian 1½ blood 58s.*

Wool.	Foreign cost in cents.	Payne-Aldrich bill.			Proposed schedule of duty.		
		Imported cost.	Domestic cost.	Duty ad valorem.	Imported cost.	Domestic cost.	Duty ad valorem.
Clean scoured.....	49	70	70	<i>Per cent.</i> 43	59	59	<i>Per cent.</i> 20
Top.....	55	108	84	96	74	73	35
Yarn:							
1/16.....	64	128	105	100	94	94	47
1/30.....	66	131	109	98	99	98	50.5
1/40.....	68	134	114	97	104	103	53
1/50.....	70	137	119	96	109	108	55.5
2/30.....	68	134	115	97	106	104	55.5
2/40.....	71	138	122	94	113	111	59
2/50.....	74	142	129	92	120	118	62.5

Proposed duty reduction against Payne-Aldrich bill.

Wool, 53 per cent. Top, 64 per cent.

Yarn up to 1/35, 50 per cent; over 1/35 to 1/50, 44 per cent; two-ply to 2/35, 43 per cent; over 2/35 to 2/50, 35 per cent.

TABLE D.—*Buenos Aires ¼ blood 46s.*

Wool.	Foreign cost in cents.	Payne-Aldrich bill.			Proposed schedule of duty.		
		Imported cost.	Domestic cost.	Duty ad valorem.	Imported cost.	Domestic cost.	Duty ad valorem.
Clean scoured.....	37	54	54	<i>Per cent.</i> 26	44	44	<i>Per cent.</i> 20
Top.....	43	93	66	116	58	56	35
Yarn:							
1/16.....	52	111	87	113	76	77	47
1/30.....	54	114	91	112	81	81	50.5
2/30.....	56	117	97	109	87	87	55.5

Proposed duty reduction against Payne-Aldrich bill.

Wool, 57 per cent. Top, 70 per cent.

Yarn: Single, 57 per cent; two-ply, 50 per cent.

PARAGRAPHS 360-369—RAW WOOL.

TABLE E.—*Cost of manufacture of yarn.*

	European mill.	American mill.
Wages.....	\$4.38	\$13.28
Materials and manufacturing expense.....	1.75	3.86
General expenses.....	1.90	3.22
Selling expenses.....	.75	.91
Interest exchange and banking commission.....	2.16	3.10
Depreciation.....	.80	4.23
	11.74	28.60

BRIEF ON WOOL, FILED BY OELRICHS & CO., NEW YORK CITY.

NEW YORK CITY, *January 25, 1913.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We address you, as importers and dealers in wools. We urge the retention of the ad valorem system of wool duties adopted by this committee in the recent House bill. We strongly favor the abolition of the present specific duty system in part based on value. Some of the objections are obvious. A specific rate operates arbitrarily without regard to the condition of the wool, i. e., the percentage of foreign matter it contains. This has the effect of making the heavier low-class wools containing substantial percentage of grease and dirt (which wools are largely used for goods consumed by the masses) pay precisely as much duty as the lighter high-class wools, which are much freer from grease and dirt and which are used in the manufacture of expensive goods. Thus, to illustrate, a pound of wool of class 1 containing 50 per cent of clean wool would pay 11 cents a pound under the present system, while a pound of the same kind of wool containing only 35 per cent of clean wool would also pay a duty of 11 cents a pound. This is manifestly unjust.

Especially iniquitous and oppressive is the present provision representing class 3 wools. This is particularly the case with those wools which are bought in the foreign market under what is called the "low duty limit" of 12 cents per pound (duty 4 cents), and which either rise in value in the country of origin between the date of purchase and date of shipment, or are considered by the appraising officials to be valued at more than 12 cents per pound. Sometimes the value has been finally determined to be in excess of 12 cents per pound by just the merest fraction of a cent, with the result that the importers have sustained very heavy losses by reason of the penalties which automatically accrue on account of the shift in duty from 4 to 7 cents. There is no valid reason for the existence of such an arbitrary dividing line of value, and it should be wiped out.

The imposition of a flat ad valorem rate is, we consider, the only equitable way. It taxes the wools according to their value, which value is determined by the quality of the wool as well as by its condition, and such method does not in effect bear so injuriously upon the less wealthy class of consumers. We would favor a uniform rate of duty on all three classes of wools as was proposed, we believe, in the recent House bill. But if any distinction is to be made it should certainly be made in favor of wools of class 3, which are not grown in this country, which consequently must be imported, and which would yield greater revenue to the Government if the conditions were less restrictive.

We are strongly opposed to any so-called duty on scoured wool. It is impracticable, if not impossible, to establish the real scoured contents of wool. It could only be done approximately by testing establishments at every port of entry, which would not only be expensive, but be a source of constant disputes, inasmuch as different bales from the same shipment would show different scouring tests. All this would entail a great delay and expense both to the Government and importers. It would certainly work to the disadvantage of the smaller and independent manufacturers who have no testing plants of their own. Furthermore, a specific rate of duty upon a scoured pound of wool is open to the same objections that apply to a specific rate on the greasy pound. It would bear as heavily upon wools of lower value, used for goods consumed by the masses, as upon the wools of higher value, used for more expensive

PARAGRAPHS 360-369—RAW WOOL.

goods. Thus, a scoured pound of wool valued at 40 cents would pay the same duty upon a specific basis as a pound of scoured wool valued at 80 cents.

In a word, we trust that this committee will adhere to the plan it has so recently adopted. All of which is respectfully submitted.

Very respectfully,

OELRICHS & Co.

**MEMORIAL OF THE OREGON WOOL GROWERS' ASSOCIATION,
VALE, OREG., JANUARY 4, 1913.**

Economic thought teaches and business experience proves that proper protection must be given to every American industry based on the difference in cost of production at home and abroad.

Reverses under reduced tariff rates on wool in 1893 absolutely demonstrated that a too radical reduction in rates meant the stagnation if not the ruination of the industry.

To the end that rates on wool be not only adequate, but absolutely fair, maintaining a proper parity between the raw material and the manufactured article, and that full but impartial justice be done every branch of the industry, we reaffirm our indorsement of a nonpartisan tariff board as the proper medium for determining the difference in the cost of production at home and abroad and the establishment of a just and sufficient rate.

In as much as our product in all markets is valued on a scoured basis, common justice suggests, and we insist that the present system of levying duties on the grease basis is wrong in principle and unfair in practice, and that a specific scoured basis is not only scientifically correct, but is the only system that insures an equitable and permanent adjustment of the tariff question as applied to wool.

The growing of wool is a business in and of itself, and for tariff purposes should be so considered, but we favor proper protective duties for the manufacturer.

We are not supplicants for special favors, but in the strength of American citizenship representing our industry, involving enormous capital in lands, flocks, and equipment, bearing constantly heavier expenses for labor and supplies, giving of our industry, energy, and our best business effort in the production of a necessity of life.

We urge that our industry be treated from a business and not a political standpoint and that any revisions of the tariff be placed on sound, economic principles rather than that of mere sentiment.

JOHN G. HOKE.

STATEMENT BY W. K. DANA, WESTBROOK, ME.

WESTBROOK, ME., *January 25, 1913.*

HON. OSCAR W. UNDERWOOD,
Washington, D. C.

SIR: Some of my reasons for not wanting the tariff changed are that in the Payne-Aldrich law the average ad valorem reduction brought the duties down from an average of about 24 per cent on all imports to about 20 per cent, so that the duties collected under it were $\frac{4}{5}$ per cent less in 1912 than if the duties had been collected under the Dingley bill. In addition, a large number of items were added to the free list.

Although the average reduction was considerable, the margin of safety, except in a few instances, was not endangered. A further reduction, however, would place a serious handicap on manufacturing in this country. The Payne-Aldrich law is justifying itself.

Business was never better than it has been under our present tariff. Exports have increased wonderfully and imports have also increased. The amount of business done has consumed the biggest cotton crop that was ever raised, and at advanced prices.

Woodrow Wilson's History of the United States records that during the period of 1890 the population increased 30 per cent, the wealth increased 45 per cent, and that the railroads increased from 52,914 miles to 93,671 miles. Under the Gorman-Wilson Act the Westbrook Manufacturing Co., in this town, was destroyed, and this was a greater blow to us than any disaster that has ever occurred in Cumberland County, except the great fire in Portland in 1866.

At the close of the Revolutionary War the South equaled the North in population, wealth, and commerce. The tariff law enacted by Thomas Benton, of Missouri, and John C. Calhoun, of South Carolina, and opposed by Henry Clay and Daniel Webster, of the North, built up Massachusetts and the North so that in 1860 the population of the North was two to three times that of the South and the wealth and commerce of the North many times exceeded that of the South.

PARAGRAPHS 360-369—RAW WOOL.

This comparison of the growth between the North and the South has been duplicated by the effect of the tariff in Germany, causing it to increase in wealth, commerce, and population over England.

The result of a protective tariff has always been overwhelmingly to the good. Domestic production has greatly increased, more wage earners have been employed, and wages have been advanced. Any policy which results in a curtailing of American production will prove injurious.

Respectfully,

W. K. DANA.

BRIEF OF THE ANDREW J. SOLIS & CO., BOSTON, MASS.

BOSTON, MASS., *February 18, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

MY DEAR MR. UNDERWOOD: I did not appear before your committee because I believed I had already expressed my views more or less fully on Schedule K. As I have before stated, I believe in protection to American industry, but I want the law applied fairly and I want the rates honest. I have been reading the testimony before your committee and with one or two exceptions it is disgusting.

The whole problem, as I view it, is in the rates you impose on the partially finished products and on raw wool. The present schedules are very much out of proportion and unbalanced, with the duty on yarn and tops excessive and thereby securing the greatest percentage of protection, although having the least labor cost, as compared with the finished product, and out of all proportion to the duty imposed on cloth. This gives those owning the worsted combs of the country their chance to control the woolen industry (because the basis of any industry is the engine which is its basis of production), and the condition brought about by this unbalance is responsible for the highly concentrated condition it is in, and is the reason why these monopolistic powers are moving "heaven and earth" to retain these conditions of unbalance.

The American Woolen Co., for instance, and kindred concerns, will immediately lose their grip on and the supremacy of the American market against the smaller manufacturers of America if you adjust this schedule fairly.

Out of the 1,500 or 1,600 combs in the United States, I can prove that 38 manufacturing units, mostly under corporate management, and one \$60,000,000 combination, control 90 per cent of the output from combed wool in the United States. I can give you the whole of them if you desire them, but let me now call your attention to the American Woolen Co. Combs in the United States, say less than 1,600, on clothing cloths. American Woolen Co's ownership (443 combs), and these units above mentioned control 90 per cent, leaving only 10 per cent for the rest of the industry to live on. I believe that if you establish a competitive basis on yarn and tops, and if you will endeavor to favor the finished product, you will make your law a success.

My own idea is for you to stand by your guns on your yarn and top schedule, without a compensatory duty, but on your finished product have your rate as now, plus a compensatory duty of 10 per cent. That would make the compensatory duty what it should be, because taking cloth as a unit of, say, 100 per cent, 50 per cent is raw material, 50 per cent is labor.

Thus 10 per cent on the selling price will equal the compensatory duty of 20 per cent, if only assessed on the raw material in the cloth.

I hope when you put the law into effect you will have it go into operation in two sections—the material on passage of the bill and the finished production January 1, 1914. The reason for this is that manufacturers buy their material six months ahead of the time the cloth gets in the hands of the consumer, and if you do this it will enable the domestic manufacturer to get the benefit of the lower priced raw material when the law goes into effect on the finished product. I want to see the smaller mills and small producers prosperous, because the small producer is of the people, and is the brains and the manufacturer of to-morrow. The men who have made this country great in every walk of life are the pioneers—the men of brains but not necessary of wealth. If you legislate so as to drive young blood away from an industry, in time you make it the industry of a privileged class, such as the woolen industry is becoming at the present time.

I hope you will pardon my writing you, but I am very much interested, and I want to see you successful in your undertaking.

Very respectfully,

ANDREW J. SOLIS.

PARAGRAPH 368—MOHAIR.

F. S. TURNBULL WRITES CONCERNING TARIFF REVISION.

ROGERS PEET CO.,
New York, November 22, 1912.

The Hon. WILLIAM C. REDFIELD,
141 Broadway, City.

DEAR MR. REDFIELD: Schedule K of the new tariff bill, when introduced by the new administration at the extraordinary session of Congress, will without doubt be revised downward, and at the time of its introduction we will know just what the bill will be. But unless we have a definite date for the enactment of this new tariff bill, there will still be that uncertainty which will hurt business, and should be avoided from the standpoint of the manufacturer, the merchant, and the consumer.

Personally, I think that the bill when introduced should state that it would take effect by the 1st of September, 1913. This will enable the manufacturer and the merchant to buy for the season of spring, 1914, with the assurance that they are benefited in their purchases of raw material and manufactured cloth by the provisions of the new bill.

Mr. Wilson did a fine thing when he came out promptly and stated that he would call an extraordinary session of Congress.

Mr. Underwood would do as clever a thing if he would intimate, at this time or shortly, that the new tariff bill, particularly as relating to Schedule K, would go into effect after passage at a specific date.

This would give everyone time to get their house in order in preparation for the new conditions that must arise.

Schedule K, effecting as it does, the raw material as well as the manufactured cloth, and the fact that the manufacturer and the merchant must operate months in advance of the selling time for their merchandise, it would seem but just and fair that a breathing space be given them between the time of the passage of the bill and its enactment as a law.

It is to my mind only right and proper that the manufacturer, the merchant, and the consumer should benefit by the enactment of this new tariff as nearly as possible at the same time.

If you indorse my views on this matter, won't you kindly pass the word along?

With kindest regards, I am, yours, sincerely,

FRANK S. TURNBULL.

MOHAIR.

TESTIMONY OF JOHNSTON ROBERTSON, OF DEL RIO, TEX.,
ON THE SUBJECT OF MOHAIR.

Mr. ROBERTSON. Like the others who have preceded me, Mr. Chairman, I have a few samples of my product. I represent the raw material, the Angora goat, which is the producer, as you know, of raw material, with which this committee is perhaps familiar.

Mr. Chairman, I would like to have the privilege of filing my brief a little later before this committee.

The CHAIRMAN. Mr. Robertson, these hearings will be open until the end of the week. You have the privilege at any time until the end of this week to file your brief. Of course, you can file it at any time, but in order for it to be printed with these hearings you will have to get it in by the end of the week. You may have that privilege up to that time.

Mr. ROBERTSON. In the first place I will say, Mr. Chairman, that I feel somewhat embarrassed coming before this committee which is Democratic, I being a Democrat myself, and asking for a revenue upon our products. But I believe that we have good reasons for the request.

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In the first place, the product of the Angora goat is highly competitive, about 6,000,000 pounds being produced in the United States and about 6,000,000 pounds being imported into this country. Our product is raised in a country that is fitted especially for the raising of Angora goats and it is not fitted for the raising of anything else hardly. Of course we raise some sheep, some cattle, and some horses, but the chief product of the country that I represent is Angora goats. There are several reasons why we come before this committee asking that a revenue, either ad valorem or specific, be placed upon the importation of mohair. In the first place, as I have stated, it is highly competitive. You understand that the mohair is imported from Turkey largely and also from South Africa. Those countries have heretofore furnished us with the blood that has made the foundation of the Angora goat industry. We have depended upon Turkey and we have depended upon South Africa for the real blood that has been infused into our flocks in this country and which has produced beautiful mohair. But, Mr. Chairman, Turkey, looking across the sea, saw that she was helping a competitor and she shut out the importation of the Angora buck, the male animal of the Angora species. The Sultan made it a death penalty for anyone to export an Angora goat for breeding purposes from his domain.

In the meantime, however, South Africa, being a country that could produce Angora goats cheaply and well, had imported into our country large numbers of Angora goats from Asia Minor, but Turkey also prohibited the exportation to that country. South Africa became a large raiser of mohair, but she, gazing at the strides that had been made in this country in the production of mohair and the raising of Angora goats, turned a jealous eye toward us, and she placed an export duty of \$500 upon the male animal that should be exported from her country.

A few years ago a man from my county, or near my county, desired even to pay the large sum of \$500 for a few Angora bucks, and then the Government of South Africa decided that she would prohibit absolutely the exportation of Angora goats for breeding purposes. So you see, gentlemen of the committee, that we are shut up within our own resources so far as Angora breeding is concerned. We can not get new blood from South Africa or from Turkey.

However, the spinners and manufacturers of mohair need the goods, and so they have to import into this country 6,000,000 pounds of mohair. We raise about 6,000,000 pounds, and so we feel, gentlemen, that this being a highly competitive business, that we ought to be protected in a way. We ask that you give us a small tariff upon mohair. We ask for 12 cents a pound specific duty, just as it is in the Payne bill.

We desire, also, Mr. Chairman, that mohair be separated from wool. It has been stated before this committee by Mr. Wood and others that it is impossible for this Ways and Means Committee to fix a tariff that will be fair and equitable and not hurt the business. After thinking over that proposition it is true, I believe. But, if you will separate these different products that come into this country under the head of Schedule K, I believe it will be possible for

PARAGRAPH 368—MOHAIR.

you to arrange a schedule that will be fair. For example, mohair is nothing like wool. The only comparison is that it grows upon an animal. It is no more like wool than cotton is. Different products are made from it. But you have placed it in the same schedule under the same heading. We ask that it be separated from the wool. It is probably certain almost that wool will be reduced. We feel that that is true, but I want to show you, Mr. Chairman, that mohair, being a product that is different from wool, that it ought to be separated from wool.

The CHAIRMAN. I understand what you mean, Mr. Robertson. But here is the question. There is no doubt, I think, in the mind of the committee, or in the mind of anybody else, that both wool and mohair are competitive products. The tariff now is competitive and in some instances it is highly competitive. But, of course, it is raw material of a great industry, and if we put a high tax on the raw material it must be carried down, and the ultimate result would be to make a much higher charge to the American people. There must be a reasonable line where you divide it between revenue for the Government and the charge that must rest on the American people. The committee in its last bill which passed the House put a 20 per cent ad valorem tax on mohair. I do not think it is necessary to discuss the question of whether or not it ought to be ad valorem or specific. That is academic.

Mr. ROBERTSON. Yes, sir.

The CHAIRMAN. If you have anything to say about the reasonableness of the 20 per cent tax that we have put on the raw material, we will be glad to hear you.

Mr. ROBERTSON. The point is just this. Mohair is a luxury; wool is not. Mohair is made into automobile tops and into ladies' dress goods; it is made into plush that adorns your Capitol and the palace cars that you ride in. One of the greatest boons that we have ever had was when the Teddy bear was in high repute. We got 35 cents a pound. That shows that our product is not a necessity, but that it depends upon the whims of society, and it is a luxury and something that the rich and the well to do ought to pay for.

That is my argument, Mr. Chairman, and the argument that we place before you to get this article separated from wool. We believe that it is a luxury. I appreciate the fact, Mr. Chairman, that the Democratic Party and the Ways and Means Committee has gone before the American Nation and promised that they will reduce the tariff; but, Mr. Chairman, the President elect and the chairman of the Ways and Means Committee have also promised that they will not cripple any industry. They have committed themselves also that they will raise revenue to support this Government. This revenue must be raised from something. You say it ought not to be raised from the articles that the poor need, and that they must have such articles as wool, cotton, and things like that. But we come before you and say that mohair does not go to the poor, but it goes to the rich, it goes to the well-to-do and those who can well afford it, and that it ought to sustain revenue for the Government. That is one of our arguments.

PARAGRAPH 368—MOHAIR.

The CHAIRMAN. If we separate mohair from wool, we must follow that policy all the way down the line, in the finished products as well—

Mr. ROBERTSON (interposing). That is what we want you to do, Mr. Chairman, and that is what you ought to do.

The CHAIRMAN. If we do that, we have a difficult proposition, although I understand that wool and mohair are never mixed, and that mohair in some respects is a luxury. But it is every day becoming a necessity. There is really no better summer suit in a hot country for a man to wear than a mohair suit. You recognize that?

Mr. ROBERTSON. Yes; it is cheap.

The CHAIRMAN. It is cheap and it is cool.

Mr. ROBERTSON. It is becoming more and more a necessity. I realize that, but at the present time it is a luxury and it ought to be taxed. The rich ought to be made to pay for these things, and the Government must be sustained.

Mr. KITCHIN. If we reduce the tariff on it it may soon become a necessity, because it will be a little cheaper.

Mr. ROBERTSON. No; that is wrong.

Mr. KITCHIN. Why?

Mr. ROBERTSON. I will tell you why. This country can only produce so much mohair and foreign countries can only produce so much. All that has been grown so far has been used. If you lower the tariff it will cut the producers of this country out of the business, and I have the statistics to show you why it will do that.

I have before me here, Mr. Chairman, figures that will prove to you that it costs about \$1.15 to raise an Angora goat; that is, to run an Angora goat for 12 months. I am talking from the standpoint of a producer. I am a mohair grower, and I know what I am talking about, and I have consulted with others along this line. We have come to the conclusion, and the figures show, that it costs 31½ cents to produce 1 pound of mohair.

Mr. KITCHIN. What do you get for it?

Mr. ROBERTSON. 32 cents to 32½ cents—from 30 to 34 cents, depending upon the mohair.

Mr. KITCHIN. Then you only make 2 or 3 cents a pound.

Mr. ROBERTSON. According to those figures we only make 1 cent a pound.

Mr. KITCHIN. How many pounds of mohair will one of those goats produce?

Mr. ROBERTSON. About 3 pounds.

Mr. KITCHIN. Then you only make 3 or 4 cents a goat?

Mr. ROBERTSON. Yes, sir.

Mr. KITCHIN. Most of the Angora goats are in Texas, are they not?

Mr. ROBERTSON. Yes; most of them in the United States are in Texas.

Mr. KITCHIN. Of course, I meant in the United States. How large is your flock?

Mr. ROBERTSON. We have about 3,000 goats; about two flocks.

Mr. KITCHIN. How much have you increased your flocks in the last five years?

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Mr. ROBERTSON. Five years ago we had 5,000 goats; to-day we have only about 3,000 goats.

Mr. KITCHIN. How much have they increased in Texas in the last five years?

Mr. ROBERTSON. In Edwards County, three years ago, we had 250,000 goats. To-day we have the same amount. Two years ago we had a great death. That is one of the things, Mr. Chairman, that you have to consider. The Angora goat is a delicate animal. Immediately after shearing, if a cold rain comes upon that animal it dies; it chills them down and they die. We lost 525 in one night in October, 1911. A hundred thousand goats in another county within 10 miles of me died during the same spell. The consequences are that our bankers are absolutely forcing us and refusing to loan us money to carry on our business unless we build sheds. That is not true with the sheep business. Consequently, thousands upon thousands of dollars have been spent in our county in building sheds. In making this calculation, I have not taken that into consideration.

Mr. KITCHIN. Would you say in the last five years that it has been a growing industry or a languishing industry?

Mr. ROBERTSON. It has been a growing industry from the standpoint of the manufacturer, but for the producer and raiser of mohair it has been a losing business, because we have had adverse circumstances to contend with. You understand that I am from Texas, and in our country we have had a three-year drought. Of course, the Ways and Means Committee has nothing to do with that.

Mr. RAINEY. But it will be charged to the Democratic Party later on.

Mr. ROBERTSON. No, I am a Democrat myself.

Mr. RAINEY. You would not do it, but somebody else will. Mr. Fordney, over there, for instance.

Mr. FORDNEY. You are one of the Democrats who believe in protection?

Mr. ROBERTSON. Yes, sir.

Mr. FORDNEY. I agree with you.

Mr. ROBERTSON. And I believe we will get it. I believe this Ways and Means Committee will consider our cause. I believe that they will give us a specific duty of 12 cents a pound, and I believe that we can present to the Ways and Means Committee, if not just at the present time, later on, facts and figures that will demonstrate and prove to you beyond the shadow of a doubt that you have no idea and can get no idea under your present law of how much mohair is produced—

Mr. KITCHIN (interposing). Twelve cents per pound is about 40 per cent ad valorem?

Mr. ROBERTSON. Yes.

Mr. KITCHIN. You are cognizant of the fact that the 16 Texas Representatives and the two Texas Senators voted for this reduction last year on mohair?

Mr. ROBERTSON. Yes, sir; I am.

Mr. KITCHIN. Were they acquainted with the facts relative to your industry?

Mr. ROBERTSON. I think not. Even if they were—grant that they—we people are in too small a minority; we are very small.

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Mr. KITCHIN. Do you mean that your voting strength is not as big as the cattle raisers' voting strength?

Mr. ROBERTSON. No, sir.

Mr. RAINEY. What you really want down in Texas is protection from the cold October rains and the Texas drought.

Mr. ROBERTSON. No, sir; we want protection from Turkey and from South Africa.

Mr. RAINEY. Building sheds for your goats might be a better protection than a tariff wall.

Mr. ROBERTSON. There is no use for us to build sheds if we can not sell our products. Not only that, gentlemen, but I plead also, not from a selfish standpoint, but for the manufacturers. I do not come like some of those who have come to you and said give us free raw material, but I plead in behalf of the manufacturers as well. We have no market for our product outside of the United States.

Mr. KITCHIN. In other words, you believe in having a protection of 12 cents a pound on your raw material, which is leaving it the same as it is in the Payne-Aldrich Act, and that the manufacturers, who buy your raw material and produce goods from them, ought to have the same protection they now have.

Mr. ROBERTSON. Certainly I do; they must have it.

Mr. KITCHIN. You are not like some of these men who want their stuff protected and the other fellow's stuff not protected?

Mr. ROBERTSON. No. It is necessary if they are to prosper.

Mr. FORDNEY. I think you ought to move up to Michigan.

Mr. ROBERTSON. No. If I moved up to Michigan I could not raise Angora goats.

Mr. FORDNEY. But you would be a Republican all right.

Mr. ROBERTSON. I am viewing the proposition from a Republican standpoint somewhat now, and yet I am a Democrat, and I am pleading for revenue.

Mr. KITCHIN. You are a Democrat from habit and not from principle.

Mr. ROBERTSON. No, sir.

Mr. KITCHIN. I think you are consistent, Mr. Robertson.

Mr. ROBERTSON. I believe that the Representatives from Texas and the Senators did right, because, as I say, we are a small minority up yonder in the hills. They did not know that we were in existence. Some of them, perhaps, have never seen an Angora goat. They are among the farming class and the cotton-raising class. If I should cut off a lock of this Angora hair, some of them would think it was cotton. If I should put it in a boll they would say "That is beautiful cotton; it must be Egyptian cotton."

Mr. FORDNEY. You are now speaking of your Texas neighbors?

Mr. ROBERTSON. I am speaking of our Representatives from Texas.

I realize, gentlemen, that we are a small minority out yonder in the hills, away out yonder on the bleak hills, where we can not water our stock. We do water our stock when the wind blows and the wind-mills are in good condition.

Mr. RAINEY. They water their stock up in New England.

Mr. ROBERTSON. Yes; but ours are different. But I say because we are a small minority I do not think it is just to us, as producers of real wealth, as the creators of a product that is becoming popular

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and that the rich man can enjoy and that the Representatives and Senators of our Nation appreciate as a luxury—I do not believe because we are a small minority out there in a corner of the earth that we ought to be strangled any more than the men upon my right, who represent the cause of the minority, should not be heard.

Mr. FORDNEY. I came in late, my friend. Perhaps you have made this statement, but I would like to ask you for my own information. How much of the Angora goat wool that is used in this country is produced in the United States? What proportion of it?

Mr. ROBERTSON. About one-half; 6,000,000 pounds in round numbers.

Mr. FORDNEY. That is, 6,000,000 pounds consumed and about 3,000,000 pounds produced in this country?

Mr. ROBERTSON. Six million pounds produced and consumed in this country. It is all consumed here. We have no market outside.

The CHAIRMAN. I think you do not understand exactly what you said to Mr. Fordney. You said that there were 6,000,000 pounds imported and 6,000,000 pounds produced here?

Mr. ROBERTSON. Yes, sir.

Mr. RAINEY. In other words, in its last analysis, your position is this: You want the Government to protect you and you want the Government to protect the manufacturers of your product. You want a kind Providence to protect the revenues of this Government and an Omnipotent God to protect the other 100,000,000 of our population.

Mr. ROBERTSON. No, not at all. I am pleading for revenue for this Government. I came to present this argument to you gentlemen—

Mr. RAINEY (interposing). I thought you wanted it placed so high that we would not get any revenue.

Mr. ROBERTSON. You certainly get revenue from the six million pounds that are imported.

The CHAIRMAN. You are asking for the maintenance of the present duty?

Mr. ROBERTSON. Yes, sir.

The CHAIRMAN. If we keep up the duty on the raw material, we can not materially lower the duty on the finished product without doing serious injury. We must look at it from that standpoint as well as the other standpoint. It is a fact that this article is producing a good deal of revenue.

Mr. ROBERTSON. Yes.

The CHAIRMAN. But we must look at it from the other standpoint.

Mr. ROBERTSON. Yes.

The CHAIRMAN. But we will give consideration to what you have to say.

Mr. ROBERTSON. I would like to have the privilege of filing my brief a little later.

The CHAIRMAN. You may file it before the end of the week.

Mr. FORDNEY. If I understand it, there are 6,000,000 pounds of Angora goat wool or Angora hair produced in this country and about 6,000,000 pounds imported.

Mr. ROBERTSON. Yes, sir.

Mr. KITCHIN. He is mistaken about the imports. There is not as much as that imported.

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Mr. FORDNEY. I thought he was mistaken in the quantity. But whatever it is, of what we consume, one-half is imported and the other half produced here?

Mr. ROBERTSON. I think I am nearly right.

Mr. FORDNEY. I believe, Mr. Chairman, that no more fair rate of competition than that could exist. One-half of the amount that we consume is imported. If the Democratic Party wants revenue for the Government and wants reasonable competition, I think a rate of duty that permits the importation of one-half that we consume is the most equitable adjustment of the tariff that I can think of.

Mr. ROBERTSON. I think so.

The CHAIRMAN. If this was the finished product; if nothing else depended on it, and one-half was coming in, I think the committee would be disposed to agree with you. But it is not the finished product, and we can not look at it from that standpoint. However, we will give careful consideration to what you say.

Mr. ROBERTSON. I thank you.

The witness also furnished the following brief:

To the Chairman and Members of the Ways and Means Committee, House of Representatives, Washington, D. C.

GENTLEMEN: I represent the producers of mohair. We respectfully ask that mohair in Schedule K be given a separate and special classification with a specific duty on all importations of the raw material, of 12 cents per pound, and a corresponding duty on the manufactured product, for the following reasons, namely, on the basis of revenue and as an article of luxury.

Relative to these two features we wish to say that on the basis of revenue to the Government the industry as it now stands is highly competitive, inasmuch as there are about 6,000,000 pounds of the hair produced in the United States and about six to seven million pounds imported. On the duty of 12 cents per pound the Government is now collecting \$720,000 in revenue. If this duty were reduced to 20 per cent, as proposed by the Underwood bill, as the foreign value is from 20 to 25 cents, it would pay a duty of approximately 5 cents per pound, and as the entire consumption in the United States at the present time is approximately twelve to thirteen million pounds, the amount of duty collected, in case all the hair used in the United States was all imported, would, under the proposed Underwood rate, be \$650,000, or 10 to 15 per cent less than it is at the present time.

Now, besides getting a less amount of revenue, you would drive out the entire goat raising industry in the United States, and as our country's production of this mohair is a factor in keeping prices down here—if you kill this goat industry the price of mohair will unquestionably advance to a point as high—and experts predict even higher—than it is at the present time. Furthermore, the present duty of 12 cents is highly competitive; it is now raising the highest amount of revenue to the Government, and any cut in this duty would, of necessity, as shown above, raise a less amount of revenue to the Government.

The cost of production of mohair in this country to-day is 31½ cents per pound. The cost of a similar grade of hair abroad, owing to the cheaper wages and cheaper conditions existing in Turkey and South Africa (the countries raising this mohair), is from 20 to 25 cents per pound. We herewith present figures showing actual cost, based on 4,500 acres of land and a run of 1,500 goats, to prove this cost of 31½ cents, namely:

Cost of raising Angora goats and producing mohair, 4,500 acres of land required to run 1,500 goats and their increase. Value of 4,500 acres of land, at \$3 per acre, \$13,500.

Expenses for one year.

Interest on land, at 5½ per cent.....	\$742. 50
Interest on value of goats, at 8 per cent.....	360. 00
Herding one flock one year, two flocks six months, at \$25.....	450. 00
Shearing—1,500 twice, 1,200 once, at 10 cents.....	210. 00
Rustling flocks—horse feed, at \$35.....	420. 00
Kidding 1,200, or 80 per cent, at 25 cents each	300. 00

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Taxes.....	\$97.50
Freight on mohair and salt.....	75.00
Loss in flock, 10 per cent.....	450.00
	<hr/>
	3,105.00
	<hr/> <hr/>

Profits for one year.

1,500 goats' shear, 3½ pounds mohair, at 32 cents (5,250).....	\$1,682.00
1,200 head of kids' shear, 1½ pounds mohair, at 33½ cents.....	500.00
Sale of kid crop, at \$1.50.....	1,800.00
	<hr/>
	3,982.00
	3,105.00
	<hr/> <hr/>

Profits..... 877.00

It costs \$1.15 to run one goat one year.

It costs 31½ cents to produce 1 pound of mohair.

The selling price of mohair in Texas in the last year or two has fluctuated from 28 to 34 cents. At the present time it is 32 to 33 cents, so that our net profit is less than 2 cents per pound.

Furthermore, we wish to call the committee's attention to the discrimination by the Governments of the mohair-raising countries of the world against the United States industry, namely, by the Governments of Turkey and South Africa. Turkey and then South Africa put, first, an almost prohibitory duty on exports of male or female Angora goats, and finding that even with a tax of \$500 per animal some were exported from their countries for breeding purposes, they thereupon issued a proclamation to the effect that no Angora goats should be exported from their countries.

In Turkey a violation of this decree or law is punishable by death. We do not here ask that our Government retaliate against these foreign governments for this discrimination against us, but we do ask why should our Government, in view of this discrimination, propose to so lower the duty as to destroy our industry and at the same time, as we have shown above, reduce the revenue of the Government to the extent of 50 per cent or more. Knowing the attitude of the committee, we presume that their object is to raise revenue, and to raise that revenue as much as possible on articles of luxury, at the same time endeavoring to reduce the high cost of living to the consumer. If a duty of less than 12 cents per pound is placed on our raw material, it will positively kill our industry, which at the present time is so highly competitive (fully 50 cent of the actual United States' consumption being now imported at this rate). Once we are driven out of this industry it will give those governments which are discriminating against us by prohibitory decrees on the exportation of animals the entire field; and then the growers in these foreign countries will have accomplished the results which they desired, and which they aimed at when they issued these prohibitory decrees, namely, driving out our competition and obtaining a monopoly of the entire market for themselves. Therefore, the consumer, instead of buying the products manufactured of this raw material at lower prices, will positively pay a higher price than they do at the present time.

In view of these facts, i. e., the revenue now being collected by the Government on our hair, and the discrimination by the aforementioned foreign countries, we think that your committee should continue the present duty on raw mohair.

Furthermore, we sell all of our mohair to the United States spinners and weavers and it goes without saying that unless these spinners and weavers of mohair fabrics are able to continue manufacturing their products, they can not buy our raw material and we wish to emphasize again to the committee that the articles produced from mohair are almost exclusively articles of luxury, namely railroad car plush, pile fabrics, including all kinds of imitations of natural furs (the latter industry consumes a very large proportion of the total quantity of raw mohair used in this country), also tops for automobiles and carriages, and all mohair fabrics for men's wear and women's wear. All of these goods are exclusively articles of luxury, with the exception perhaps of the mohair suits for men, but as the greater cost in producing cloth exists not in the raw material of which the garment or suit is made, but in the manufacturer's and retailer's profit, the advance in that one direction would not be a serious matter, in fact, I doubt if it would be an advance at all, because if our industry is driven out the price of mohair will positively, in a very short time, be equal to or higher than at the present time. The above-mentioned articles, being luxuries, are consumed by

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large corporations and wealthy people, and as such we ask your committee to place sufficient tariff for revenue purposes on the raw mohair and also such a tariff on the mohair yarn and products of the manufacturers as to enable these manufacturers to continue buying the mohair from the United States growers.

Furthermore, there should be a separate classification under Schedule K for raw mohair and mohair fabrics.

The shrinkage on this mohair is quite different than on wool. It is used for entirely different purposes, and a separate classification should be made both for the mohair, the tops, yarns, and weaver's product. By making this separate classification the Government will, in the future, be able to tell just how competitive the rates of duty really are. The Government is now unable to do this on account of all the imports being classified now under wool and manufactures thereof.

Recapitulating, we would say we believe we have proven:

1. That a reduction of the present duty of 12 cents a pound on raw mohair will not increase but, on the other hand, materially decrease the Government's revenue on said mohair.

2. That a reduction of the present duty of 12 cents a pound on mohair will positively not decrease, except possibly for a very short time, the price of mohair products to the consumer; on the other hand, they will be, if anything, advanced, due to the destruction of the United States goat-raising industry, and thereby creating an absolute foreign monopoly.

3. If this industry is destroyed, not only will it hand over the mohair importations to an absolute monopoly but a monopoly created and fostered by decrees of foreign governments.

4. If in your new bill you impose a duty of 12 cents per pound on raw mohair, it is futile unless you also place a proportionate competitive duty on the mohair yarns and manufactured products in order to enable the spinners and weavers to continue, as they are now doing, making their purchases of mohair from the American goat raisers.

Do this and you will materially increase the raising of mohair here, as in the State of Texas alone we can raise many times the amount of hair that is now being raised there.

Now, our association, of which I am spokesman, does not believe that your honorable body is going to destroy our industry in order to hand it over to an absolute foreign monopoly fostered by governmental decrees, the violation of which is actually punishable by death in Turkey, particularly so that when by so doing you will materially reduce the revenue of the Government and also in a very short time materially increase the price of mohair products to the consumer.

Respectfully submitted.

JOHNSTON ROBERTSON,

For the Edwards County Angora Goat Association of Texas.

TESTIMONY OF F. E. KIP, OF NEW YORK.

Mr. Kip was duly sworn by the chairman.

Mr. KIP. Mr. Chairman, I did not intend to appear here, but I heard Mr. Robertson from Texas speak, and I wish to say a few words relative to his testimony.

I am interested, however, in mohair as a manufacturer and not as a grower, and as a large importer of raw products he has testified that there are about 6,000,000 pounds produced. It is estimated that there are from six to seven million pounds of mohair produced in the United States; that Texas produces between three and four million pounds of that, and that the other States, some of them adjacent to Texas, and Oregon and California produce the rest.

Now, there is a 12 cent duty collected to-day, and Mr. Robertson asked that it remain on the basis of revenue only and as a luxury. Therefore, if these figures be correct, and I believe them to be, the duty collected by the United States Government is \$1,200,000 on raw mohair coming in. Furthermore, that is the same amount as is

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grown, and it is therefore proven absolutely that it is competitive on the raw material.

Now, I did not come here for the purpose of presenting this, but I happen to have a letter which was given to me just before I left New York, which is dated Constantinople, January 10, and I will quote to you from that letter:

Because of recent purchases, we are making a rough calculation of the average cost of our last 130,000 pounds of purchases, which we have advised to you at from 13½d. to 14½d. We hope that the average will not be over and probably under 13½d., and we trust that this will be satisfactory to you. Shipments per steamship *Cypria*; we are shipping you about 1,460 bales.

That amounts to about 290,000 pounds of mohair in one shipment.

We, as importers of this hair, knowing what we have to pay in duty, and knowing that Mr. Robertson's statement is correct, know that if the duty on mohair is reduced to 20 per cent, which is only 5 cents per pound, the growers of mohair in this country will be driven out of business.

The cost of mohair similar to the Turkey hair has been on an average in the last few months or a year about 24 to 25 cents. To-day it is a little higher on account of the demand.

Mr. Robertson's testimony shows that he is selling mohair to-day at 32 cents, and that he has been selling mohair from 30 to 34 cents in the last year or two. Therefore the foreign value, 24 cents, added to the duty of 12 cents, makes 36 cents.

I wish to state that this class of mohair is more beneficial to the manufacturer than Texas hair, inasmuch as it produces more pounds of yarn per pound of hair, and that 36 cents for European or Turkey mohair is equivalent to about 33 cents for Texas mohair, on account of the fact that Texas mohair produces fewer pounds of yarn, in that proportion, than the Turkey; so that Mr. Robertson and his growers are now receiving the full benefit of the tariff on that article.

I wish to state, in my opinion, what I think would happen to the mohair industry or the growers if the duty were reduced to 20 per cent. I do not know anything about the wool end of it; at least, I do not wish to say anything here. I am only speaking now of mohair. If the duty were reduced to 20 per cent, or much below, or any below, 12 cents on mohair, the mohair industry of Texas and the other States would be positively driven out of the business. Now, what would happen? The consumer in two years' time would pay more for his mohair than he does to-day, for the simple reason that to-day there is no great quantity of surplus material; in fact, there is an absolute shortage all over the world to-day. It would drive out the 6,000,000 pounds of mohair produced in the United States, and within a very few years the price of mohair, even if you put it on the free list, would be higher than it is to-day.

Therefore, I supplement Mr. Robertson's plea before this committee that, as far as mohair is concerned, the growers of mohair be accorded the present rate of duty, and I wish to also supplement his plea that there be a special schedule for mohair and its manufactures. In the first place, Mr. Wood told the committee here yesterday that they could not frame a tariff which would adequately take care of the conflicting manufactures under Schedule K, making it competitive, and not drive out a great many men and reduce the wages of a great

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many operators. I believe that to be absolutely true, and the reason why it is true is that there are many articles put in Schedule K that ought not to be there, and mohair is positively one of them.

The CHAIRMAN. I suppose that statement is really made by the gentlemen who are interested in Schedule K in the full belief that it is so, but the iron and steel men have come here, every time a cut has been made in their schedule, since the Civil War, and that schedule has been cut every time there has been a tariff revision, and they have made the same statement. Notwithstanding that, the industry has grown and developed, and it is the greatest and strongest industry in the United States to-day.

Mr. KIP. Well, the iron and steel industry, Mr. Chairman, is quite a different proposition from the textile industry. They have enormous investments in capital for machinery, and enormous outputs which their inventions have reduced the price of. Now, when you come to the textile industry, it is quite a reverse. I know whereof I speak, because I am in that line of industry. Take the operatives in Germany and France—by the way, I also have a mill in France, so I also know what I am speaking about when I say that—when you take the operatives in Germany, France, and England you will find that they have been trained in that walk of life from childhood. Some of them have even wound yarns on hand reels, and they are very expert. When you take our operatives, you have to teach them. Many of them are from foreign countries like Hungary and Slavonia and Italy, and they never saw a loom, while the operatives in Germany on the same machinery are far more proficient than the class of labor we have to employ.

Now, I wish to state along those lines—

The CHAIRMAN. Your time has expired, Mr. Kip.

Mr. KIP. Well, can you—

The CHAIRMAN. The committee has some other work to do this morning.

Mr. KIP. All right, sir.

The CHAIRMAN. But if you can finish what you have to say in five minutes we will allow you that time.

Mr. KIP. I can do that very easily.

Along those lines I wish to ask the committee whether they think that such articles which are exclusively articles of luxury should be classed in Schedule K with such materials as woolen and worsted goods? I wish to show the committee samples of articles which are used as car plushes and imitations of skins, which are exclusively luxuries, and I would ask whether they should be classed with woolen goods and like fabrics, weighing from 3 or 4 ounces up to 20. It is utterly ridiculous. A child can see that they should not be.

The CHAIRMAN. Of course, the classification has been the same for a great many years, Mr. Kip, but if you will—

Mr. KIP. I can prove to the committee that it is absolutely a mistake.

The CHAIRMAN. If you will file with the committee a suggestion for a change of classification we will give it careful consideration.

Mr. KIP. Thank you, sir.

The CHAIRMAN. Is that all?

Mr. KIP. That is all. Thank you.

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Mr. PALMER. Is this made of mohair [referring to sample]?

Mr. KIP. Absolutely. There is not a sample there that is not made of mohair?

BRIEF SUBMITTED BY FREDERIC E. KIP, OF NEW YORK CITY, ON THE SUBJECT OF MOHAIR, AND MANUFACTURES THEREOF, PRESENTING ARGUMENTS FOR SEPARATE CLASSIFICATION AND DUTIES ON THE HAIR OF THE ANGORA GOAT, ALPACA, AND OTHER LIKE ANIMALS, ALSO ON THE RESULTANT PRODUCTS THEREOF, AS DIFFERENTIATED FROM WOOL AND ITS PRODUCTS.

JANUARY 29, 1913.

The CHAIRMAN AND MEMBERS OF
THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: I desire to add to my remarks, which were spoken on the spur of the moment, before the committee yesterday, and to call their attention to a few highly important facts, which will undoubtedly prove to the committee why, if they are to be consistent and follow out the avowed principles of the Democratic Party, they *must*, in the pending "Underwood bill," make a separate classification for hair of the Angora goat, alpaca, and other like animals, and place a duty, entirely different from the duty on wool, on the raw hair, tops, yarns, pile fabrics and cloths produced from said hair.

In order that you may know that I am an expert on the matter of which I speak and that I am posted from start to finish relative thereto, would say that I am president of the Griswold Worsted Co., of Darby, Pa., who are large purchasers of domestic mohair, also extensive importers of foreign mohair, and converters and spinners of same into mohair yarns (together with other yarns such as worsted, etc.). I am also president of The Salt's Textile Manufacturing Co., which has its principal mills at Bridgeport, Conn., accredited to be the largest pile fabric manufacturers in the United States, making very extensively pile fabrics from mohair, silk, cotton, artificial silk, etc.

The following are my reasons why, if you are to be consistent with the avowed principles of the Democratic Party, you can not do otherwise than make a separate classification for the hair of the Angora goat, alpaca, and other like animals.

First. The Democratic Party is certainly not considered by the people as standing sponsor for trusts and monopolies; on the contrary, they look to that party to curb these conditions wherever possible, yet, if you do not give a duty of 12 cents per pound to the domestic growers of mohair, you will destroy this industry and deliberately hand it over to an absolute monopoly. It would seem only necessary to prove this condition of affairs to your satisfaction, to make it impossible for you to hand over this *highly competitive* and growing industry to an absolute monopoly. In order to prove this we must go back some few years. In 1848 the Sultan of Turkey requested of the President of the United States that some suitable person be sent to his country to conduct some experiments in the raising of cotton. Dr. James B. Davis, of South Carolina, was selected to perform this important service. After Dr. Davis returned from Turkey to America the Sultan sent him, in appreciation of his services, a herd of the best blooded Angora goats. These goats were sent from South Carolina to Texas, Oregon, and California. From this original shipment has sprung the American Angora goat-raising industry, which now exists principally in the following States:

Texas
California
New Mexico
Oregon
Nevada
Idaho
Wyoming
Arizona

To the extent of a production of 6,000,000 to 7,000,000 pounds annually.

Spinners and weavers.

Would the Democratic Party hand over the present highly competitive goat-raising industry into the hands of governmental monopoly?

Origin of the American goat-raising industry.

PARAGRAPH 368—MOHAIR.

This American goat-raising industry, so established, grew rapidly in a short space of time, so much so that Turkey, with a view of destroying our industry, put an almost prohibitory duty on the exportation of any Angora goat, namely, a duty of about \$500 per animal (for a goat worth only a few dollars). Notwithstanding this, the American goat raisers, to keep up the standard of their flocks, imported in 1876 a number of best stock Angora goats from Turkey, paying said tax of \$500 on each goat, and they continued importing the goats at these prohibitory rates until 1880.

Turkey and South Africa issue edicts absolutely prohibiting exportation of Angora goats.

In 1880 the Sultan of Turkey issued an edict prohibiting the further exportation of Angora goats from Turkey, under any conditions, and imposing very severe penal punishment for any violation thereof. Since that time therefore no importations from Turkey have been possible.

South Africa also followed in Turkey's wake and prohibited exportation of the Angora goat from there, so that since 1880 it has been impossible to obtain these goats from any country outside of the United States.

Notwithstanding this highly discriminating action on the part of both Turkey and South Africa, backed up by governmental protection, they were unable to destroy the then firmly rooted American goat-raising industry. You gentlemen have it within your power, however, to bring about the destruction of this industry which these governments were unable to accomplish even with their drastic prohibitory decrees. If, however, you do destroy same you must do so with the *full knowledge* that you are destroying a highly competitive industry (6,000,000 pounds being raised here and 6,000,000 to 8,000,000 pounds being imported annually), having no combination or trust control of any sort or description—to literally hand same over to a monopoly fostered and abetted by the Governments of Turkey and South Africa.

Will you turn a competitive industry over to a monopoly?

Now that you are cognizant of these extraordinary existing facts, any such action on your part would seem to us entirely inconceivable and impossible, in view of it being so directly contrary to every avowed principle of the Democratic Party.

Goat raising more expensive than sheep raising; more land required per capita; great mortality; no mutton to reduce cost.

The raising of goats is more expensive than the raising of sheep. This is due to many conditions, among others the following: It takes very much more land to support one goat than it does to support one sheep. The goats feed only on the bushes, and hence require a very much larger range of land per capita.

At shearing time, if weather conditions are not just right, there is large mortality amongst the goats. In fall 1911 150,000 goats died within one week at shearing time, due to unusual weather conditions. Again, the goat raiser has not the profit from the sale of mutton such as the sheep raiser has, and therefore there is no reason whatsoever why the hair of the Angora goat should not have a separate duty classification from wool. Besides all that, on account of the difference in shrinkage between this hair and wool (as will be clearly seen later), a duty of 12 cents per pound on said hair is only equal to a duty of 6 to 7 cents per pound on wool.

This hair is entirely different from wool, and conditions are entirely different; hence requires different rate of duty than wool. Besides, a duty of 12 cents per pound on this hair is only equal to duty of 6 to 7 cents per pound on wool.

If from these facts your committee is convinced that there should be a separate classification—and we do not see how you can help but be—it then only remains to determine upon the rate.

Now, relative to determining the rate, we wish you to bear in mind the fact that we are *very large importers of this hair*, that we do not own directly or indirectly, nor do we expect to own or have any connection with the raising of any domestic Angora goats, and in suggesting a rate which the growers should have, we are doing so with the sole purpose of not reducing or cutting off our sources of raw material supply, and therefore our suggestion of a rate should have very much more weight with you than any request or suggestion from interested growers. *Emphatically*, we wish to point out the fact that any legislative action that will curb, reduce, or shut off raw-material supplies of the country producing same, is under any circumstances highly injurious to the best interest of that country.

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Therefore, as importers and also users of this raw domestic material we must, in all fairness, admit that we do not believe that any rate less than 12 cents per pound will allow the American goat-raising industry to properly continue. Any rate less than this will cripple them and a rate of 20 per cent, or any rate near it, will, in our opinion, absolutely destroy them, and will hand this highly competitive industry over to a foreign monopoly for all future time—losing to the manufacturers and consumers of these hair products not only their present raw material supply of 6,000,000 pounds, but, as we believe, a loss for all future time of what would eventually be double or quadruple this amount if this industry were now given a sufficient duty to allow it to continue and grow. It is perfectly apparent that once the Angora goat-raising industry is destroyed, it can never be reestablished, owing to the Turkish and South African prohibitory governmental decrees. Furthermore, the very fact that this industry is at the present time so highly competitive (namely, 6,000,000 pounds of domestic hair being raised and 6,000,000 to 8,000,000 pounds of foreign hair being imported) must of its very self prove to you that the duty of 12 cents per pound is absolutely necessary, particularly when you take into consideration that a duty of 12 cents per pound on this hair is only about equal to 6 or 7 cents per pound duty on wool (as shown later). We therefore unqualifiedly recommend, as large importers and large users of this raw material, that the duty in the Underwood bill on the hair of the Angora goat, alpaca, and other like animals shall be 12 cents per pound.

Rate of duty on hair of the Angora goat, alpaca, and any like animals should be 12 cents per pound.

Second. From the Democratic principle of "tariff for revenue only" the duty on mohair should be 12 cents per pound, inasmuch as that duty is to-day raising the highest possible revenue to the Government. A few figures will prove this.

Proof on basis of Democratic Party's principle of "tariff for revenue only."

On account of mohair being classified under "Wool" there are no absolute Government figures to show the actual duties paid. I personally know of one firm which pays duties of \$250,000 this year on hair of the Angora goat, alpaca, and other like animals, and I believe without a doubt that the total duties paid on this class of hair will this year amount to at least \$1,000,000. Experts, however, have estimated the imports of this hair at 7,000,000 pounds, and I will therefore take this figure, which, at 12 cents per pound duty, would amount to \$840,000 revenue in duties.

7,000,000 pounds,
at 12 cents.... \$840,000

The total present consumption in the United States of mohair, both domestic and foreign, is estimated at 13,000,000 pounds (foreign value of such hair is 20 to 25 cents per pound). A duty of 20 per cent would be not over 5 cents per pound, or a revenue of \$650,000, in case all of the hair consumed in the United States was all imported. Even this would make a loss of revenue to the Government of \$190,000.

13,000,000 pounds
at 5 cents..... 650,000
Or a loss in revenue of..... 190,000

Therefore, such a reduction would wipe out this industry, hand it over to a foreign governmental monopoly, and at the same time entail a loss in revenue to the Government of a considerable amount.

Third. From the Democratic principle of reduction in price to consumer, the duty on the hair of the Angora goat, alpaca, and other like animals should be 12 cents per pound, because it is only the existence of our present domestic goat-raising industry (with its production of 6,000,000 to 7,000,000 pounds annually) which keeps the prices down to their present limits. A lower rate of duty which would wipe out this industry would simply hand it over to the foreign monopoly, and we all know from our experience with monopolies (as is at present well

Proof on basis of Democratic Party's principle of "price protection to consumer."

PARAGRAPH 368—MOHAIR.

evidenced by the high prices of the anthracite coal monopoly) that same always tends to raise and never to lower the price to consumers. Therefore this is a case where a reduction in the duty would not lower the prices to the consumer (except possibly for a very short period), but, on the other hand, though a governmental monopoly, would be sure to raise prices to the consumer.

Case where lower duty would advance prices to consumer.

Proof on basis of Democratic Party's principles:

"Trust control,"

"Tariff for revenue."

"Price protection for consumer."

Duty on the hair of 12 cents per pound is highly competitive. Competitive rates should also be placed on resultant tops, yarns, pile fabrics, and cloths.

Proof showing why a separate classification from wool is required on the raw hair and resultant tops, yarns, pile fabrics, and cloths.

Duty of 12 cents per pound on hair is only equal to 6 or 7 cents per pound duty on wool, on account of shrinkage on hairs 10 to 15 per cent; shrinkage on wool 15 to 75 per cent.

We feel that we have *absolutely* proven, and that your committee, after knowing these facts, will be convinced, that from the three principal Democratic standpoints of—

Trust control,

Tariff for revenue only,

Price protection for consumer by preventing monopolies control, the goat-raising industry of the United States should not be driven out. Now, it is just as necessary (as the domestic goat raiser sells all of his product to the spinners and weavers of the United States) that the spinners of yarn and the weavers of cloths, including pile fabrics made of the hair of the Angora goat, alpaca, and other like animals, be accorded compensatory competitive duties to enable them to continue buying their raw-material supplies from the American mohair goat raisers, and in this connection we would be very glad to offer our services to the committee to help them make also competitive rates on tops, yarns, pile fabrics and cloths, and we are fully competent so to do, knowing thoroughly the foreign values (having mills abroad as well as here), foreign costs and all details relative to this industry.

Fifth. We unqualifiedly assert that there should be a separate classification for the hair of the Angora goat, alpaca, and other like animals, tops, and yarns, cloths, and pile fabrics made therefrom, and we will now enumerate absolute reasons therefor:

There have been many articles thrown into Schedule K on account of the duties thereon being known to be high. Whenever the plan of grouping too many articles under one heading can be avoided, it is highly desirable to do so, because it segregates the items so that the Government can furnish Congress with data as to imports, manufactures, etc., and thereby shows to Congress just how competitive tariff-duty rates are. Therefore, on all articles which admit of such a separate classification should by all means be established, and only such articles which are so interwoven as to make a separate classification undesirable, due to confusion or inability to classify, should be included in one classification. The raw hairs, tops, yarns, pile fabrics, and cloths are so readily discernible from wool and wool products that they never should have been classified together with wool, and should now be classified by themselves. The raw hairs themselves are entirely different in appearance and character from wool. Besides, the shrinkage in wool varies from 10 to 75 per cent, and even in the same classes of wool, grown in different districts, the shrinkage is not at all uniform, whereas with mohair the shrinkage is from 13 to 15 per cent and is practically similar in all countries of the world.

We desire to call your particular attention to the significant fact that on account of this low shrinkage in Angora hair (15 per cent highest on hair as against 75 per cent highest on wool) a duty of 12 cents per pound on said hair is, in scoured contents, only equal to a duty of 6 to 7 cents per pound on wool. This proportionate shrinkage we would gladly prove by actual tests of wool and mohair, we using both largely, as shown on the books of our company at Darby, Pa., for 20 years past.

Congress will certainly, before the present wool schedule becomes a law (whether the rate be made ad valorem or specific), impose a duty on wool equal at least to 6 or 7 cents per pound, and hence the Angora goat raisers are only asking what you gentlemen are unquestionably going to grant the woolgrowers. Surely, gentlemen, you are not here to discriminate against these goat growers, particularly when by so doing you are killing an industry to hand it over to foreign governmental monopoly. This is simply impossible. The difficulty has been that you haven't known the facts, but now that you do know them and know that 12 cents per pound duty on hair of the Angora

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goat, alpaca, and other like animals is only equal to 6 or 7 cents per pound duty on wool, we feel confident that you will grant the goat growers their reasonable request and make the duty on said hairs 12 cents per pound, and compensatory duties on the tops, yarns, pile fabrics, and cloths produced therefrom, so the goat growers may continue to sell their hair in the United States.

We understand that some worsted manufacturers have expressed the opinion that the mohair pile-fabric industry is not sufficiently large to warrant a separate classification or paragraph. Such remarks could only emanate from parties who are not at all cognizant of the actual facts. We can, beyond peradventure, immediately prove that quite the contrary are the real, existing facts and that the animal hair "pile-fabric industry" is far more important than some of the schedules that now have separate classification, viz:

Cotton pile fabrics. (Par. 325.)

Silk pile fabrics. (Par. 399.)

Hatters' plush pile fabrics. (Par. 477.)

Flax pile fabrics. (Par. 353.)

In conclusion we wish to emphasize particularly the following:

The rate of duty on the hair of the Angora goat, alpaca, and other like animals should be 12 cents per pound.

The rates of duty on the tops, yarns, cloths, and pile fabrics can be very materially reduced from the existing rates, and a separate classification and paragraph should be made for the hair, yarns, and products thereof.

At such rate it is highly competitive, more than half of the total United States consumption being imported, and is only equal to a duty on wool of 6 to 7 cents per pound. Any lower rate will destroy the American goat-raising industry, to hand it over to foreign governmental monopoly.

We would be glad to cooperate with the committee and furnish expert information, with facts and figures, to enable the committee to make a competitive tariff, as well on the yarns and products thereof as on the raw hair itself. On account of our foreign mills we are in position to furnish costs and particulars, both domestic and foreign.

Erroneous idea of nonimportance of the mohair pile-fabric industry.

This rate is only equal to a duty on wool of 6 to 7 cents per pound.

Rate on tops, yarns, pile fabrics, and cloths should be in compensatory ratio. Same can be materially cut down from present rates.

Respectfully submitted.

FREDERIC E. KIP,

*President of Griswold Worsted Co., Darby, Pa., and
President of the Salt's Textile Manufacturing Co., Bridgeport, Conn.*

MEMORIAL OF THE WOOL GROWERS' CENTRAL STORAGE CO., SAN ANGELO, TEX.

SAN ANGELO, TEX., *January 15, 1912.*

HON. ALBERT S. BURLERSON, M. C.,
Washington City, D. C.

DEAR SIR: We, the representatives of fully 300 actual producers of wool and mohair in Texas, respectfully request that you, as a Representative in Congress from Texas, urge and vote for a tariff bill at this session of Congress, as we have experienced during the last year a great loss, running into the millions to the sheep and goat men in Texas alone, due to the unsettled conditions brought about by the tariff agitation.

In view of this fact we ask that the tariff on wool and mohair be settled at this session of Congress; and respectfully state that we think that in order for this great industry to continue to exist that we should have a specific duty of 24 cents per pound on wool on a scoured basis, for our average shrinkage in Texas is 66 per cent, which would only give us around 7½ cents duty on the grease wool.

Our section produces at least one-half of the wool in the State, and our organization is composed of the representative sheep and goat men who reside in this part of the State, and all our directors are actual producers of wool and mohair.

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Our company alone handles one-third of the wool in Texas and with other concerns in San Angelo makes said point one of the largest wool shipping stations in the United States, handling in all around 5,000,000 pounds of wool annually.

The greater portion of our sheep and goat men own their own ranches and many are wolf-proof fenced and the report as made by the tariff commission in regard to the cost of producing wool in Texas was misleading, for under no circumstances can we produce wool in Texas and live for less than 16 cents per pound in the grease.

We therefore present this memorial and urge you in behalf of the sheep and goat men to act as per our suggestion as near as you can at this session of Congress and give this great industry rest.

Respectfully,

ROBERT MASSIE, *President.*
W. B. SAYERS, *Secretary.*

TELEGRAM OF EDWARDS COUNTY (TEX.) ANGORA GOAT ASSOCIATION.

DEL RIO, TEX., *February 21.*

HON. OSCAR W. UNDERWOOD, M. C.,
Washington, D. C.:

The mohair producers respectfully request that you make a separate classification for mohair and the products thereof under Schedule K, and that you place a 12-cent duty on the raw mohair and a corresponding duty on the manufactured products. The average shrinkage on mohair is 12½ per cent, while wool shrinks 60 per cent, hence 12 cents on mohair is equal to 6 or 7 cents on wool. Also, it costs more to produce mohair than wool, besides there is no profit on the mutton goats as on sheep, with present duty of 12 cents. Fifty-five per cent of all mohair consumed in the United States is imported, thereby giving the Government the highest possible revenue and the home producer the minimum protection guaranteeing his existence. No trust combination or understanding exists in the United States between producers and manufacturers, whereas a foreign monopoly fostered by governmental control exists in Turkey and South Africa. Mohair can not be produced for less than 31 or 32 cents per pound, hence to continue our young and promising industry we must have 12 cents duty.

EDWARDS COUNTY ANGORA GOAT ASSOCIATION.

STATEMENT OF WILLIAM BROWN & CO. (INC.), SALEM, OREG.

SALEM, OREG., *February 22, 1913.*

GEO. C. CHAMBERLAIN, *Washington, D. C.:*

Separate classification from wool required for mohair. Average shrinkage wool about 60 per cent. Average shrinkage mohair about 12½ per cent, hence duty on wool of 6 to 7 per cent per 100 would equal duty of 12 cents per pound on mohair. Mohair costs more to raise than wool. There is no profit on sales of mutton. Fully 55 per cent of all mohair used in the United States is now actually imported, giving Government highest possible revenue. No trust or semblance thereof exists in United States with growers, spinners, or weavers, whereas there is a foreign raw mohair monopoly fostered by governmental control on Turkey and South Africa, only other countries producing mohair. Less duty than 12 cents per pound will wipe out United States industry, to hand it over to these governmentally controlled monopolists. The goat raisers of the United States therefore respectfully request that you make a separate classification from the wool and that you place a duty of 12 cents per pound on the hair of the Angora goat, alpaca, and other like animals, and compensatory duties considerably reduced from present duties on products thereof, such as tops, yarns, fabrics, and clothing.

WM. BROWN & Co. (INC.).

PARAGRAPH 368—ALPACA.

ALPACA.

BRIEF OF A. J. McINTIRE, HOLYOKE, MASS.

HOLYOKE, MASS.

Mr. O. W. UNDERWOOD, *Washington, D. C.*

DEAR SIR: No better illustration of the abuse of the present tariff than the Farr Alpaca Co. Here you have special privilege and arrogant monopoly and corporate greed plundering the people and dividing people into classes, which is one of the causes of the unrest that exists in this country to-day. If you know anything about the political situation in Massachusetts, you know this. This corporation had the brazen nerve to make the statement two years ago that if he (Foss) was elected they would shut down their works. He made this the issue (tariff), and proved their attitude to be dishonest and insincere (carried Massachusetts, also the very city of Holyoke), and exposed the enormous profits they have piled up by special privilege of the Government of this country. By combination and manipulation they simply dispose of their goods by allotment without competition, making enormous profits. This company had a strike several years ago. The operatives struck for 10 per cent. They scolded them and increased the wages 5 per cent, then secretly declared 50 per cent dividend after buying new machinery, new building, and sinking fund, perhaps to corrupt legislation at Washington. My authority for above is a respected attorney living at Holyoke, Mass., who was a candidate for lieutenant governor on Democratic ticket in Massachusetts about eight years ago, do not recall his name at this writing. The victims (customers) of this special privilege will not dare to testify against this corporation at your hearing as they are afraid their business will be ruined by the Farr Alpaca Co. in case they are not checked by reduction of tariff. The Farr Alpaca Co. have just raised their prices, which will net them thousands of dollars extra profit, a farewell extortion, perhaps. The Farr Alpaca Co. manufactures alpaca and mohair linings for lining clothing.

A. J. McINTIRE.

[The Springfield (Mass.) Daily Republican, Tuesday, Jan. 28, 1913.]

FARR ALPACA EARNS 45 PER CENT—FIRST WOOLEN MILL REPORT FOR 1912 SHOWS NET PROFITS OF \$1,100,000 FOR HOLYOKE CONCERN.

For the year ended December 31 the Farr Alpaca Co. earned net profits of close to \$1,100,000, says the Boston News Bureau. According to the balance sheet the big Holyoke concern rolled up earnings of \$1,090,000, making 1912 easily the best year, with the exception of 1909, in the company's history. As this is the first woollen mill report that has come to hand this year, it is evident that 1912 will prove to be one of the banner earning periods for all the woollen mills.

On its \$2,400,000 stock these estimated earnings of Farr Alpaca are equal to 45 per cent, which compares with 28 per cent, the current dividend rate, now in existence for three years. A comparison of the balance sheets of Farr Alpaca for the past few years will show that the company has managed consistently to earn over 40 per cent on its stock. At the same time it has been adding to and keeping its plants in the most modern condition, so that to-day it is estimated that the property behind Farr Alpaca could hardly be duplicated for less than \$5,000,000.

The concentrated earning power of Farr Alpaca, which has been mainly due to managing ability, can best be appreciated by the fact that Amoskeag, the biggest cotton mill in the world, seldom earns over \$1,100,000, while Arlington, the biggest independent woollen mill in the country, will show net this year of under that figure. With a gross business of under \$9,000,000, Farr Alpaca is able to show profits equal to those secured by the biggest mills on twice the volume of business. It should be borne in mind, of course, that Farr Alpaca's operations largely cover the specialized fields of mohair and worsted dress goods, and therefore it is not, strictly speaking, a woollen mill.

The sturdy manner in which the profit and loss surplus has continued to pile up has been one of the striking features of Farr Alpaca's financial progress. With twice the amount of outstanding stock of 1909, the present aggregate of surplus and reserves

PARAGRAPH 370—CARPET WOOLS.

is still twice that of four years ago. The following tabulation of capital stock and surplus items of Farr Alpaca will, in conjunction with the amount of dividends distributed, give some idea of the company's wonderful earning power:

	1912	1911	1910
Capital.....	\$2,400,000	\$2,400,000	\$2,400,000
Reserves.....	2,104,211	1,590,191	1,347,730
Dividends.....	576,000	576,000	576,000

In 1909 the reserve was \$1,247,151, and the dividends were \$1,680,000, including a 100 per cent stock dividend.

PARAGRAPH 370.

On wools of the third class and on camel's hair of the third class the value whereof shall be twelve cents or less per pound, the duty shall be four cents per pound. On wools of the third class, and on camel's hair of the third class, the value whereof shall exceed twelve cents per pound, the duty shall be seven cents per pound.

CARPET WOOLS.**BRIEFS ON BEHALF OF CARPET MANUFACTURERS—CARPET WOOLS.****The COMMITTEE ON WAYS AND MEANS:**

In view of the frequent and thorough discussions of the subject of carpet wools and carpets during the past few years, we will not again present the figures and statistics that have been presented in former briefs.

For a long time the American woolgrower was made to believe that the importation of wools of the third class displaced a like quantity of domestic wools. If the agitation of this question during the last few years has accomplished nothing more, it has certainly resulted in setting the American woolgrowers right on this question, and they, as well as our legislators, now understand that imported carpet wools compete with nothing produced in this country. This point may be summed up by the following quotation from the "Views of the minority," presented by Mr. Simmons, from the Committee on Finance, at page 33 of Senate Report 840, part 2, as follows:

"On the authority of the board it may be stated that the production of third-class wools in this country is so limited as to be a negligible quantity, and the necessity for protection may therefore be disregarded."

It follows, then, that if no carpet wools are raised in the United States, the duty levied upon them should be for revenue only.

Wools of the third class, as defined by all our tariff laws since 1867, are becoming scarcer every year as the semicivilized peoples who raise the native sheep learn to cross them with merino or English blood. This they are gradually doing all over the world, and the moment a trace of merino or English blood is found, the wool is at once taken out of third class and put into first class, and this change subjects it to a prohibitive duty.

Because of this growing scarcity the price of these wools is steadily growing, and the quantity of such wools coming into the United States at the high duty is rapidly increasing. This scarcity has been intensified because certain carpet wools were taken out of class 3 and put into class 1 when the Dingley law was enacted. These wools had always been classed as carpet wools, and were used for no other purpose, and since the reclassification referred to have not come into this country, with the result that the Government has been deprived of the revenue and the carpet manufacturer has been deprived of the wools. They have sold in the foreign market since the reclassification at lower prices than they brought when they were admitted to the United States as carpet wools, showing conclusively that their chief value abroad was as carpet wools.

If the committee concludes to establish more than one classification for all wools, we respectfully urge that wools of the third class, which under the Dingley law were

PARAGRAPH 370—CARPET WOOLS.

transferred to class 1, be restored to class 3. These wools are Bagdad, China lamb's, Castel Branco, and Adrianople or butcher's wool.

Wools of a coarse, strong fiber are needed for carpets. They are generally grown in cold climates or in semicivilized or barbarous countries. As civilization spreads to these countries it leaves its first mark on carpet wools, and the quantity grown everywhere decreases as the standard of living advances. The sheep are bred up by crossing the varieties whose fleeces command higher prices. For this reason the carpet manufacturers have long apprehended an ultimate shortage in wools suitable for their purposes. The growing deficit from other countries has only been partially met by the opening up of certain parts of China through improved transportation facilities.

It is absolutely necessary, and the carpet manufacturers should be allowed to draw from the markets of the world their supplies of wools, just as the manufacturers of worsteds and woollens are now permitted to do.

We therefore urge your committee to establish one classification for all wools.

The present duty on third-class wools being specific, with a dividing line in value, places a premium upon fraud and dishonesty, and we believe this has been the experience of our Government in administering the law. We are informed that a greater number of entries of third-class wool have been advanced and penalized than in first and second classes combined. How can it be otherwise when we know that dishonest importers, by undervaluing only a fraction of a penny per pound, escape an advance of 3 cents per pound in the duty? A saving of 3 cents per pound is equal to about 25 per cent on the cost of the wool.

If we had ad valorem duties no importer, however dishonest, would take the chance of a penalty by understating the cost of his wool, for the difference in the duty would be very slight. If his wool now costs him 12 cents per pound, he pays 4 cents per pound duty, but if it costs him $12\frac{1}{2}$ cents per pound, he pays a duty of 7 cents. On 1,000,000 pounds (which is but an ordinary purchase) this difference in duty would amount to \$30,000, quite a sufficient inducement for a dishonest man to attempt to defraud the Government; whereas if the wool cost him $12\frac{1}{2}$ cents per pound, and he paid an ad valorem duty, the difference in the amount of duty would be too small to be a temptation to undervalue.

Statistics show that the Government collects more revenue under an ad valorem duty on wools than it does under specific rates, and there is less undervaluing.

So it may be said of all classes of wool, that a specific duty per pound of wool in whatever condition it is imported, is as unscientific as it is unjust, and the only duty equally fair to the Government and the manufacturer is an ad valorem duty, for the condition and quality of the wool determine its value, and the ad valorem duty follows the value either up or down.

Where is the justice of assessing the same duty per pound on wool yielding only 40 pounds of clean wool out of 100 pounds in the grease, as on wool yielding 75 pounds of clean wool out of 100 pounds in the grease, thus practically doubling the duty per pound to the manufacturer who brings in wool yielding only 40 pounds?

England, France, and Germany admit all wools free, and with such a duty as now exists on carpet wools, it is plain to see under what a handicap the American carpet manufacturer labors when he competes in the markets of the world for his raw material. The dividing line in cost under our tariff places him absolutely at the mercy of his foreign competitor on third-class wools, and he is obliged to stand aside until the wants of the foreign manufacturers have been supplied. Our manufacturers can bid against them up to 12 cents, but there they must stop, or have an additional duty of 3 cents per pound charged against the purchase. An ad valorem duty would remove this restraint on business and result in increased imports of the better grades of carpet wools, thus insuring increased revenue to the Government.

If carpet wools are to be classified separately, a purely revenue duty could be placed upon wools of the third class, including the wools taken from this class in 1897, and which should now be restored, without doing the least injustice to any industry in the United States, and would result in cheaper carpets to the public.

Believing, however, as we do, that all sorts and conditions of wools should be available alike to all users of wools, we respectfully urge your committee to impose a flat rate not to exceed 20 per cent ad valorem on all wools. Such a duty would be scientific and at the same time would do equal justice to all branches of the industry.

We do not ask low duties on our raw materials and high duties on our manufactured products. We expect the duty on our manufactured goods to be reduced proportionately with any reductions made upon our raw materials, which, as the committee will understand, are not confined to wool.

We submit, however, that in the carpet industry the proportion of labor to the cost of production, as well as the skill necessary and the capital required, are not exceeded

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by any other branch of the worsted and woolen industry, and that carpet manufacturers should be given on their fabrics the maximum duty given any branch of manufacturers of wool.

In the manufacture of chenille floor coverings fully 75 per cent of the cost is for labor, and it may be said of all other woven floor coverings manufactured in this country that nearly, if not quite, one-half of the total cost is for labor.

The carpet manufacturers of this country have invested in the industry more than \$75,000,000, and employ more than 40,000 operatives, most of whom are skilled; the business has been singularly exempt from mergers, and there is not now, nor has there ever been, a combination or trust in the industry.

Respectfully submitted.

CHARLES F. FAIRBANKS,
Treasurer Bigelow Carpet Co., Boston, Mass.

GEO. MCNEIR,
Vice President W. & J. Sloane, New York City,
Committee on Behalf of the Carpet Manufacturers.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.:

On behalf of most of the carpet manufacturers in the country we beg to submit a few observations on the subject of third-class wools, commonly known as carpet wools.

Certain facts with regard to these wools stand admitted by all men with any knowledge of the subject, and are as follows:

No third-class wool is raised in the United States, and none has been raised here for many years.

That as no carpet wools are raised in the United States, the duty thereon should be considered for revenue.

That all carpet wools brought into the United States are used for making carpets and rugs, except a very small percentage, not to exceed 2 or 3 per cent, used for making horse blankets and felt boots; that a very trifling quantity, if any, is used in making clothing.

That wools of the third class, as defined by all our tariff laws since 1867, are becoming scarcer every year as the semicivilized peoples who raise the native sheep (from which carpet wools must come) learn to cross them with Merino or English blood. This they are gradually doing all over the world, and this at once takes the wool out of the third class and puts it in either first or second class.

That because of this growing scarcity the price of these wools is steadily increasing, and the cost of such wools coming into the United States at the present high duty is growing greater each year.

That the scarcity referred to has been intensified because certain carpet wools were taken out of class 3 and put into class 1 when the Dingley law was enacted. These wools had always been classed as carpet wools and were used for no other purpose, and since the reclassification referred to have not come into this country, with the result that the Government has been deprived of the revenue and the carpet manufacturer has been deprived of the wools. They have sold in the foreign market since the reclassification at lower prices than they brought when they were admitted to the United States as carpet wools, showing conclusively that their only value abroad was as carpet wools.

That the duty on these wools being in effect only a revenue duty (there being no industry of the kind in this country to protect), the duty is included in the cost of the manufactured goods and becomes a part of the price to the consumer. Any reduction of the duty on these wools would immediately result in lower prices on carpets and rugs.

The carpet business, which has invested in it more than \$75,000,000 and employs more than 40,000 operatives in normal times (mostly skilled), is still conducted in the old-fashioned way, and each manufacturer is independent of the other. There is not now, nor has there ever been, a combination or trust in the industry.

It is not our purpose to haunt the Halls of Congress, or importune the various members of the committee on this subject. We refer you to the arguments made before the Payne committee, which are as sound to-day as they were then, and which show, as we believe, that we are entitled to the relief we ask.

We do not ask for lower duties on raw materials and high duties on our manufactured products, for we expect the compensating duty on our manufactured goods to be reduced in the same proportion as the duties are reduced on our raw materials.

We presented to the Payne committee reliable and accurate figures showing how carpet wools are consumed, and that only a nominal percentage of the total imports

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can possibly be used outside of carpet and rug factories. These figures were secured at the request of the committee and have never been disputed.

The present duty on third-class wools being specific, with a dividing line in value, places a premium upon fraud and dishonesty, and we believe this has been the experience of our Government under the Dingley law. We are informed that a greater number of entries of third-class wool have been advanced and penalized than in first and second classes combined. How can it be otherwise when we know that dishonest importers, by undervaluing only a fraction of a penny per pound, escape an advance of 3 cents per pound in the duty? A saving of 3 cents per pound is about 25 per cent on the cost of the wool.

If we had ad valorem duties no importer, however dishonest, would take the chance of a penalty by understating the cost of his wool, for the difference in the duty would be very slight. If his wool now costs him 12 cents per pound, he pays 4 cents per pound duty, but if it costs him $12\frac{1}{2}$ cents per pound, he pays a duty of 7 cents. On 1,000,000 pounds (which is but an ordinary purchase) this difference in duty would amount to \$30,000, quite a sufficient inducement for a dishonest man to attempt to defraud the Government; whereas if the wool cost him $12\frac{1}{2}$ cents per pound and he paid an ad valorem duty, the difference in the amount of duty would be too small to be a temptation to undervalue.

Statistics show that the Government collects more revenue under an ad valorem duty on wools than it does under specific rates, and there is less undervaluing.

So it may be said of all classes of wool that a specific duty per pound of wool in whatever condition it is imported is as unscientific as it is unjust, and the only duty equally fair to the Government and the manufacturer is an ad valorem duty, for the condition and quality of the wool determine its value, and the ad valorem duty follows the value either up or down.

Where is the justice of assessing the same duty per pound on wool yielding only 40 pounds of clean wool out of 100 pounds in the grease as on wool yielding 75 pounds of clean wool out of 100 pounds of wool in the grease, thus practically doubling the duty per pound to the manufacturer who brings in wool yielding only 40 pounds?

England, France, and Germany admit all wools free, and with such a duty as now exists on carpet wools it is plain to see under what a handicap the American carpet manufacturer labors when he competes in the markets of the world for his raw material. The dividing line in cost under our tariff places him absolutely at the mercy of his foreign competitor on third-class wools, and he is obliged to stand back until the wants of the foreign manufacturers have been supplied. Our manufacturers can bid against them up to 12 cents, but there they must stop, or have an additional duty of 3 cents per pound charged against the purchase. An ad valorem duty would remove this restraint on business and result in increased imports of the better grades of carpet wools, thus insuring increased revenue to the Government.

A purely revenue duty could be placed upon wools of the third class, including the wools taken from this class in 1897, and which should now be restored, without doing the least injury to any industry in the United States, and would result in cheaper carpets to the public.

If it is thought best to fix a lower ad valorem rate on wools of the third class than on wools of the first and second classes, we respectfully ask that the wools of the third class, which, under the Dingley law of 1897 were transferred to class 1, be restored to class 3. These wools are Bagdad, China lamb's, Castel Branco, and Adrianople or butcher's wool.

We should be glad to furnish your committee with any information in our possession, to appear and answer any question propounded to us, and prepare, if desired, a schedule showing reductions on manufactured goods to correspond with any reductions made on raw wool.

Respectfully submitted.

CHARLES F. FAIRBANKS,
Treasurer Bigelow Carpet Co., Boston, Mass.,

GEO. MCNEIR,
Vice President W. & J. Stoane, New York City,

ROBERT DORNAN,
Dornan Bros., Philadelphia, Pa.,

ROBERT P. PERKINS,
President Hartford Carpet Co., Thompsonville, Conn.,

A. J. ABBOT,
Treasurer Abbot Worsted Co., Graniteville, Mass.,
Carpet Manufacturers' Committee.

PARAGRAPH 370—CAMEL'S HAIR.

CAMEL'S HAIR.

TESTIMONY OF J. J. CULBERTSON, CHAIRMAN INTERSTATE
COTTONSEED CRUSHERS' ASSOCIATION.

The witness was duly sworn by the chairman.

The CHAIRMAN. To what paragraph do you speak, Mr. Culbertson?

Mr. CULBERTSON. This embraces an argument on the matter of press cloth and its manufacture—

The CHAIRMAN (interposing). That comes under paragraph 382, cloth, does it not?

Mr. CULBERTSON. Under paragraph 370 of Schedule K, paragraph 378, and our contention more especially is paragraph 445.

The CHAIRMAN. This is not in this schedule; it is under "Sundries."

Mr. CULBERTSON. It is under "Sundries," but our contention is that it should not be placed under the paragraph in which the Government authorities have placed it.

The CHAIRMAN. Do you not think you had better come in when the sundries schedule comes up?

Mr. CULBERTSON. It relates to camel's hair, which comes under the woolen schedule.

The CHAIRMAN. All right. Proceed. You want to discuss camel's hair as well as press cloth?

Mr. CULBERTSON. Yes, sir.

The CHAIRMAN. Proceed.

Mr. CULBERTSON. As representing the Interstate Cottonseed Crushers' Association of the United States, and as reflecting as well, the general desire of the entire cottonseed-oil industry, I beg to submit for the consideration of your honorable committee the certain facts relative to present tariffs on materials for the manufacture of press cloth and on the finished article of press cloth.

Camel's hair and wool, which are used, either separately or in combination, in the manufacture of press cloth, are dutiable—when the value exceeds 12 cents per pound—at 7 cents per pound under Schedule K, paragraph 370 of the Payne-Aldrich law.

Hair press cloth—used to a very large extent in the cottonseed-crushing industry, as well as in the linseed and other oil-producing industries—whether made of camel's hair or other hair, or a mixture of such hairs and wool, is now dutiable, under present construction of existing law, under Schedule K, paragraph 378, at a rate four times the rate assessed on the wool or hair, and an additional ad valorem based on the value of the cloth.

The American industry of manufacturing press cloth used in the various oil-crushing industries is of some importance. As compared, however, with the magnitude of the cottonseed and other oil-producing industries, or either, it is of far less importance, either from standpoint of capital invested or labor employed.

Of the press cloth made in this country the cottonseed-oil industry is probably the purchaser and user of four-fifths, leaving the other one-fifth to the other oil-producing industries. The question therefore of the cost of press cloth is of four times the importance to the cottonseed-oil industry as to all the other industries in which it is used.

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The cost of American-made hair-press cloth has advanced in the past five years from an average of 61.6 cents per pound in 1908 to 66.06 cents in 1912. And the average cost to the cottonseed-oil mills of the South per ton of seed crushed has increased from 22 cents in 1908 to 30 cents in 1912, an increase of about 36½ per cent in this item of manufacturing expense.

During the last year there were produced 16,000,000 bales of cotton. From these there were produced, approximately, 8,000,000 tons of seed. It is estimated that of this 8,000,000 tons of seed about 70 per cent—5,600,000 tons—were crushed for oil-producing purposes. It is estimated that during the last year the cottonseed-oil industry used approximately 262,500 (making due allowance for the use by certain of the mills of press cloth made of other material) square yards of press cloth, all manufactured in this country. At the average weight of the American cloth per square yard, namely, about 8 pounds, this would represent 2,100,000 pounds of press cloth.

Inasmuch as only 3,693,542 pounds of camel's hair dutiable at 7 cents per pound—which grade of camel's hair is used in the manufacture of press cloth—was imported during the year, and counting the average 50 per cent waste from raw material in the manufacture of the finished cloth—claimed recently by American manufacturers as attending their operations—this could have made but 1,846,771 pounds of camel's hair press cloth. At 8 pounds per square yard, this would represent 230,844 square yards of camel's hair press cloth, assuming that all of the camel's hair of the class in question was used in the manufacture of press cloth. This assumption is probably incorrect, since some of the hair probably went into other fabrics for other purposes. The square yardage, therefore, of camel's hair press cloth produced from the amount of raw materials imported was 31,636 square yards, less than was required in the cottonseed-crushing industry alone (making the same allowance as above for the mills which use cloths made from other materials), to say nothing of the needs of the other industries in which hair press cloth is used.

From this it is clear that the oil-crushing industries in the United States—in view of the wastage claimed by the manufacturer—are not getting pure camel's hair press cloth, since there is manifestly not enough raw material imported to produce the quantity used in the oil-producing industries. It follows, therefore, that the American oil-producing industry, which pays 138 per cent more for its American press cloth—which is not made of pure camel's hair—than it could buy press cloth for from the English manufacturer, who guarantees that his press cloth is made purely of camel's hair.

What is said by the American manufacturer to be pure camel's-hair press cloth—but which, as a matter of fact and as shown by the figures above, can not be so—is selling in the American market to-day at \$5.60 per square yard. What is guaranteed by the English manufacturer to be pure camel's-hair cloth of similar tensile strength is at the same time selling at \$2.15 per square yard, f. o. b. Liverpool.

The duty on foreign-made press cloth, as the present law is constructed—we believe wrongfully—is practically prohibitive whether the press cloth is made of camel's hair purely or of admixtures of camel's hair with other hair or with wool.

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In view of all these facts the representatives of cottonseed-oil-producing industry feel that they are entirely justified in asking for the entire abolition of the duty on press cloth used in the oil-crushing industry, for the reason that they feel that a precedent has been established for such claim in the fact that silk bolting cloth "when used for milling purposes" is entered free, and is an evident instance of the intention on the part of Congress to foster and enlarge the manufacture of flour in this country. If, therefore, such is correct in one case, why is it not reasonable to ask the same consideration for our own business? We believe our industry should be placed on an equitable plane with others that are enjoying these advantages; and we think that such can only be accomplished by permitting the free entry of press cloth made of hair, wool, or any other material when used for milling purposes.

The contention that it is unreasonable for finished goods to have lower duty than that of the raw material is not necessarily a good one, because Congress has the power in its wisdom to place such duties as it sees fit; and especially on such articles as tend to increase the manufacture of American products in American factories; or where it benefits certain industries, as Congress has done in the case of bolting cloth for the milling industry, or in the case of agricultural implements and machinery which come in at 15 per cent ad valorem, while some other machinery not for agricultural purposes is taxed under Schedule C at from 30 to 45 per cent ad valorem.

The representatives of the cottonseed-oil industry do not believe that press cloth used in the oil-producing industry and made of hair of whatever description is dutiable, under a fair construction of the existing law, under paragraph 378. They do believe, per contra, that it is fairly dutiable, and was intended to be so dutiable, under paragraph 445, which specifies "hair press cloth" at 20 cents per square yard. There is no other press cloth used in any industry in this country which, so far as is known, is made of camel's or any other hair except that used in the oil-producing industry. The representatives of the industry, therefore, maintain that it was the original intention of Congress to admit "hair press cloth" made of any hair whatsoever at 20 cents per square yard. As showing the basis for this belief, we will hand to the stenographer, and respectfully ask the committee to print it in connection with our remarks, a statement showing the history of efforts to import into this country "hair press cloth," and secure its entry under paragraph 445, at 20 cents per square yard.

Reiterating the claim that we believe that the oil-producing industry of this country, and particularly the South, is as much entitled to free entry for the press cloth used in that industry for its milling purposes as is the distinctively Northern flour-milling industry entitled to free bolting cloth, the representatives of the cottonseed-oil industry suggest that if, in the wisdom of the Ways and Means Committee, there appears to be just reason for discrimination in favor of one industry and against the other, and if the committee does not see fit to give to the Southern industry of cottonseed-oil producing free press cloth, then certainly this much relief should be afforded the industry which is manifestly being discriminated against, namely, the ambiguity of the present law should be cleared up, and press cloth

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used in the cottonseed-milling industry should be specifically made dutiable at 20 cents per square yard, or its ad valorem equivalent. In the bill covering the woolen schedule passed by the Senate at the last session, it was proposed to include hair press cloth at 30 per cent ad valorem. This proposal was undoubtedly originally intended for afford the cottonseed-oil industry relief from the present prohibitive rate of duty on imported press cloth, this with the understanding—as is natural under the present construction of the existing law—that such press cloth is dutiable at 44 cents per pound and 50 per cent ad valorem. In view, however, of what the industry believes to be the fact, namely, that hair press cloth is entitled to entry under paragraph 445 at a duty of 20 cents per square yard, it is submitted that the proposal in the bill in question as it passed the Senate, instead of affording relief to the industry, would very materially increase the duty on hair press cloth if the existing law were properly construed.

The cottonseed-oil industry is not unmindful of the fact that the press-cloth manufacturing industry in the United States, while not comparable with its own in volume of business done or of capitalization represented, is, nevertheless, entitled to proper consideration. The cottonseed-oil industry recognizes, likewise, that if Congress should see fit either to entirely abolish the duty on press cloth used in the cottonseed-oil industry or to clear up the ambiguity of the present law and make the cloth dutiable at 20 cents per square yard, the result would be that the press cloth manufacturer—unless he has compensating reductions in his raw materials—would necessarily have to go out of business.

To that end, therefore, and in its desire to be fair to another American industry, the cottonseed-oil industry is prepared to heartily indorse any and all efforts on the part of press-cloth manufacturers in this country toward securing the entire abolition of duties on the raw materials used in the manufacture of the cloth, or, as an alternative, the lowest possible rate of duty thereon.

Mr. HARRISON. You desire to import hair press cloth at 20 cents per square yard. What is that ad valorem equivalent? Is it about 4 per cent?

Mr. CULBERTSON. It would be about 4 per cent.

Mr. LONGWORTH. Is there any article that you use in making your finished product that you do not want put on the free list?

Mr. CULBERTSON. If we confine ourselves to this particular article—

Mr. LONGWORTH (interposing). You were before the committee the other day asking for free trade on cotton, and I want to know whether you might come under the next schedule and ask for something else free?

Mr. CULBERTSON. If it is used in our industry, and we find discrimination has taken place, I think it is only right and just that we should endeavor to secure for our industry the same benefits that seem to be accorded to others.

Mr. LONGWORTH. You want every raw material that you use put on the free list, do you not?

Mr. HARRISON. Everything you manufacture is on the free list now, is it not?

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Mr. CULBERTSON. Everything; yes, sir.

Our contention in this particular case, sir, is based on an article that stands about the same with us as it stands with that particular industry which enjoys duty rates or free entrance of that particular material.

Mr. FORDNEY. Mr. Culbertson, the American farmer produces 60 per cent of all the short cotton consumed or produced in the world. We consume in the United States 25 per cent of the cotton consumed in the world, and while we produce 60 per cent of all the cotton that is produced in the whole world, we do not fear competition from any other part of the world. Therefore, that article is on the free list, and many of the by-products are there as well, because there is no competition. But the things which you use, the raw materials which you use, enter into the finished products, and you are asking for free trade on those things?

Mr. CULBERTSON. I do not think the case is a parallel case, because in our own particular business—and I speak of that because I pretend to know something of it—we feel if we are discriminated against, which we do feel in this particular case we are, why should we not be justified in asking at least to be placed on the same parity with our northern neighbors, or our northern manufacturers?

Mr. FORDNEY. Because their article is a competitive article, and the thing you produce is not. That is the difference between the two, in my judgment, and that is why I object to your plan for your finished product, when it is your raw material—

Mr. CULBERTSON (interposing). I will answer that, sir, by stating that European countries do manufacture cottonseed oil and European countries do manufacture other oils that come into this country free of duty the raw material in which same article is taxed. Oleaginous seeds come under a duty of 25 cents per bushel. Soy beans come under a duty of 45 cents a bushel, which is prohibitive, but the European countries from which those particular beans come are at liberty to make, and do make, soy bean oil that comes into this country and in competition with us.

Mr. FORDNEY. It has been the contention of our Democratic friends on that side of the House that when any industry in this country controls 60 per cent of the entire output it is a monopoly, and therefore when we produce 60 per cent of all the cotton seed produced in the world we certainly must have a monopoly in that industry, but you do not fear competition, then. I do not agree with my friends over there on that score, however.

Mr. CULBERTSON. I do not like that word, sir. It may partake of such, because we are so situated that, by virtue of the situation, we are able to raise this material, but the Lord knows that the foreign countries have endeavored to secure places in which to raise the same thing.

Mr. FORDNEY. And the Lord knows he did not provide the soil anywhere else for them except in the United States.

Mr. CULBERTSON. And that is the only reason they do not do it.

Mr. KITCHIN. You say you have not any competition in this oil production or in the sale of oil? Is it not a fact you have competition with every nation of the world, here and abroad, and that your oil price is fixed in the markets of the world in competition with the

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world, and that you can not charge the American consumer of oil a penny more than he could get it for in any other market of the world? The very minute you put it above the world's price, as fixed by the world's markets, that minute they will begin to come into this market and undersell you?

Mr. CULBERTSON. Yes, sir.

Mr. KITCHIN. And millions and millions of gallons of oil out of that other 40 per cent of cotton seed from Egypt and India are produced in other countries?

Mr. CULBERTSON. Yes, sir.

Mr. KITCHIN. Therefore, do you not meet the competition here and all over the world?

Mr. CULBERTSON. Absolutely, sir.

Mr. FORDNEY. With 60 per cent of all that is produced, you meet the other fellow, and you "raise Ned" with him, too.

Mr. CULBERTSON. Besides that, we produce in this country more cottonseed oil than we can really consume. Naturally we have to seek foreign markets, and in those foreign markets we come up against foreign tariffs, and in some instances prohibitive tariffs. As Mr. Underwood knows in relation to Austria-Hungary, there is absolutely a prohibitive tariff against American cottonseed oil.

Mr. FORDNEY. You run up against that abroad in foreign countries?

Mr. CULBERTSON. Yes, sir.

Mr. FORDNEY. Can you not compete with the other fellow abroad there?

Mr. CULBERTSON. We can not.

Mr. FORDNEY. But you do?

Mr. CULBERTSON. We do not. On American cottonseed oil we have no business with Austria-Hungary by virtue of the fact they have succeeded in keeping up that tariff, notwithstanding the promise that was made at the time our trade relations were fixed that the prohibitive tariff would be properly adjusted, which has not been done.

Mr. FORDNEY. Do you sell any of your products abroad?

Mr. CULBERTSON. At times; yes, sir.

I think you want to give the impression that we wanted everything in free that we use, and that in selling our goods we could dispose of them in any of the markets that we might see fit. But to show you some of the disadvantages under which the business labors, when we come into the European countries, American cottonseed oil is taxed for the purpose of protecting the home manufacturer of the oils that they make as against our own.

Mr. FORDNEY. I would like to help you in that respect, but I can not.

Mr. CULBERTSON. Somebody has to help us with the Austria-Hungary business.

Mr. FORDNEY. You will have to go to Austria-Hungary for it.

Mr. CULBERTSON. No, sir; we do not have to go there.

Mr. FORDNEY. The American Congress can not fix the rates of duties that Austria-Hungary charges you.

The CHAIRMAN. I understand your contention is this: Our friends over here, in writing the tariff, put on the free list the silk that the

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millers use to grind wheat with to make flour. He was going out to compete in the markets of the world with his flour. You are making cottonseed meal—

Mr. CULBERTSON (interposing). And oil.

The CHAIRMAN (continuing). And oil, and you ask that the same kind of a piece of cloth, except made out of a different material, be put on the free list so you can stand on an equality under the same circumstances?

Mr. CULBERTSON. That is my contention exactly, Mr. Chairman.

Mr. LONGWORTH. You are also asking that camel's hair be put on the free list?

Mr. CULBERTSON. I have not asked that.

Mr. FORDNEY. You would like to have it?

Mr. CULBERTSON. We are coming to it. I want to say we are not interested directly in free raw materials.

Mr. LONGWORTH. I think it is a good thing to ask for what you want, and all I want to know if there is anything else you do not want put on the free list.

Mr. CULBERTSON. As a Southern man, I think we would be entitled to it, after the 16 years of work that has been going on.

Mr. FORDNEY. Working to get a majority of the Democrats in Congress, you mean? [Laughter.]

Mr. CULBERTSON. Thank God, we succeeded. [Laughter.]

The CHAIRMAN. That seems to be all, Mr. Culbertson. You may be excused.

BRIEF IN SUPPORT OF THE CONTENTION OF THE COTTONSEED-OIL INDUSTRY THAT "PRESS CLOTH" IS PROPERLY DUTIABLE UNDER PARAGRAPH 445 AT 20 CENTS PER SQUARE YARD.

The contention that press cloth is properly dutiable under paragraph 445 of the existing law, regardless of the kind of hair of which it is made, was made in case 3894 of *Caldwell v. United States* in the United States Circuit Court, Southern District of New York, in 1905, wherein the decision of the Board of United States General Appraisers that such articles should come under paragraph 366 of the tariff act of 1897, on which duty was assessed at 33 cents per pound and 50 per cent ad valorem, was reversed.

Judge Townsend, in his decision, says:

"The merchandise in question consists of cloth made of hair adapted to be used in hydraulic presses. It is in fact a hair-press cloth. It is so known commercially and was so invoiced and sold. The Board of General Appraisers, however, apparently basing its decision upon evidence taken in another case as to other merchandise, adopted the language of their opinion therein and assessed the article at 33 cents per pound and 50 per cent ad valorem, under paragraph 366 of the act of 1897, as a manufacture of wool not specially provided for. The importers protested on the ground that the cloth was dutiable *eo nomine* as hair-press cloth at 20 cents per square yard under paragraph 431 of said act.

"The Government introduced no testimony in this case before the board. Paragraph 431 provides specifically for hair press cloth '*eo nomine*.' The construction given to these words by the board would seem to deprive their specific provision of all effect, inasmuch as the mats made of horsehair and cattle hair appear to be included under a separate designation. The assessment by the board would operate to impose an ad valorem duty on this cloth of between 300 and 400 per cent.

"The decision of the Board of General Appraisers is reversed."

Secretary of the Treasury Shaw ruled that if such cloth was made of horse hair, goat hair, other than Angora, alpaca, or mohair (which it was not) the decision was evidently correct. If the goods contain camels hair or dutiable goats hair of any description the decision in his opinion is incorrect and should not be followed.

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Issue was taken to this ruling by the attorneys for the plaintiffs in the following words:

"The statement that 'no case has thus far been presented to the United States circuit court on the hair press cloth issue' is incorrect. 'The hair press cloth issue' can only mean the classification under the tariff act of the well-known hair press cloth used in pressing oil seeds, which is composed of camel's hair or a mixture of camel and goat hair. The issue in the Caldwell case involved this kind of cloth. It was clearly presented to Judge Townsend that the cloth was made of camel's hair and goat hair and this fact was shown by the record, and not disputed. The opinion of the General Appraisers published by the Treasury Department, in T. D. 26489, stated this fact. Judge Townsend did not state what kind of hair it was, because it made no difference. As long as it was 'hair' of any kind, it was 'hair press cloth.' It might properly be said that the issue was to be presented again with new evidence, or with new argument, but it can not properly be said that the issue has not been presented. The provision for 'manufactures of wool not specially provided for in this act' is broad enough to include this hair press cloth, since it is defined by law as including manufactures of hair of the camel, goat, or other animal, but it only covers such manufactures when not specially provided for, and hair press cloth is specially provided for at 20 cents per square yard. It is absolutely immaterial whether the raw material was horse hair or common goat hair, which would be free in the raw condition, or Angora goat hair or camel hair which would be dutiable in the raw condition. They would all be included, if made into press cloth, at 20 cents per square yard."

Congress uses the word "hair" alone as including camel's hair in paragraph 410 of the tariff, which provides for hair pencils in quills or otherwise. The Secretary of the Treasury decided as far back as 1878 that the provision for "hair pencils" included camel's-hair pencils, with tin and wood handles or quill handles.

The act of 1909, under paragraph 423, reads:

"Brushes, brooms, and feather dusters of all kinds and hair pencils in quills or otherwise," etc. This indicates that the claim that the nature of the material surrounding any article *eo nomine* should partake of such like kind or nature is not well taken. A parallel is pointed out in paragraph 445 in the act of 1909.

When the Treasury Department acquiesced in the decision of the circuit court it did not attempt to differentiate between press cloth made of nondutiable goat hair, or goat hair subject to tax, as is shown in Assistant Secretary Reynolds's letter to the collector of the port at New York:

"The merchandise in suit consisted of cloth made of hair adapted for use in hydraulic presses, known as hair press cloth. Duties were assessed thereon as manufactures of wool, at the rate of 33 cents per pound and 50 per cent *ad valorem* under paragraph 366 of the tariff act of July 24, 1897. The importers protested, claiming the merchandise to be dutiable at the rate of 20 cents per square yard as hair press cloth under paragraph 431 of the same act, which claim was sustained by the United States circuit court in this case on the evidence presented.

"The Attorney General advises the department that no further proceedings will be directed in this case. You are therefore hereby authorized to forward the usual certified statement for refund of the duties exacted in excess in settlement thereof.

"It was only after the domestic manufacturers of press cloth began to besiege the department that the ingenious device of differentiating between various kinds of press cloth was discovered. For many years the department has accepted the principle that the most specific designation of the tariff shall govern the classification of any imported article, and the departure from that practice in this case shows a yielding to pressure on the part of the Secretary that is much to be regretted."

In the revision of the tariff act 1897, in 1909, paragraph 445, relating to hair press cloth carrying a duty of 20 cents per square yard, was passed by the House and referred to the Senate which inserted in that paragraph the words "any of the foregoing *not* composed of wool," which was stricken out in conference and the paragraph as originally made was passed. It was evident that the Senate committee desired to indicate that such "hair press cloth" was not to contain wool as accepted and as recognized in the act. The fact that in conference the clause was stricken out would indicate that it was intended that hair press cloth could contain wool or anything coming under the wool classification, and still belong to that paragraph. There is no other hair press cloth manufactured and commonly known to the trade as hair press cloth unless containing camel's hair or other hair; and no power can compel a manufacturer to make an article of any other material than that commonly used, even if it is inserted in a hair paragraph. It is *eo nomine* hair press cloth had been inserted in the

PARAGRAPH 371—WOOLS ON THE SKIN.

silk schedule, and nothing can change it, and we believe that the last revision intended to give it the benefit of the 20 cents per square yard duty, or else why were not the words "any of the foregoing not composed of wool" permitted to stand?

J. J. CULBERTSON,
Chairman Legislative Committee
Interstate Cottonseed Crushers' Association.

WASHINGTON, D. C., *January 27, 1913.*

PARAGRAPH 371.

The duty on wools on the skin shall be one cent less per pound than is imposed in this schedule on other wools of the same class and condition, the quantity and value to be ascertained under such rules as the Secretary of the Treasury may prescribe.

WOOLS ON THE SKIN.

**TESTIMONY OF PATRICK MCGRAW, ON BEHALF OF THE
MCGRAW WOOL CO., PITTSBURGH, PA.**

Mr. McGraw was duly sworn by the chairman.

Mr. MCGRAW. Mr. Chairman and gentlemen of the committee, I wish to say a few words in regard to wool on the skin business, in which we are interested, wool pullings, as it is usually called.

Under the present tariff we do not think it has a fair share of protection, so we hope in your bill you will take care of it a little better than it has been in the past.

We find that the pulling of wool here costs us about 7 cents per pound, and we know from information we have that this work can be done for half the cost in foreign countries. Consequently, in order to equalize things, we feel that we ought to have about 4 cents per pound differential in duty between the wool on the skin and the wool off the skin. We think that would equalize it. Now, if you fix an ad valorem duty it would depend a good deal on what the price of wools is abroad at this time. If the price of wools was high, of course a great deal less of an ad valorem duty would do than would be required if the price was very low; but, as I understand it, this bill may last for a good many years, and while wools are high abroad at the present time, we can not tell that they will always remain so. If the duty was such as to protect us at all times, it would need to be fixed on a comparatively low foreign price.

The CHAIRMAN. The bill in that particular will probably be written on an ad valorem basis. If you have any suggestions along that line, we will be glad to hear from you.

Mr. MCGRAW. We believe that an ad valorem basis has a tendency to create—

The CHAIRMAN. I do not mean to put the question to you as to whether it should be a specific or an ad valorem, but as to what it should be if it is on an ad valorem basis.

Mr. MCGRAW. If it is on an ad valorem basis on 20-cent wool, 20 per cent of a differential would be equal to 4 cents per pound. That is about the value of wools; but I have seen those wools sell for half that price, and if such a duty were levied on half that price, it would be only 2 cents.

Mr. LONGWORTH. Do you want to double your present duty?

PARAGRAPH 371—WOOLS ON THE SKIN.

Mr. MCGRAW. The present duty is only 1 cent a pound.

Mr. LONGWORTH. You want to quadruple it?

Mr. MCGRAW. We want to quadruple it.

Mr. LONGWORTH. You are a brave man.

Mr. MCGRAW. I am glad to have you say so.

Mr. FORDNEY. It takes a brave man to be honest, does it not?

Mr. MCGRAW. It does so.

The present duty is no protection whatever. The present duty of 1 cent a pound is more than offset by the fact that wools off the skin are tagged, and skirtings taken off, and imported in that condition. When we import on the skin we have to pay for everything, tags and skirtings and everything else, and that 1 cent is more than offset by the conditions under which we have to import it. We practically have no protection whatever at the present day.

Mr. HARRISON. Would you not be in a better position in that respect by the adoption of ad valorem duties?

Mr. MCGRAW. How do you make that out?

Mr. HARRISON. Because they rise or fall with the value of the article.

Mr. MCGRAW. They rise and fall with the value of the article, surely, but that does not help us any. When the article is high, we have a high protection, and that is the very time we do not need it. We need it worse when the article is low in the foreign countries.

Mr. HARRISON. But at any given specific time the ad valorem duty covers the difference of the value of the article when it is on the skin and when it is not on the skin.

Mr. MCGRAW. The cost of pulling remains the same all the time. For instance, when wool is worth 20 cents a pound and you have a 20 per cent ad valorem duty, you have a protection of 4 cents a pound. Suppose it is worth 10 cents a pound, and you have a 20 per cent ad valorem duty, you have only 2 cents a pound protection. If the difference is only 4 cents, then we only have half enough protection against our foreign competitor.

Mr. HARRISON. You do not have to go to foreign sources to discover the cost of production, because the market price will afford a basis of the assessment of the ad valorem duty, and that will rise or fall with the market, and will cover the difference of the wool when pulled and when on the skin.

Mr. MCGRAW. The man we have to contend with is the foreign wool puller. It costs him 4 cents a pound less to do that labor than it does us. Consequently, whether wool is high or low, that labor cost is very little different per pound. The labor cost remains practically the same. That is the reason an ad valorem duty is not as good as a specific duty, unless you make that ad valorem duty high enough, and we have all the protection we need when the article is very low, and then we have entirely too much when it is very high.

I have taken the item of tops, and I have seen 40 tops selling at 6.5 pence, and I have seen them selling at 18.5 pence. In other words, the fluctuation abroad is greater in price. This specific tariff that we had here had a tendency to steady prices in this country. Our fluctuations have not been as great as those abroad. The

PARAGRAPH 371—WOOLS ON THE SKIN.

fluctuations are the worst feature about this whole business, and anything that will prevent fluctuations will be a benefit to the whole industry.

The CHAIRMAN. Are there any further questions?

Mr. PALMER. What do you mean by the expression "all the protection we need?"

Mr. LONGWORTH. He is a brave man.

Mr. MCGRAW. I mean protection enough to cover the difference in the cost of production here and abroad. That is the protection we need. If we are to compete with the foreign wool puller, we feel that the protection needed is such as to enable us to equalize the difference in the cost of doing the work here and abroad.

Mr. PALMER. Just the difference in the labor cost at home and abroad?

Mr. MCGRAW. No, sir; not the labor cost. It is a fallacy to talk about the labor cost. All your items enter into that. It costs you more for money, it costs you more for your factory, and it costs you more for everything you do in connection with it. The labor cost in our factory is less than half of our expenses, but all of those expenses are double what they are to the man on the other side, and all of those expenses must be taken into account if you want to equalize the thing as it should be equalized.

Mr. PALMER. What is the present ad valorem equivalent of the specific rate on the articles you are talking about?

Mr. MCGRAW. On to-day's market price, 20 per cent ad valorem would be the equivalent of what I am asking for; but if the prices are lower, it would not be that; if they were higher, it would be more than that.

Mr. PALMER. Would 20 per cent equalize the difference in the cost of the production of these articles?

Mr. MCGRAW. Yes; 20 per cent on 20-cent wool is equivalent to 4 cents.

Mr. PALMER. Would that be sufficient in your judgment?

Mr. MCGRAW. That is what we would require.

Mr. FORDNEY. Based on to-day's price?

Mr. MCGRAW. Based on to-day's price. Of course, those prices are high to-day. Of course, we do not know what the prices will be in the future, as there may be a break a year from now or two years from now.

The CHAIRMAN. That is all.

Mr. MCGRAW. Another item that we are interested in is that of tops. We make tops as well as pulling wool, and in your last bill I think your differential on tops was only something like 6 per cent ad valorem. That would not anywhere nearly equalize the difference between making tops in this country and making them abroad. Of course, the present duty on tops is entirely too high, and is not at all necessary. The one that was included in the last bill would not be anywhere nearly high enough.

The CHAIRMAN. The Tariff Board report happened to confirm our rate on tops.

Mr. MCGRAW. They confirmed your rate?

The CHAIRMAN. Yes, absolutely.

PARAGRAPH 371—WOOLS ON THE SKIN.

Mr. HILL. Let me see if I understand you correctly, Mr. McGraw. Your idea is that the duty on wools on the skins should be 80 per cent of the duty on wools off the skins?

Mr. MCGRAW. It should be 4 cents a pound.

Mr. HILL. Well, it would be 80 per cent. If this bill should be written on an ad valorem basis, I understood the chairman to ask you what ad valorem you would suggest on wool on the skin.

Mr. MCGRAW. Well, in this bill—

Mr. HILL. It would be eight-tenths of the wool duty—20 cents a pound.

Mr. MCGRAW. Suppose it was 30 per cent, as it practically was in the last bill—29 per cent—then, what I would ask for would be that the duty on the wool on the skin would be only 10 per cent, a difference of 20 per cent in the two prices. That is, if it was going to be an ad valorem duty; if it was to be a specific, the difference I ask for would be 4 cents per pound.

The CHAIRMAN. That is all, Mr. McGraw.

PITTSBURGH, PA., *January 21, 1913*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Top making as a distinct and separate part of the worsted industry is growing in this country, as it has done in England. Here in the past almost all of the processes of making worsted goods have been housed in the same mill and under the same management. Lately there has been a growing tendency to take advantage of buying top for special uses, and this has given rise to the industry. In England top making is almost entirely a separate industry and is in the hands of several great concerns. If we wish to build up a top-making business in this country, we must be protected from the competition of the great English mills, who can manufacture their top at a much lower figure.

In the present Payne-Aldrich tariff top is not specifically mentioned as such, but is assessed as manufactures of wool not specially provided for and is given a duty equal to three times the duty on the raw wool plus an ad valorem charge of 50 per cent. This, of course, simply prohibits the importation of English top into this market, but does not by any means give the American manufacturer the margin that is apparent on a superficial reading.

As a matter of fact the profits in the business are very close on account of the hard domestic competition. At the present market price of 40's top in Bradford, about 15d., the above duty would equal about 49 cents, or almost as much as the top is bringing in this country. However, as stated, the present duty simply serves to exclude the foreign manufacturer and leaves our market open to domestic competition.

While the rates of last bill look excessive they are, as is seen, misleading, but they do not, nor can they benefit the home top maker any more than to give him his home market. In the bill passed at the last special session of Congress, known as the Underwood-La Follette bill, top was allowed a differential of only 6 per cent over wool, which, at the present values of 40's top in England, means only about 1½ cents per pound. This is absolutely insufficient to protect the American manufacturer, and if enacted into law would allow his English competitor to drive him from the business. We admit that the rates of the last bill in regard to top are much larger than are necessary and could stand quite a reduction, but a differential of at least 4 cents per pound is absolutely essential to the continued success of the industry.

The price of making low top in England does not amount to over 4 cents per pound, whereas in this country the charges are at least 7 cents, and as the grades become finer the difference increases. In a separate brief relating to the wool-pulling industry, we have shown where the difference in costs arises, and this is, of course, true to even a greater extent in the present case.

In order to arrive at an ad valorem charge, which will take care of this difference, we must bear in mind the fluctuations of the English market, and the prices of the different grades. It must be remembered, too, that when prices are low competition becomes keenest, and protection is most needed.

PARAGRAPH 371—WOOLS ON THE SKIN.

The Bradford market has shown a wonderful range of prices, 40's top having been as low as 6½d. and 7d. in 1901, 8½d. in 1908, and reached the very high price of 18¾d. in 1906. From the above it is seen the present price of 15d. is very high and would not make a proper basis for figuring, as it is not a normal time. Assuming that the average price of such top is 10 d., it would require a duty of 20 per cent to equal the 4 cents which we claim. However, in asking you for a duty of 20 per cent on top we do not wish to place ourselves on record as being in favor of an ad valorem method of levying duty charges. This system can be of little value to those who must depend upon the tariff for protection, since under it protection is least when most needed, namely, in a period of low prices, and most when prices are high. Besides, one of the great drawbacks of the wool business has been a speculative element, due to the violent fluctuations of the commodity. With an ad valorem scale of duties this would be greatly increased. A specific duty tends to stabilize prices, as is witnessed by the fact that fluctuations of wool and its manufactures are much less here than in free-trade England. In our estimation specific duty should be levied on a scoured basis with specific differentials added as the product is carried further forward in the manufactured state.

In view of the above facts, and principally because top making, as a separate part of the worsted business, may be really termed "an infant industry," which, as such, is having a very precarious existence and is yielding but small profits, due to intense home competition, we reassert that it is badly in need of a protection such as will exclude our foreign competitor from our market, as we are denied his, or such, at least, as will minimize the advantages he undoubtedly possesses. This being the case, we recommend this industry to your kind consideration and trust that it will receive at your hands the treatment its importance and present status call for.

Yours, very truly,

P. MCGRAW WOOL CO.,
PATRICK MCGRAW, *President.*

PITTSBURGH, PA., *January 21, 1913.*

Committee on Ways and Means, House of Representatives, Washington, D. C.

GENTLEMEN: In our present brief we wish to draw your attention to that part of Schedule K relating to wool on the skin, a subject which we believe has never received proper consideration. The wool-pulling industry in this country is comparatively small and is practically in the hands of the large packers, who handle pretty nearly all the sheep killed here. Their only competitors are a few small pullers who buy the take-off from the small butchers of their neighborhood, and ourselves, and a few others, who, owing to the restricted home supply, are forced into the foreign market for our raw material.

Here it is that we come into direct competition with the foreign puller, with whom we are not on an equal basis under existing conditions. Thus it happens that he is able to absolutely control that market and to buy its entire output. The percentage that we are able to procure for import to this country is so small that it is hardly felt by the foreign concern. In Mazamet, France, the industry has grown to immense proportions, and that one town does almost twice as much in this line as does the whole United States.

In 1910 there were imported into Mazamet about 120,000,000 pounds of skins and shipped out about 55,000,000 pounds of wool. The pulled wool production of this country is estimated at about 30,000,000 pounds. We believe that a more equitable adjustment of the duties on wool on the skin would result in a large increase in the industry in this country.

We maintain that the present differential of 1 cent per pound between wool shorn from the sheep and wool on the skin is not sufficient, and we shall try to prove that it should be at least 4 cents. We find that when our plant is running to its capacity the cost of pulling is 20 cents per skin, and considerably more than this when our production is reduced. This does not include interest on capital, which is equivalent to 5 cents per skin additional, making the total cost of pulling 25 cents. This work in England does not cost half of this amount and is still cheaper in France, where the work is largely done by women, who receive 45 cents per day as against two to three dollars paid men in our own factory and elsewhere in this country. Thus in France and England the cost is from 12 to 15 cents per skin less than here. As the average amount of wool per skin will not exceed three pounds, covering the whole year from shearlings to full-wooled skins, it requires a differential of at least 4 cents per pound to place the wool pullers of this country on an equal footing with their foreign competitors.

PARAGRAPH 373—SHODDY.

In discussing the cost of production here and abroad, it is frequently stated that it is only necessary to take into account the difference in the cost of labor entering into the production of the article. This we think is not a fair view of the matter, as not only labor, but also every other item that enters into the cost of production is higher here than elsewhere. This is true of every single item, such as interest on capital and on borrowed money, rents, salaries, machinery, repairs, buildings, etc. Buildings and machinery would not cost over half there what they do here, and as the Continental puller does not have to pay duty on his raw material, the difference in the cost of pulling above referred to is conservative. The present differential of 1 cent per pound is more than offset by the fact that wool imported on the skin contains tags and skirtings, whereas all tags and skirtings are removed from wools imported off the skin, so that under present tariff the wool puller has no protection whatever.

Trusting that we have been able to throw a little light on a subject long unjustly treated, and that you will give it the attention it deserves when it comes before your honorable body, we are,

Very truly, yours,

P. MCGRAW WOOL CO.,
PATRICK MCGRAW, *President*.

PARAGRAPH 372.

Top waste, slubbing waste, roving waste, ring waste, and garnetted waste, thirty cents per pound.

See National Association of Wool Manufacturers, page 4191; Francis Willey & Co., page 4250.

PARAGRAPH 373.

Shoddy, twenty-five cents per pound; noils, wool extract, yarn waste, thread waste, and all other wastes composed wholly or in part of wool, and not specially provided for in this section, twenty cents per pound.

SHODDY.**TESTIMONY OF CHANNING SMITH, ON BEHALF OF THE VALLEY WOOLEN MILL AND THE CHAPEL MILLS MANUFACTURING CO., CHERRY VALLEY, MASS.**

The witness was thereupon duly sworn by the chairman.

Mr. SMITH. Mr. Chairman and gentlemen of the committee, I have hesitated to come here and talk on the matter of shoddy, and I shall hesitate to take your time to-night very long, but I have prepared a brief, which I would like to read.

The undersigned, proprietor of the Valley Woolen Mill and treasurer of the Chapel Mills Manufacturing Co., Cherry Valley, Mass., representing 18 sets of cards, with 460 looms and a capital of \$400,000, presents the following brief in regard to the tariff rates in paragraphs 373, 374, and 478 of Schedule K of the tariff act of 1909.

To qualify as a petitioner of some judgment in the matter, will state that the undersigned is the third generation of his family in the woolen business, having begun active work in the mills at 18 years of age, a graduate of the Philadelphia Textile School, and operates up-to-date mills—as well-equipped low-grade mills as there are in the United States, and mills with as low legitimate labor cost as any.

We manufacture cotton-warp shirtings and low-grade suitings, using, I am frank to say, shoddy, that much-abused ingredient of many lines of goods. I think "wool substitute" would be a more dignified name to us.

The public can never bring themselves to the point of believing that shoddy in its best sense is a godsend to them and without it we would all go more scantily clothed from the cradle to the broadcloth-covered box of our last earthly house, the grave.

PARAGRAPH 373—SHODDY.

Our business is on an active home competitive basis and I ask for the right to maintain an existence, to conserve our capital invested, and to keep at their present level the wages of our employees without jeopardizing it with a low ad valorem duty.

Our products, the lower grade of goods, I maintain, carry a larger percentage of labor cost than the most expensive goods and should have an equal, if not greater, measure of protection against the cheaper labor of England and the still cheaper labor of Germany, than the more expensive grade? These countries can still give us lessons in the manufacture of low-grade goods. As to the duties to be assessed upon our raw materials under paragraphs 373 and 374 of the tariff act of 1909, I believe they should be specific and materially lowered, as they are the by-products of other industries and do not represent the principal product of those industries. As to the duty to be assessed upon our finished product under paragraph 378m, I feel that there being such a great chance of undervaluation, the best experts being unable, I believe, to judge the value of such imports, within a range of 5 to 10 cents per yard on goods running in value to from 15 to 50 cents per yard.

I ask that whatsoever duty be determined upon, be so assessed as to prevent undervaluation, and would urge a specific duty of at least 55 per cent above that on raw materials. If a straight specific duty is not adopted, then I ask that part of the duty be made specific at a square-yard rate on goods valued at not more than 40 cents per pound. My idea in asking for part of the duty specific at a square-yard rate or a compound rate is for two reasons: First, to protect our labor and insure our mills a reasonable profit; second, keep out of the United States the not bad, but rotten, stuff for clothing we saw imported under the Wilson bill of 1893. I have said above, Germany and England can still teach us in the manufacture of low-grade goods, and I repeat this statement to impress the fact that their low-grade stuff is made from the lowest grades of stock—lower than we can use, owing to their ability in handling it, making a slightly, but tender piece of goods. I take pleasure in submitting samples, not only of shoddies, but manufactured goods.

I take pleasure in submitting samples of shoddy and ready-made garments. I come here, Mr. Chairman, in an educational way, if I can, as well as in an instructive way, regarding duties on our class of goods.

I believe that the matter of shoddy is not understood by the people of the United States. I do not think they know what it is. I have a couple of mystery boxes here. I do not want the members of this committee to feel that I am appearing here in a spirit of antagonism, but I believe there is not a member of this committee, either Republican or Democrat, who can choose from among the samples a sample of wool that is contained in these specimens. I would like to submit these samples. I have prepared these samples for the information of the committee, and I would like them to see them.

The CHAIRMAN. Do you want to leave them with the committee? If you do, we will take pleasure in examining them. Of course, we recognize that there is shoddy and then there is shoddy.

PARAGRAPH 373—NOILS.

Mr. SMITH. Well, Mr. Chairman, I know there is shoddy and shoddy, but certain grades of shoddy can not be used, and is not used in this country in making cheap stuff.

Mr. FORDNEY. If you use good raw material you can make good shoddy, but if you use cheap rags, you can not make good shoddy. Am I right about that?

Mr. SMITH. You are right about that, I suppose; yes, sir.

Mr. FORDNEY. Sir?

Mr. SMITH. I say you are right about that, sir.

Mr. FORDNEY. Thank you.

Mr. SMITH. There have been certain samples shown here to-day. I have a suit of clothes here, a boy's imitation worsted suit, which retails for \$1.98.

The CHAIRMAN. Is that all wool?

Mr. SMITH. No, sir, there is not any wool in it at all. [Laughter.] I have here a pure Democratic shirt, with a Princeton label on the yellow and black, and there is not a pound of wool in it, and I maintain that shirt is good enough for anybody to wear. In fact, I am having some made for my own boys to wear at school now.

The CHAIRMAN. What is it, cotton?

Mr. SMITH. Cotton warp with a shoddy filling. These shirts retail from 75 cents to \$1.50 apiece. There is one there [indicating] that is as good a shirt as there is for anybody to wear.

The CHAIRMAN. We will give consideration to those. Is there any further question, gentlemen? [No response.] That is all.

NOILS.

TESTIMONY OF EBEN S. STEVENS, OF WEBSTER, MASS.

The witness was duly sworn by the chairman.

Mr. STEVENS. Mr. Chairman and gentlemen of the committee, I appear before you asking that the articles represented in section 373 of the present tariff and section 374 be placed upon the free list. I think I shall occupy but a very few moments. Much of what I have to say will be simply supplementary to what Mr. Bennett said, and I shall refrain from touching upon wool for the reasons that I have specifically designated the articles that I wish to call to your attention in favor of the free list.

This schedule is so complex it might well be divided into five different sections or schedules: First, I should say wool; second, worsted or combed wool goods; third, carded all-wool goods; fourth, knitted fabrics; and, fifth, popular price men's and children's wear goods, made from wool substitutes.

Under division 5 are goods made up from by-products of all of the first four subdivisions, and are both cheap and substantial, to the working classes giving weight and warmth at low cost.

I refer you to the report of the Tariff Board, volume 1, page 72, for an explicit statement of this fact. And as this is a lateral question under the discussion of wool and woolen goods, and as you may find difficulty in appreciating all that is meant by this discussion, I want

PARAGRAPH 373—NOILS.

to say to you gentlemen that I appear before you in a suit of clothes of our own production. It was not a selected piece, not a specially made piece, but taken at random from the goods that were passing through our finishing room a few days ago. If you desire, and with your permission, I would be very glad to send this suit of clothes to the committee, in order that in considering these sections you may have a specific sample before you as to what we do accomplish with wool substitutes.

This class of manufacturers ask for a change in paragraphs 373 and 374 to free entry of all these by-products, namely, noils, wastes, and rags. We ask this primarily, that we may have access to the world's markets for material which has been, except under the bill of 1894, prohibited by excessive protection; and at the same time to prevent the wide fluctuations in prices due to the control of the market by domestic producers and manipulators.

During 1912 there were exported 22,000,000 pounds of woolen rags to Europe, while an import duty existed equivalent to an average duty of 100 or more per cent. I might say incidentally there that the decrease in the price of these articles of merchandise in England was such that the English mills were stimulated to operate, many of them, night and day, while our raw material was taken from us.

Since 1909 one-quarter blood noils have fluctuated 78 per cent, while B super wool varied 37 per cent. This is a matter I emphasize very strongly to show you the wide fluctuation in the price of our raw material, due to excessive protection and hampering us in producing goods that we desire to produce.

The effect of these fluctuations is still better shown by the fact that on December 10, 1909 (this date was simply obtained by accident from memoranda made at that date), there were idle 1,279 looms within 20 miles of the city hall in Worcester, where this industry centers; and to-day of that number 891 have been permanently abandoned and broken up, and since 1904 no new mill or machinery has been established in this line.

A duty on by-products protects the fabric by cheapening the net cost of raw material of the high-grade goods, while enhancing the cost of the fabric of which the by-product becomes the raw material. This will be vigorously combatted by all who produce those by-products, but every argument they put forth only makes more evident their desire to retain the profit or advantage to their by-product and continue to hold the purchaser in their iron grip, as they have in the past.

Figures will doubtless be presented to show that noils have sold or do sell here as cheaply as in England, but such conditions are exceptional, just as the export of American rags to England in recent years is exceptional and furnishes no lasting basis for tariff building.

There is no question that, were it not for the natural and praiseworthy tendency to conserve "by-products" the cost of clothing to our humble citizens might lead to their arrest through indecency.

Furthermore, those substitutes on the free list in no wise disturb the revenue because the present prohibitive tariff has closed our ports to them for half a century. I call attention again to the tariff report, volume 1, page 75.

PARAGRAPH 373—NOILS.

Should it be argued that free substitutes are an injustice to taxed wool—I am simply supposing that there may be taxed wool—we can only reply that the injustice would not equal what we have labored under for the last half century, with prohibitive duties on the by-products.

And again, no adjustment of tariffs as between the different branches of the cloth trade would induce the opulent consumer to purchase a suit of workingmen's clothes—such as I wear—while any favors in tariff building in favor of the workingmen would be keenly appreciated.

Should your study of this complex problem lead you to grant this petition you may feel called upon from a revenue standpoint to classify imported goods in such a way as to prevent undervaluation. You could easily find a line of demarcation at 50 cents value per square yard, below which the duty might be less than above it if there existed a difference in the duty on raw materials.

The experience under the bill of 1894 was that raw materials in this line in England were greatly enhanced to the British manufacturer when American buyers appeared there, and after the first importation of their goods to this country the quality was so much inferior in strength of fabric that the trade returned to the well managed American mills, with the result that fair prosperity resulted.

Gentlemen, I trust I have made myself clear upon this question.

Mr. LONGWORTH. There is only one point I am not sure about. Do you think that these by-products should be put on the free list, regardless of whether the duty remains on wool or not?

Mr. STEVENS. I leave that to the committee to decide.

Mr. LONGWORTH. Well, are you asking for free wool?

Mr. STEVENS. I am not discussing the question of free wool.

Mr. LONGWORTH. Suppose the duty is left on wool, would you still desire that these products should come in free?

Mr. STEVENS. Yes, sir.

Mr. LONGWORTH. I will ask you another question. What is the factory's cost of your suit of clothes?

Mr. STEVENS. What is the factory cost?

Mr. LONGWORTH. The factory cost.

Mr. STEVENS. About \$2.10 worth of cloth in the goods, I am told.

Mr. LONGWORTH. What do you sell it for?

Mr. STEVENS. We sell it for 60 cents a yard.

Mr. LONGWORTH. What do you sell the suit of clothes for?

Mr. STEVENS. We do not sell the suit of clothing; we sell the yard goods.

Mr. LONGWORTH. I thought you told us the suit was made in your factory?

Mr. STEVENS. It was made of the cloth made in our factory. I may not have been explicit in that respect.

Mr. LONGWORTH. \$2.60?

Mr. STEVENS. \$2.10.

Mr. LONGWORTH. Is that the value of the cloth?

Mr. STEVENS. That is the cost of the cloth in the suit, I am told.

Mr. LONGWORTH. What does that suit retail for?

PARAGRAPH 373—NOILS.

Mr. STEVENS. I am told—this is only hearsay—that it retails for \$7.50.

Mr. HILL. What percentage of wool—I do not mean shoddy, or waste, or noils, or rags, or anything of that kind—but of all wool, is in that suit of clothes?

Mr. STEVENS. About 15 per cent of raw wool.

Mr. HILL. What percentage of shoddy?

Mr. STEVENS. I could not tell you the exact percentage. The classifications under the paragraph that I mention include shoddy, and they all come in together as substitutes.

Mr. HILL. Do you know what the percentage of cotton is?

Mr. STEVENS. There is no cotton introduced into these goods in the manufacture. In the use of the by-products there may have been a small percentage that could not be eliminated except by carbonization, and in this suit—this piece of goods—the carbonization was not resorted to, and there may be not to exceed 4 per cent of cotton.

Mr. HILL. But there was no intention to put in cotton?

Mr. STEVENS. No intention whatever.

Mr. HILL. Then it would be either wool or wool substitute?

Mr. STEVENS. Yes.

Mr. HILL. You think these substitutes should go on the free list?

Mr. STEVENS. I see no reason why they should not.

Mr. HILL. If they were put on the free list—I am not expressing an opinion here as to whether they should be or not—if they should go on the free list, and if wool should go on the free list, in either case, whether they both or only one of them went on the free list, what do you think would be the proper duty on the cloth?

Mr. STEVENS. Forty per cent in excess of whatever duty was put onto the raw material.

Mr. HILL. Forty per cent in excess?

Mr. STEVENS. Yes.

Mr. HILL. If it was free your duty would be 30 per cent?

Mr. STEVENS. Yes.

Mr. HILL. Then you are just 20 per cent different in your ideas from the bill that was adopted by the House at the last session.

The CHAIRMAN. Do not take the gentleman's statement as representing the position of this end of the committee.

Mr. HILL. I do not propose to be called upon, Mr. Witness, by the chairman or anyone else to verify by facts and figures, and to produce the papers, to substantiate any question which I ask the witness. We might as well understand that. The bill first passed at the last session carried 20 per cent on wool. It was modified and carried the 29 per cent as it went to the President. I will ask you—

The CHAIRMAN (interposing). I hope the gentleman will allow me to state my position.

The gentleman is correct in his statement that the bill carried 40 per cent on cloth, 20 per cent on raw material, but this end of the committee contends that 1 per cent of the ad valorem rate that the duty going into the raw material, one-half of the duty levied on the raw material only counted against the finished product, and the manufacturer really got 30 per cent protection.

PARAGRAPH 373—NOILS.

Mr. HILL. I have not the slightest idea in asking you, Mr. Stevens—for I know you are an experienced and competent manufacturer—to go into the mysteries of the duty. I want to know what, in your judgment, should be the duty on the finished product of that class of goods, which, I take it, at a foreign valuation, would be less than 50 cents a pound.

Mr. STEVENS. Yes, sir.

Mr. HILL. What should be the duty on that class of goods coming into this country, provided wool substitutes were free?

Mr. STEVENS. The same duty that was imposed under the Wilson bill.

Mr. HILL. Yes. Now, then, I would like to ask you this other question: Would you be willing, as a manufacturer of that class of goods, to have the bill now pending in Congress providing for stamping and marking the contents of the cloth to become a law, as to the contents, as to the ingredients, or the materials from which it was made?

Mr. STEVENS. I do not think it would make any material difference.

Mr. HILL. You would not have any objection to that bill becoming a law?

Mr. STEVENS. I do not know that I should.

Mr. HILL. And you would not have any objection to requiring that the import of the foreigner should be stamped before it was received in this country as to the quantity of shoddy or by-products that were in the wool, and how much was pure wool?

Mr. STEVENS. I do not know that I should have any objection.

Mr. LONGWORTH. You stated that according to your best information the suit of clothes you have on would retail for about \$7.50. Now, suppose wool was on the free list and by-products went on the free list, what do you think would be the retail price of it?

Mr. STEVENS. It would be impossible for me to tell.

Mr. LONGWORTH. You have some idea?

Mr. STEVENS. I have never gone into that question. It would depend on a great many different things.

Mr. LONGWORTH. Of course that is true, but at least you ought to have some idea as to how much the consumer would be benefited.

Mr. STEVENS. The cost would either be undoubtedly less, or the cloth would be very much superior. We are now very much hampered to obtain the proper facilities or raw material to form a blend which will produce the best results.

Mr. LONGWORTH. You are not prepared to say, then, that free wool would make any substantial decrease in the retail price?

Mr. STEVENS. I think it would affect either the price or the quality.

Mr. LONGWORTH. I am confining my question entirely to the price. Are you prepared to say how much that would be reduced, if it would be reduced at all—the retail price—how much the retail price would be reduced?

Mr. STEVENS. I am not prepared to answer that, because I do not know anything about the position that dyestuffs would take under a new bill.

Mr. LONGWORTH. Assume that the present chemical bill would be passed.

PARAGRAPH 373—NOILS.

Mr. STEVENS. I am not familiar enough with it to discuss it.

Mr. LONGWORTH. I think Mr. Harrison can give you that information; it would be a reduction of about 50 per cent.

Mr. STEVENS. I could not answer that question. It is too complex. It is a hypothetical question, which always puts a witness in a hole.

Mr. LONGWORTH. I do not intend it at all as a hypothetical question. I am merely asking it from you as an expert on values, as to what, in your judgment, the taking of the duty off of wool and the placing of the by-products on the free list would have on the retail price?

Mr. STEVENS. I am a competent manufacturer, but not an expert on values.

Mr. LONGWORTH. Then you are not prepared to say that it would reduce the price?

Mr. STEVENS. Beyond a doubt it would.

Mr. LONGWORTH. It would certainly reduce the price, you think?

Mr. STEVENS. I do.

Mr. LONGWORTH. Well, then, to what extent?

Mr. STEVENS. I can not say as to that.

Mr. LONGWORTH. Would it reduce it to \$5?

Mr. STEVENS. I can not say.

Mr. LONGWORTH. \$6?

Mr. STEVENS. I am not expert enough to solve such a complex problem; it is dependent upon too many different conditions.

Mr. LONGWORTH. You think it would reduce the price somewhat, but you have no idea how much?

Mr. STEVENS. No, sir.

Mr. FORDNEY. Mr. Stevens, what class of raw material is that class of goods made of? Is it what we call live or new wool or from rags, shoddy—this \$7.50 suit of clothes?

Mr. STEVENS. I do not know that I understand your question.

Mr. FORDNEY. I want to be simple and am. What material is that cloth made out of that you have been talking about—that suit that retails at \$7.50?

Mr. STEVENS. It is made out of as many of the by-products that are mentioned in this section as we are able to obtain.

Mr. FORDNEY. Principally rags, is it?

Mr. STEVENS. No, sir.

Mr. FORDNEY. What then?

Mr. STEVENS. Noils, thread wastes, various articles that are mentioned there, and for shoddy, entirely new rags.

Mr. FORDNEY. And so that if the duty was less on wool and rags put on the free list the poor man can buy more clothes made out of rags?

Mr. STEVENS. No, sir; he can buy goods that have more of the better by-products. We shall not be forced to use as many of the lower by-products but can use more of the higher by-products. It is the high products that are controlled.

Mr. FORDNEY. Mr. Stevens, if I am correct in my information, of which I have not the figures here, but it is in my memory, rags were on the free list from 1894 to 1897, and the importation of rags greatly increased, and far exceeded then the importations now at 10 cents

PARAGRAPH 373—NOILS.

per pound. Those rags went into the production of clothes for the use of American people, did they not?

Mr. STEVENS. Undoubtedly.

Mr. FORDNEY. Whereas to-day a better material is going into cloth?

Mr. HARRISON. At that time the duty was 15 per cent ad valorem.

Mr. FORDNEY. Rags, I am speaking of. Fifteen per cent ad valorem as compared with 10 cents per pound is not a very wide difference.

Is it not true that the present rate of duty of 10 cents per pound practically prohibits the importation of rags, and that the American people are getting a better class of goods than they did when there were more rags imported?

Mr. STEVENS. My experience would lead me to say no.

Mr. JAMES. Just let me ask you whether or not as a manufacturer of cloth you would have any objection to a bill that requires cloth to be stamped as to whether it has a shoddy in it at all, and whether you would favor a bill that requires clothes that were reimported to be so stamped. I was just wondering whether or not you would have any objection to stamping on the cloth the amount of tariff the consumer is paying, so that he will be thoroughly advised.

Mr. STEVENS. I do not think so, sir.

Mr. LONGWORTH. What would you put on that suit?

Mr. STEVENS. I do not carry that in my mind, sir.

Mr. LONGWORTH. No; but you agree with Mr. James.

Mr. STEVENS. I only agree to this extent, that whatever is done generally, what is the general custom, any custom which affects the whole trade alike is going to be no injury to the individual.

Mr. FORDNEY. What rate of duty would you stamp, then, on these 16 samples set forth in the Tariff Board report, on which they say the duty is 184 per cent, but the benefit that the manufacturer is getting is about 69½ per cent? What rate of duty would you stamp on that class of goods, the rate fixed in the law or the difference the consumer pays over the foreign cost?

Mr. STEVENS. I have not seen the samples.

Mr. JAMES. I imagine you would stamp on that, if that were true, why the manufacturer wanted 184 per cent protection.

Mr. FORDNEY. To establish the industry which that rate of duty did, enabling them to compete with the foreign manufacturers and lower the cost of the article to the American consumer.

Mr. JAMES. That is the only article that I ever heard of that your tariff ever lowered.

The CHAIRMAN. That is all.

Mr. LONGWORTH. One more question.

Mr. HILL. I would like to ask another question.

Provided the duty on that sort of cloth was made 40 per cent, as you say you think it should be—I state you correctly, do I not?

Mr. STEVENS. Yes, sir.

Mr. HILL. Do you think the same rate of duty ad valorem should be made on cloth that is worth \$1.50 to \$2 a yard?

Mr. STEVENS. I am not discussing that; I am not here prepared to answer. I am not prepared to make any comparison between my goods and anybody's else. I have been confining my attention to my own line of goods.

PARAGRAPH 373—NOILS.

Mr. HILL. And you do not make any high-grade goods?

Mr. STEVENS. No, sir.

Mr. HILL. You have no opinion on that, whether the duty should be more or there should be a graded system?

Mr. STEVENS. I leave that to somebody else.

Mr. HILL. I know; but you are a manufacturer of large experience, and I asked the question thinking I would get an expression of your judgment on that question.

Mr. STEVENS. I have no judgment on it, sir, because I have no experience in that line.

Mr. LONGWORTH. Do you know what that suit of clothes would sell for in England?

Mr. STEVENS. No; I have no idea.

Mr. LONGWORTH. You have no idea at all? Do you know what the cloth would sell for?

Mr. STEVENS. No.

Mr. LONGWORTH. Do you know how the factory cost would compare with your factory cost?

Mr. STEVENS. No, sir.

The CHAIRMAN. That is all.

The following brief was filed by the witness:

Relating to raw material—

(1) To enable manufacturers to produce better goods at same price or less for the benefit of the consumer and enlargement of the trade.

(2) There have been no importations under 373 and 374 because of prohibitive duties. (See Vol. I, p. 72, of the Tariff Board report.)

Paragraph 378. Goods changed to 40 per cent guarded against false or under valuation.

Same as bill of 1894.

LETTER AND PETITION FILED BY HON. WILLIAM J. BROWNING, OF NEW JERSEY.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., January 17, 1913.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: My attention has been called, by the firm of Eavenson & Levering, of 217 Atlantic Avenue, Camden, N. J., to a discrepancy in the present tariff law with regard to noils which they are desirous of having brought before your committee, in the belief that it is only necessary to bring the matter to the attention of the committee in order to obtain proper readjustment.

Noils, as you know, are the short fibers removed from combing wool in the operation of combing and contain a great deal of dirt and vegetable matter. Our business consists very largely of carbonizing these noils, thereby removing all vegetable defect, such as shives, burrs, etc., and rendering the noils fit for use in fine felts, ladies' and children's underwear, hosiery, and woolen dress goods.

In the operation of carbonizing the noils lose in weight from 10 to 30 per cent, and in some cases even higher than 30 per cent. The present law calls for a duty of 20 cents per pound on noils regardless of whether the noils are imported in the original or carbonized states. This appears to us to be a weakness in the present law, for the principle of imposing a greater tax on clean stocks than on stock containing grease, dirt, etc., has been clearly established in paragraph No. 366 of the present act. This paragraph recites:

"The duty on wools of the first class which shall be imported washed shall be twice the amount of duty to which they would be subjected if imported unwashed; and the duty on wools of the first and second classes which shall be imported scoured shall be three times the duty to which they would be subjected if imported unwashed.

PARAGRAPH 873—NOILS.

The duty on wools of the third class, if imported in condition for use in carding or spinning into yarns, or which shall not contain more than eight per centum of dirt or other foreign substance, shall be three times the duty to which they would otherwise be subjected."

The principle applied to wool in this paragraph of the present act should apply to noils, for the situation is exactly parallel. There appears to be no reason for permitting a clean, carbonized noil to enter at the same rate of duty as a grease noil.

A failure to recognize the principle that the clean stock should bear a heavier duty than the stock containing vegetable matter, dirt and grease, will induce all importers to bring in carbonized noils in preference to noils in the original state and in this way a considerable portion of the duty is evaded.

Noils will shrink in the process of carbonizing on the average of 20 per cent and their value is increased to the amount of shrinkage plus the cost of the operation of carbonizing, which cost in England is about one and one-quarter pence or 2½ cents and in this country is about 3½ cents per pound. The average price of noils in this country is about 35 cents per pound.

We do not desire to put ourselves on record as advocating any special duty on noils; but we do claim that our business is entitled to protection, at least to the extent that we can afford to maintain our present standard of wages.

The duty of 20 cents per pound on noils in the present act does not admit of the importation of noils in either the original or carbonized states; but the provision of 20 per cent as provided in the Underwood bill which recently passed the House, or 25 per cent as provided in the La Follette bill as passed by the Senate, or 29 per cent as provided in the conference bill as passed by both the Senate and House of Representatives, and vetoed by President Taft, will permit of enormous importation of noils. None of these bills made a provision for a higher duty on carbonized noils than on noils in the original state and, consequently, all of the noils which would be imported will be carbonized noils and on this basis it is inevitable that our plant must close down.

Yours, very truly,

WM. J. BROWNING.

[Petition.]

CAMDEN, N. J., December 31, 1912.

HON. WILLIAM J. BROWNING,
House of Representatives, Washington, D. C.

DEAR SIR: We, the undersigned employees of Eavenson & Levering, Camden, N. J., engaged in the business of scouring, carbonizing, and combing of wool, and being voters in the first district of New Jersey, earnestly request that you use your influence to prevent the enactment of legislation prejudicial to our interests.

We feel that the passage of a bill with provisions as severe as the recent Underwood bill will certainly close the plant in which we are employed. A condition which deprives us of our occupation or which renders impossible the maintenance of our present standard of wages we hold to be an injustice, and we appeal to you for support and consideration.

Yours, very respectfully,

A. L. ROHMER
(and 213 others).

BRIEF OF W. WOLF & SONS, BOSTON, MASS.

BOSTON, MASS., February 20, 1913.

The Hon. OSCAR W. UNDERWOOD,
Chairman the Ways and Means Committee, Washington, D. C.

DEAR SIR: We beg to call your attention to one paragraph in the existing tariff act, which is causing importers of cotton waste considerable expense and trouble. We are referring to paragraph No. 373, reading as follows:

"Noils, wool extract, yarn waste, thread waste, and all other wastes composed wholly or in part of wool, and not specially provided for, 20 cents a pound."

This same provision was in the Dingley tariff of 1897.

This paragraph is applied on importations of cotton waste arriving over here, which at times contain a small percentage of thread waste made from shoddy rags and other cheap substitutes for both cotton and wool coming from the mungo mills in Europe.

PARAGRAPH 373—NOILS.

Every cotton and woolen appraiser in the customs department knows for a certainty that this stock can not either as a whole or in any part be used as wool waste or as a substitute for wool waste. This stock is used in the manufacture of wiping waste—that is, waste for cleaning engines and machinery, and bought by railroads, machine shops, and other similar industries. The value of the material is about 4 cents per pound when any of these mungo threads are in the material, and about $4\frac{1}{2}$ to $4\frac{3}{4}$ cents when the stock is all pure cotton, free from mungo threads, so you can see that the presence of these mungo threads in the material is a detriment. It is impossible, however, to sort these mungo threads out, and it is equally impossible for the mills who make this waste to keep the pure cotton separate from the mungo, as the stock is merely a refuse of yarn from their weaving department. The stock can not be shoddied and used for spinning purposes, as the staple on it is too short, but the appraisers say that on account of paragraph No. 373 they have no choice, but must assess duty at the rate of 20 cents per pound, which is, approximately, 500 per cent of the value of the stock.

If the mungo threads are discovered early enough in the material, the stock can be reexported; that is, if it has not left the custody of the Government. If it should have left the custody of the Government when the mungo threads are discovered, the importer is forced to pay the outrageous duty of 20 cents per pound on a material which is worth 4 cents a pound. This material, being of such low value, is handled in Europe in a rather careless way; that is to say, the people who collect it from the pants factories there can not afford to waste much time and energy on a careful examination of it to see whether it is pure cotton or whether there are some mungo threads in it, and it is practically impossible to get the stock free from mungo threads at any and all times. In other words, the importer buys cotton waste in good faith and expects cotton waste and instead of this may receive a sprinkling of mungo threads and other material, without having any recourse on the party from whom he buys it.

We do expect slight variations in quality in our business, as we are not handling the product of factories, but solely the refuse of these factories, and the refuse in all factories is handled more or less carelessly, notwithstanding the fact that it has a certain value.

The difference in the price of material which is free from mungo and that which contains mungo is not very big, and one might overlook an occasional shipment which contains some mungo threads, as far as the quality of the stock is concerned, but the hardship is caused by the customs officials assessing a duty of 20 cents per pound on the material.

There have been several decisions under this act. One was merchandise composed of $91\frac{1}{2}$ per cent cotton waste and $8\frac{1}{2}$ per cent wool waste. This material was found dutiable at 20 cents per pound under T. D. 21409. In another case (T. D. 26519) sweepings from cotton and wool mills containing not more than 1 per cent of wool sweepings, of no commercial value as wool, were assessed 20 cents by the customhouse, but after several years' litigation the importers recovered the duty paid.

We ourselves had a case last fall where a shipment of 130 bales arrived here. We expected it to be pure cotton waste—had sold the stock and gave orders to have the stock weighed and shipped. One car was loaded by the railroad company and shipped, when it was discovered that there was some of this mungo material in it. We tried to get the one car back from the railroad company, but it had already left Boston, but we gave immediate orders to hold the rest of the stock on the dock. The car eventually came back to Boston under the original unbroken seals, but at first permission was denied us to export this car, as it had technically left the custody of the Government. After considerable negotiations with the department in Washington we finally, through our attorneys, secured permission to export the merchandise. All of it was exported except two bales, which, apparently, were lost or stolen from the dock, and we had to pay about \$400 duty on these two bales, notwithstanding the fact that we never got any of the bales. The expense of handling this matter and getting the goods back to Europe was over \$1,000 on an importation which was worth not quite \$4,000 to start with.

Now, it seems to us that Congress never intended that cotton waste, costing about 4 cents, should be subjected to this provision of law, and we believe the matter has never been properly presented to your committee. It seems to us that the paragraph should read as follows:

“Noils, wool extract, yarn waste, thread waste, and all other wastes composed wholly or in chief value of wool, and not specially provided for.”

Then the customs officers would realize that this material is meant to be admitted free of duty, and there is no doubt in our minds at all but that no manufacturers, importers, exporters, dealers, or consumers of wool waste would have any objections to

PARAGRAPH 374—WOOLEN RAGS.

having this material admitted free of duty, as it is known, bought, and sold as cotton waste, and does not enter into the manufacture of anything which is known as wool waste.

The Government does not derive any revenue from this article, as the duty is absolutely prohibitive, and when an importer finds that he has received a shipment of this kind the only thing he can do is to strain every effort to get permission to re-export the merchandise, and we respectfully recommend this matter to your careful consideration.

Yours, respectfully,

W. WOLF & SONS,
OTTO BACHMANN,
Assistant Manager.

PARAGRAPH 374.

Woolen rags, mungo, and flocks, ten cents per pound.

WOOLEN RAGS.**TESTIMONY OF SMITH E. ALLISON, ON BEHALF OF THE GENERAL ROOFING MANUFACTURING CO., YORK, PA.**

Mr. Allison was duly sworn by the Chairman.

Mr. ALLISON. Mr. Chairman and gentlemen of the committee, it seems that the business which I represent is what is left over after you get through with all the rest of the gentlemen here.

We believe that when a large business interest has a request to make that the most successful way would be to lay the facts before the proper authorities and show the merit of our request, and then hope for effective action.

Therefore we wish to advise that the manufacture of felts for our line of business requires a tonnage of rags which the United States can not supply in sufficient quantities, and the present laws governing importation of rags suitable for this purpose are so restricted that we can not bring in enough of the foreign rags available. The duty prohibits the importation of the best grades of rags for use in the manufacture of roofing and saturating felts, because the highest price paid for rags used for this purpose in the history of the business is 1½ cents per pound, and even this price has only obtained once in a period of 10 years. It can be seen from the chart attached, showing the fluctuation in the price of rags used in making roofing and saturating felts, that this average high price was reached last October. You will also note from the attached chart the remarkable fluctuation in the average price of rags used for this purpose during the past several years. You will note that the fluctuation in price shows a remarkable range during each of the years shown in the chart. This unusual fluctuation in the price of raw material is due to the fact that not enough rags are available in the United States to supply the roofing and saturating felt manufacturers, as above stated.

We attach a classification of rags under which we do our buying as far as possible, and the better classes of the rags specified in this classification can not be brought in from other countries. There are large quantities of rags collected in European countries which should be used in making felts and which contain wool, and which can not be imported into the United States for the manufacture of roofing and saturating felts on account of the duty on it of 10 cents per pound. If these rags could be imported into the United States, it would enable the manufacturers to increase their production and distribution of

PARAGRAPH 374—WOOLEN RAGS.

their products to a considerable degree, and at the same time enable them to make a better product than they can now do with the cotton rags they are permitted to import duty free. You will readily see that our line uses rags which are not usable for any other purpose and which are not good enough for other lines. We practically take the refuse in rags, and when rags are good enough for other purposes they are much too expensive to be used in our line.

The manufacture of roofing and saturating felts started in this country, and practically all of the material of this nature manufactured is made in the United States, there being only a few small manufacturers of these materials located in foreign countries. As the law stands to-day, we are permitted to import only soft cottons, and the European market is cleaned of these lower-grade rags because of the American demand, and the European manufacturer is left undisturbed in possession of all the best-grade rags, so that he will soon build up his little business and surpass our American manufacturers, who have done all the experimenting and paved the way to the successful use of these goods throughout the world. There are at least seven roofing or felt manufacturers in the United States exporting these lines, and some of them export to all well-known countries and should remain in possession of this trade, which has been started at great expense.

Germany bids fair to become very active in this line, and we have recently received overtures to accept German financial backing and manufacture our goods in Germany, not only for the German trade, but for shipment from there throughout the world. Under the present law the foreigner is going to get much more encouragement for his manufacture for foreign markets on account of these conditions than the American can get. We think this is wrong.

As the tariff act now reads, woolen rags, mungo, and flocks are assessed at 10 cents per pound, while all other rags not otherwise especially provided for and used chiefly for paper making come under the free list.

No rags for our line can pay such a duty, so none are imported which are subject to duty, for our purpose, so this proposed change in the law will not reduce the revenue.

To meet these conditions it would seem that the tariff act relating to rags should be so amended as to allow such rags as used in the manufacture of felts and paper be admitted free, and that could be done by amending the present Payne tariff law as follows: Eliminating from section No. 374 the words "woolen rags" and "flocks"; also eliminate from section No. 644 the following "(other than wool)"; with no change necessary on article No. 660.

Therefore it appears to us that it would be fair and proper if the law could be changed so that any rags, which will be used in our line of business and which cost not more than 2 cents or 3 cents per pound—if such restriction is desired—shall be permitted to come in free of duty instead of as the present law stands, which practically admits soft cottons only. It is our understanding that the reason duty is assessed on rags containing wool is due to the desire to protect shoddy clothing manufacturers in the United States, as shoddy clothing is made from old wool garments broken down and shredded,

PARAGRAPH 374—WOOLEN RAGS.

and woven into new cloth. We are told that rags containing less than 50 per cent of wool do not warrant the shoddy manufacturers breaking them down and converting them into shoddy cloth, because this is done by chemical processes which destroy entirely all of the material other than the wool which they contain, the loss on which makes the process prohibitive.

The rags only contain a very small per cent of higher-grade stock, and after assortment it leaves the foreign manufacturer with the higher-grade stock and we get the lowest grade of rags, and we need the other grades to use in connection with the low grades received.

Our information is that a law changed as suggested above would give us a very substantial increase from the collectors in the foreign field, as little manufacturing is done in our line in any foreign countries. Germany, England, and France are just producing in a small way in these lines, as above stated. We should have a fair show to hold the trade we have started in all foreign fields.

There is one particular feature that we would like to place before the committee prominently, and that is, that the United States is not receiving any revenue on this class of rags now, and never will as long as a tariff is on them, so that their permitting roofing rags to come in free of duty will not cut the Government out of any revenue, and will undoubtedly benefit anywhere from perhaps 20 to 50 manufacturers of this line of material and the people of the United States as well.

We therefore respectfully submit the above for your consideration, and if you find it consistent to remove the duty from rags containing wool we believe that you will be doing the manufacturers of these materials in the United States, and the whole people of the United States, a valuable service.

The CHAIRMAN. The clothing made out of these rags is all-wool clothing, is it?

Mr. ALLISON. I do not know whether it is or not, but, as I understand it, clothing can not be made out of them.

The CHAIRMAN. You can not tell?

Mr. ALLISON. No; but I am sure no clothing can be or is made out of them.

Mr. HARRISON. Mr. Allison, the present rate of duty upon rags is 10 cents a pound?

Mr. ALLISON. For that class of rags with more than 10 per cent wool.

Mr. HARRISON. There is but a small amount of it that comes in, which works out at about 32 per cent ad valorem. The committee is in favor of having a lower rate if we would get a good deal of revenue. Suppose the committee did not wish to put it on the free list, what would be the figure you would suggest at which these rags should be imported?

Mr. ALLISON. They would not be imported at all.

Mr. HARRISON. Do you think under 20 per cent duty—

Mr. ALLISON. It would be impossible.

Mr. HARRISON. That would still be prohibitive?

Mr. ALLISON. Absolutely.

Mr. HARRISON. At 3 cents a pound?

PARAGRAPH 374—WOOLEN RAGS.

Mr. ALLISON. It would be just sufficient to cut us out of that line of business entirely.

Mr. HARRISON. Suppose we adopted a 10 per cent rate?

Mr. ALLISON. It would not stand a cent.

Mr. HARRISON. That sounds a little unreasonable.

Mr. ALLISON. I believe, when you consider the price of 1 cent to a cent and a half per pound, we are paying now, it does not sound unreasonable.

Mr. HARRISON. A 10 per cent ad valorem duty on rags worth 3 cents per pound is three-tenths of a cent per pound, is it not?

Mr. ALLISON. That is sufficient to kill it. This business is not coming in now, and it will not come in unless it is free.

Mr. KITCHIN. Rags would be as cheap here as anywhere in the world if a 10 per cent or a 5 per cent duty would be prohibitive.

Mr. ALLISON. They are.

Mr. KITCHIN. Then, what do you want them to come in free for?

Mr. ALLISON. Because we want more. It is not a question of price. It is a question of quantity.

Mr. HARRISON. Do we not have a large export trade in rags?

Mr. ALLISON. No, sir.

Mr. HARRISON. You are certain about that?

Mr. ALLISON. I am very certain.

Mr. HARRISON. We do have export?

Mr. ALLISON. Not in rags.

Mr. HARRISON. Not in rags?

Mr. ALLISON. No, sir.

The CHAIRMAN. Some of the witnesses testified that there were large exports.

Mr. ALLISON. Not in that class of rags.

Mr. FORDNEY. I think the statistics showing exports show they do have protection on your finished product, roofing, do they not?

Mr. ALLISON. Not that I know of.

Mr. FORDNEY. What sort of roofing do you make? Where, in the tariff law, is your finished product found?

Mr. ALLISON. It is not found there at all. I do not think it is classified there at all.

Mr. FORDNEY. Paragraph 371.

Mr. KITCHIN. How much of a tariff do you want on your finished product?

Mr. ALLISON. I am not asking for anything in that respect at all.

Mr. KITCHIN. You are willing to have those go on the free list, are you?

Mr. ALLISON. Yes.

Mr. LONGWORTH. Is your product roofing felt?

Mr. ALLISON. That is one of the raw products, yes, sir; but it is roofing when it is completed.

Mr. FORDNEY. But the material is roofing felt out of which you make your tar paper?

Mr. ALLISON. No: asphalt roofing.

Mr. FORDNEY. What is the roofing felt?

Mr. ALLISON. That is one of the bases.

Mr. FORDNEY. There is a duty of 10 per cent on that?

PARAGRAPH 374—WOOLEN RAGS.

Mr. ALLISON. Coming in?

Mr. FORDNEY. Yes.

Mr. ALLISON. I have not looked that up.

Mr. FORDNEY. That is one of your products, and you ought to look that up when you ask for free trade on your raw materials.

The CHAIRMAN. I understood him to say he had no objection to his finished products being put on the free list.

Mr. FORDNEY. Yes; because they have competition abroad and do not have it here.

Mr. ALLISON. Either way. We are willing to fight it either way with or without 10 per cent protection on felt. We have more competition here than most any other business I know of. We did not look to see if we had protection on roofing because we were willing to compete with the world on it, but we don't want the world to have an advantage over us on rags.

Mr. FORDNEY. When that article is used in the manufacture of clothing it comes into competition with wool, and goes into clothing that is called the poor man's clothing, and that cheap grade of clothing goes to a man at a low price. Of course, that is an imposition upon him in many cases. I have felt that this prohibitory duty on rags is a mighty good thing for the poor people of this country, because they are getting a better class of clothing than they would if they were getting more goods made out of those rags.

Mr. ALLISON. No; these rags have no bearing whatever on clothing. They are not used for the manufacture of clothing, as we understand it. It is refuse after everything else is taken out. They will not come in with a tariff, and you will not lose any revenue by having them come in, if they are made free. They can not be made up into cloth or anything else; it is utterly impossible. As I stated in this brief, when there is less than 50 per cent of wool, as we understand it, it does not pay the man who makes the shoddy clothing to break those rags down. After that they will become worthless for any other purpose but ours.

The CHAIRMAN. How do you classify your rags as against wool rags that a manufacturer will import and make clothing out of? How do you differentiate between the two?

Mr. ALLISON. Well, I do not know what they would call theirs. I am not conversant with their class of rags. I do not pay any attention to theirs; but ours are called roofing rags. They are absolutely the refuse after everything else is sorted out of them that can be used for any other purpose.

The CHAIRMAN. Do you think if we would designate them as "roofing rags" in the bill that the customs officials would understand and distinguish between them and the others?

Mr. ALLISON. Very easily. There is a big wide gap there that could not be mistaken.

The CHAIRMAN. That is all.

Mr. FORDNEY. If you could designate them as "roofing rags," and enact some law that would prohibit their use for clothing, that would be one thing.

Mr. ALLISON. It would be impossible to use them for clothing.

Mr. FORDNEY. They use them in shoddy by blowing them into the web?

PARAGRAPH 374—WOOLEN RAGS.

Mr. ALLISON. Not that grade of rags.

Mr. FORDNEY. They can blow anything?

Mr. ALLISON. No; not that. They can not do it with those rags as we understand it.

Mr. FORDNEY. All right. Thank you.

The CHAIRMAN. That is all.

No. 2. Pants, coats, vests, mixed linsies, seams, stockings, shirts, large cotton rags, and women's garments.

The above shall be dry and clean, and free from old papers, felt boots, hats, corsets, suspenders, oilcloth, matting, leather, rubber, gunny, bagging, canvas, mackintosh clippings, window shades, rope, strings, pasted stock, wood, stones, metal of all kinds, and any and all materials unsuitable for the manufacture of paper.

No. 3. Linings, rag carpets, and small cottons.

The above shall be dry and clean, and free from old papers, felt boots, hats, corsets, suspenders, oilcloth, matting, leather, rubber, gunny, bagging, canvas, mackintosh clippings, window shades, rope, string, pasted stock, wood, stones, metal of all kinds, and any and all materials unsuitable for the manufacture of paper.

No. 4. Brussels and hard-back carpets.

The above shall be dry and clean, and free from old papers, felt boots, hats, corsets, suspenders, oilcloth, matting, leather, rubber, gunny, bagging, canvas, mackintosh clippings, window shades, rope, strings, pasted stock, wood, stones, metal of all kinds, and any and all materials unsuitable for the manufacture of paper.

No. 5. Tailor rags.

The above shall be dry and free from metals, tin cans, wood, glass, bottles, ashes, bones, stones, excelsior, shoes, window shades, leather, corsets, suspenders, hats, and not to contain to exceed 10 per cent of old papers.

From and after this date (July 10, 1908) all orders for rag stock will be specified by grade and classification as above.

In the event that shipments do not conform to grades specified and the classification as stated herein, the stock will be accepted and used at the value of the actual grade shipped as indicated above, but any bale containing stock of lower grades will be accepted only at the classification of the lowest grade packed therein.

When stock of an inferior grade is shipped, and that fact is apparent without opening packages, notice will be promptly given by our receiving departments in order that an examination may be made by shippers. We can not, however, agree to hold shipments of inferior grades for adjustment, assorting, or reshipment, as our warehouse facilities and unloading platforms are of such limited capacity that it is impossible to store defective goods sent us. We want only the grades ordered and of the classification stated herein, but when shippers send us other grades than those specified we require that settlement be accepted on the basis of the grades stated herein. Bales containing prohibited material as mentioned above will not be accepted at any price.

Should stock shipped us, which appears to be of grade billed, prove, on opening the packages, to be of an inferior grade, we reserve the right to charge and collect the difference in value when the defect is discovered.

Marks: It is necessary that each shipment, and every package of each shipment, be tagged with a distinguishing mark, in order that it can be positively identified on arrival at the mill. Such marks should be clearly noted on each invoice.

Invoices: Separate invoices, accompanied by bill of lading, should be rendered invariably for each consignment, or carload, with notation of order number, marks, total number of packages, grade and total weight and car number, and a list of weights of each grade.

Shippers of stock must assume all risk of loss or delays when invoices, bills of lading, and marks are not sent us as requested above.

On and after July 10, 1908, this classification cancels all former classifications.

PARAGRAPH 374—WOOLEN RAGS.

BRIEF OF THE NATIONAL ASSOCIATION OF WOOL FIBER MANUFACTURERS.

Granting that such a thing as free raw material must be accepted as a concrete expression, "woolen rags" come as close to such a definition as any material that is used as a basis for manufacture. It is a well established axiom in political economy that with a protective duty on a raw material, the article of manufacture made from this raw material must carry a compensatory duty to offset the tax on the raw material before the manufactured article can be said to enjoy any tariff protection.

And yet in section No. 2, H. R. bill 11019, "woolen rags" the raw material are classified with the manufactured products "shoddies, wool extracts, and mungoes," which are made from woolen rags, and all raw material and manufactured products together are set down at 20 per cent ad valorem.

Whether woolen rags require any duty at all considering that a large exportation to all parts of Europe is now going on, we will leave to your judgment; but we do know that wool shoddies, wool extracts, and mungoes need more than 20 per cent ad valorem, unless you want to close our factories down and import the inferior European shoddies.

On account of an erroneous statement made by the Tariff Board last year, to the effect that "shoddies," or "pulled rags," were being exported to England, we then corresponded with the United States consul at Bradford, who consulted Government officials, harbor masters, dealers, and manufacturers of England; they all deny that such was a fact. Incidentally, a Mr. Fox, who deals in this class of materials in England as well as in the United States, states in his letter that "exportation of American shoddies to England is impossible, because he knows that it costs twice as much to pull rags here from what it does in England." (See Exhibit A.)

Exhibit B is taken from the Government census of 1909 (the latest census that was available to us), showing that with the number of shoddy mills declining from 105 in 1899 to 88 in 1909, and no two combining, domestic competition regulated matters so that their invested capital of \$6,887,000 has only earned \$581,037, or less than 8½ per cent, and this is making no allowance for wear and tear on machinery and plant.

Although the Englishman, Mr. Fox, in Exhibit A, acknowledges that it costs us twice as much to manufacture as it does in England, we do not ask for that extent of protection, but would be content to remain on a competitive basis, as per Exhibit C.

Mungo:

Cost of—	Cents.
Raw material..... per pound..	2. 00
Cleansing and carbonizing (process removes all cotton and dirt), per pound.....	1. 50
Shrinkage of material, 30 per cent.....	1. 50
Shoddying, including oil.....	3. 50
Cost of the shoddy (see sample No. 1).....	<u>8. 50</u>

Old worsted shoddy:

Cost of—	
Raw material..... per pound..	4. 00
Cleansing and carbonizing (process removes all cotton and dirt), per pound.....	1. 50
Shrinkage of material, 30 per cent.....	2. 50
Shoddying, including oil.....	3. 50
Cost of the shoddy (see sample No. 2).....	<u>11. 50</u>

New worsted shoddy:

Cost of—	
Raw material..... per pound..	16. 00
Cleansing and carbonizing (process removes all cotton and dirt), per pound.....	1. 50
Shrinkage of material, 12 per cent.....	2. 00
Shoddying, including oil.....	3. 50
Cost of the shoddy (see sample No. 3).....	<u>23. 00</u>

PARAGRAPH 374—WOOLEN RAGS.

The above demonstrates that on mungo, with a raw material value of 2 cents and a manufacturing cost of 6½ cents, 20 per cent protection as per the Underwood bill would be useless in face of the acknowledgment of the English manufacturer "that they can manufacture for one-half of what it costs us." In other words, 20 per cent protection would be no protection until we get up to the higher priced shoddies in the neighborhood of 20 cents.

[Copy of letter.]

EXHIBIT A.

AMERICAN CONSULAR SERVICE,
Bradford, England, April 1, 1912.

FRED RAWITSER, Esq.,
National Association of Wool Fiber Manufacturers.

DEAR SIR: Referring to my letter of March 16, in regard to American pulled woollen rags being imported into England, I beg to say that I am just in receipt of a letter on the subject that may interest you. It is from Mr. H. M. Fox, rag merchant, Carr Bridge Mills, Batley Carr, Dewsbury, who, according to his letterhead, is the "largest importer in England of American rags" and represents M. Fox, 650-656 Clinton Street, Buffalo.

After explaining that his delay in replying to my letter of inquiry was due to his illness, Mr. Fox says:

"As I am the largest importer in England of American rags, I can safely say that very little pulled rags enter England (if any).

"I have imported nearly 20,000 bales of rags in the last 15 months weighing 7,000 to 8,000 tons, and in all this stock I may say there was only about 2 tons of pulled rags, and that was of a very low grade.

"I do not understand at all how the English trade statement makes such an account, as there is not one-half per cent of pulled rags. It is puzzling to me.

"Another reason why I know and am positive that pulled rags are not imported into England is that it would not pay the American shoddy manufacturer to pull his rags in America and then ship them here. It costs just half to pull rags in this country that it does in the States.

"It is true that nearly all rags come via Liverpool and Hull, and as long as I have seen rags at these ports, I never yet have seen pulled rags.

"I handle all kinds of rags (every grade that is imported), and if there was any pulled rags imported, I surely would know about it."

Very truly, yours,

AUGUSTUS E. INGRAM, *Consul.*

(P. S. Pulled rags are what we call shoddy in the United States.)

PARAGRAPH 374—WOOLEN RAGS.

EXHIBIT B.—Statistics for 1909.

	Quantity.	Value.
	<i>Pounds.</i>	
Products:		
Shoddies and mungo.....	48,375.724	\$5,699,260
Wool extracts.....	5,637.514	865,528
Waste.....	2,237.748	275,545
Flocks.....	1,638.013	167,697
All other products.....		268,708
Custom work.....		229,626
	57,888,999	7,446,364
Materials:		
Clips, rags, etc.....	64,561.713	3,051,045
Waste, noils, etc.....	7,567.579	917,976
Wool—		
As purchased (?).....	237,097	(?)98,032
Scoured (?).....	196,097	
All other materials.....		795,412
	72,562,486	4,862,465
Chemicals and dyestuffs.....		*138,241
		5,000,706
Recapitulation:		
Value of products.....		7,446,364
Value of materials, including dyes and chemicals.....		5,000,706
Value added by manufacture.....		2,445,658
Salaries.....	\$290,000	
Wages.....	907,000	
		*1,197,000
Balance left for profit and general expense.....		1,248,658
General expenses and oil equal to half of all other expenses.....	*818,241	
	*1,197,000	
	1,335,241	667,621
		581,037

Capital invested, \$6,887,000.

Balance shown figures not quite 8½ per cent on investment.

No allowance made for wear and tear of machinery and plant.

EXHIBIT C.—Schedule as adopted by us and which we still consider highly competitive with Europe.

Top waste, slubbing waste, roving waste, ring waste, garnetted waste, noils, yarn waste, thread waste, carbonized wools and noils, card waste, burr waste, and all other wastes, composed wholly or in part of wool and not specially provided for in this section, 30 per cent ad valorem.

Shoddy, wool extracts, and mungo, 30 per cent ad valorem above rag duty.

Woolen rags and flocks, if any duty, 10 per cent ad valorem.

FRED RAWITSER, *Secretary.*

R. BOOMFIELD.

J. S. CORDINGLEY.

T. H. GRAY.

PARAGRAPH 375—WOOL TOPS.

PARAGRAPH 375.

On combed wool or tops, made wholly or in part of wool or camel's hair, valued at not more than twenty cents per pound, the duty per pound shall be two and one-fourth times the duty imposed by this schedule on one pound of unwashed wool of the first class; valued at more than twenty cents per pound, the duty per pound shall be three and one-third times the duty imposed by this schedule on one pound of unwashed wool of the first class; and in addition thereto, upon all the foregoing, thirty per centum ad valorem.

WOOL TOPS.

TESTIMONY OF WILLIAM J. HOLT, OF MANAYUNK, PHILADELPHIA, PA.

The CHAIRMAN. The next witness on the calendar is Mr. William J. Holt, of Philadelphia. Is Mr. Holt present?

Mr. HOLT. Yes, sir.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Holt.

Mr. HOLT. Mr. Chairman, I have not prepared a brief. I came here really in the general interest of wool and worsted yarns, spinning, with the idea that we want wool to be put on an ad valorem basis, and that any impost in an ad valorem way that was not made high enough on the goods would simply mean that we would be wiped out.

I could make a brief statement, Mr. Chairman, but my particular preparation would best enable me to answer questions.

The CHAIRMAN. You may go ahead and make your statement. You are recognized for 10 minutes.

Mr. HOLT. We are bringing in to-day, of all the wools being used in the country, 60 per cent scoured, and we are paying from 30 per cent to as high as 70 per cent above the world's price. The argument was put up by some of these gentlemen who preceded me that before they could bring their cost down to a competitive basis they would have to get wool at something like a competitive world's rate. As I understand it, we have had a tariff on wool for almost 100 years, and we have had about 26 changes in the bill. In spite of that fact we are to-day only growing something like 40 per cent of the scoured wool, and we have fluctuations here entirely independent of the fluctuations abroad. At times these fluctuations are very considerable, such as we had two years ago, when we were exporting some wool in spite of the tariff.

We can not compete unless we have a protection that will equalize our costs with the costs abroad. If there is any impost on the wool, we should certainly have a sufficient compensation to protect us in the difference of our labor and other costs above those of the foreign manufacturers.

The particular item in the proposed bill which occurred to me to be wrong was the impost on tops, which was only something less than 6 per cent above the impost upon the wool. It used to be recognized that in order to get the tops you must scour the wool, and the average shrinkage on all wools alike would be 50 per cent, and certainly if we are only going to get a change to the extent of the difference between

PARAGRAPH 375—WOOL TOPS.

28 per cent and something like 33 per cent, we could not stand it at all. It would simply wipe us out in this country.

The CHAIRMAN. You know we did not altogether underwrite the Tariff Board, but on that particular item you are talking about they happened to agree with us exactly, and that seemed to indicate that our increase on tops above the raw wool was all right.

Have you read their report on that question?

Mr. HOLT. If I have, I have not agreed with it.

The CHAIRMAN. If we place a duty on raw wool of 20 per cent and on tops of 25 per cent, you do not think 5 per cent additional ad valorem is sufficient?

Mr. HOLT. Absolutely I do not, Mr. Chairman. For instance, if the wool would shrink half, which it will in all wools alike, it would immediately jump the cost of the scoured wool up to 40 per cent. To get tops you have got to scour the wool, and, more than that, you have got to put a certain amount of labor on it which would easily equal 5 cents a pound as our charges go.

The CHAIRMAN. The ad valorem rate advances the value as well as the rate.

Mr. HOLT. I do not quite understand you.

The CHAIRMAN. If you had a pound of wool valued at 25 cents and had a tax of 20 per cent—

Mr. HOLT (interrupting). Are you speaking of unscoured wool now?

The CHAIRMAN. Yes. At 20 per cent you have a tax of 5 cents a pound. When that wool goes into a top how much is the wool in the top worth?

Mr. HOLT. You must scour it to get it into a top. Do you mean how much is the wool worth in a top? If the wool costs in the grease 25 cents a pound and the impost would be 5 cents a pound, that would make it cost 30 cents.

The CHAIRMAN. What is a pound of top worth?

Mr. HOLT. You might as well ask me what is a man worth.

The CHAIRMAN. Take the same class of wool.

Mr. HOLT. Tops are usually worth, speaking offhand, 10 cents a pound above the cost of the scoured wool. That is a quick way of arriving at it.

The CHAIRMAN. Then if the wool is worth 25 cents, your top would be worth 35 cents and your original 20 per cent on that raw wool has increased from 5 cents per pound to 7 cents per pound; you have made 2 cents there besides the increase in the ad valorem rate.

Mr. HOLT. You haven't given credit to the fact that if you were putting that impost of 20 per cent on the scoured wool then it would be all right. But it is not on the scoured wool; it is on wool in the grease.

The CHAIRMAN. In our bill it is the same on scoured wool as it is on wool in the grease.

Mr. HOLT. The same on scoured as it is on wool in the grease?

The CHAIRMAN. Yes.

Mr. HOLT. Then I have not read it right. If it is the same flat amount on scoured, it is all right, and I agree with you.

The CHAIRMAN. Then you and the Tariff Board and ourselves have all got together.

PARAGRAPH 375—WOOL TOPS.

Mr. HOLT. Yes.

The CHAIRMAN. Is there anything further, Mr. Holt?

Mr. HOLT. No, I suppose I have gone far enough.

BRIEF OF CHRISTIAN BEHNSEN, PASSAIC, N. J.

PASSAIC, N. J., *January 14, 1913.*

I herewith beg to submit a brief on a proposed tariff on woolen and worsted goods coming under classes 1 and 2 of the present classification of Schedule K.

In submitting same I beg to state that my propositions are based on my practical experience in manufacturing and also on my experience as an importer of this class of goods for over 20 years.

At the outset it is my opinion that specific duties are preferable to ad valorem duties for the following reasons:

Specific duties based on yardages, pounds, or measures tend to a more honest way of appraisement and collecting of the proper duties.

Undervaluation, even unintentional undervaluation or overvaluation, will be greatly eliminated by same, and only gross fraud in giving wrong weights, yardages, or measurements would be left open for a dishonest importation of merchandise.

For obvious reasons based on economic conditions existing in the United States a purely specific duty can not be applied to merchandise as comprised in above-mentioned classification of Schedule K.

In my proposal submitted herewith I have therefore made classifications and groups of the various products of woolens and worsteds. This method in my opinion comes nearest to supplant the desideratum of specific duties.

Such classification will render more revenue to the Government and will also be more justifiable to the honest importer and give more encouragement to importation wherever and whenever foreign goods come into competition with our domestic manufacture. No appraiser can judge the value of wool or its products within 5 per cent and in many instances, especially where high-priced fabrics are concerned, within 20 per cent or more, even if being the most efficient man that could be obtained for this work. I can not conceive of a method by which purely specific duties could be levied justly under the economic conditions existing in the United States, and for this reason only I beg to submit a plan for levying duties ad valorem, based on classifications of merchandise coming under class 1 and 2 of Schedule K.

In the administrative act, I advocate that no penalty should be imposed if goods are not invoiced at the exact value which the appraisers may put on them, providing the invoice price is within 10 per cent of the appraised value. Naturally, with classifying merchandise into groups there will be a tendency to import goods at prices just near the highest price of the group in order to have the benefit of the duty of this group, but such a tendency on the part of the importer can easily be detected by the appraisers, and if for good reasons the appraisers then advance the price of merchandise to make market value same would come into the higher group or class and the penalty for the importer will then be large enough without imposing any special penalty. For this reason the levying of duties by groups and classifications will tend to more honesty in importations and therefore higher revenue from importations.

In order to classify the various groups the duty on wool in the grease is of basic nature, and I propose that this duty should be 25 per cent ad valorem. In arriving at this figure I take into consideration that the raising of wool in this country would suffer incalculably if the labor employed in raising sheep is not properly taken care of. It would be disastrous to the United States in this branch of its industries. If conditions should come to pass when the raising of sheep would diminish in a similar way, as it did after the passing of the Wilson bill in 1894, the result would be that our farmers and sheep raisers would neglect raising their stock. The last bills advocated by the Democratic Party in Congress proposed duties of 20 per cent and 29 per cent, respectively, on raw wool. The reason in my to-day's proposal advocating 25 per cent is that it is a medium between those two rates, and furthermore, that it works out well to leave this duty of 25 per cent as a basic duty for all manufactures of wool, and to add to same an additional ad valorem duty for manufactures. The duty of 25 per cent for wool in the grease would also be adequate for scoured wool, noils, waste, rags, etc.

Tops.—I made two classifications of tops, valued at 50 cents and less and tops valued above 50 cents, for the reason that the cheaper kind of tops require less labor on account of greater amount of production than the fine tops made out of shorter wools. On the

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accompanying list 1 you will find rates of duty which should be levied, based on 25 per cent ad valorem for wool in grease.

Yarns.—This product I have classified according to English count of thread into various groups, viz:

Single thread 10's, 30's, 50's, 70's, and all classes above. The different rates of duty in these groups result from the difference of cost of labor and overhead charges entailed in making these yarns. Previous rates of duty, not alone under the Payne-Aldrich bill but also under the Dingley bill, Wilson bill, etc., never took these differences of cost into consideration in levying duties. It would be absolutely unjust to have one rate of duty for yarns, if it is the intention of the Government to levy duties for revenue and at the same time to compensate for higher-priced domestic labor and overhead charges, so that the domestic product would come into active competition with foreign production. This is one of the main points in submitting my proposition based on groups and classifications as shown in my list 2 under yarns. A duty of 50 per cent ad valorem would be adequate for single 30's yarn, it would be inadequate for single 70's. Without any doubt if the duty of 25 per cent ad valorem is levied on wool in the grease and a duty of less than 65 per cent ad valorem would be levied on the single 75's yarn, for instance, then not a pound of this fine 75's yarn would or could be made in this country in normal times and under normal conditions, and such yarn would all be imported from Europe. On the other hand, on the single 30's, 50 per cent is sufficient to establish competition between here and Europe and any higher duty would be prohibitive for importation in normal times. Twisted yarns and fancy yarns should pay an increased duty from single yarns on account of greater cost of labor, and I propose the classes as stated in this list, based on knowledge of the work necessary to produce these different yarns in the different classes.

On manufactures of wool or part wool and worsted goods above yarn I have again made classes or groups as stated on list 3. For the same reasons as stated with respect to yarns, it would be absurd to have one rate of duty for all such goods, if it is the intention of the Government to reduce duties to the lowest possible figure on the bulk of consumption in woolen and worsted fabrics. Under the present tariff low-priced wool goods are absolutely excluded from import and high-priced fabrics, practically the only class of goods which are to-day imported under the present rate of duty, do not carry a duty which is too high. It is all a matter of labor and wages, overhead charges, and higher cost of machinery and buildings in this country which necessitates various rates of duty in proportion to the rate at which these items enter in the manufacture of goods. Former tariffs, as well as the present tariff, have only taken this state of affairs into very inadequate consideration. Under the Wilson bill of 1894 with free wool and 50 per cent ad valorem on goods the country was flooded with cheap shoddy and wool goods, and for this reason on my list 3 I propose a tariff which will practically be prohibitive for these very low-priced undesirable goods. They are not in demand at the present time, and I believe it absolutely not in the public interest that the importation of such goods should be encouraged. They are made up of cotton and shoddy wool of the poorest kind and only manufactured to deceive a trusting buyer. Such goods have the poorest wearing qualities, and importation of same should be discouraged in every way possible. I start this class with goods costing 30 cents per pound or less and advocate 55 per cent ad valorem. It is well known by me that this rate of 55 per cent would be too high in competition with Europe if the very cheapest kind of goods as mentioned above come into consideration, but I strongly advocate for reasons above stated that importation of these cheapest kind of goods, which are only made to deceive the public, should be discouraged.

The various other classes as stated on list 3 are based on labor cost, overhead charges, cost of machinery and buildings in this country, etc., in the same way as stated with regard to the cost of yarns. I have taken into consideration that outside of wool, other materials used in goods under a new tariff will also be reduced materially—not less than 30 per cent—such as chemicals, starches, soaps, various dyestuffs, etc.

In conclusion allow me to state that in making this proposal for a new tariff same is based on the principle that in every instance competition with Europe would be established where the domestic manufacturer should demand and ask a higher profit than is required by manufacturers of same goods in Europe. In the same way, if the rate of duties should be lowered under the same economic conditions which exist in this country now and which probably will exist after a new tariff has gone into effect, a lowering of rates of duty to a level below the figures stated by me would necessarily do either of two things—destroy such part of the industry which would be affected, or necessitate reduction of wages to such a level as to make the domestic goods competitive with Europe.

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I am very sorry that I can not attend the hearings on Schedule K, which are to occur on the 27th of January, as I will be absent from this country at that time, and for this reason I respectfully submit a brief in this form for your consideration.

Very respectfully,

CHRISTIAN BEHNSEN, *Passaic, N. J.*

LIST 1. DUTY ON TOPS.

- (a) Duty on wool in grease, scoured wool, noils, waste, rags, etc., 25 per cent ad valorem.
 (b) Duty on tops:
 Foreign value 50 cents per pound and below, 32½ per cent ad valorem.
 Foreign value above 50 cents per pound, 37½ per cent ad valorem.

LIST 2. DUTY ON YARNS.

PROPOSED DUTY BASED ON 25 PER CENT AD VALOREM ON WOOL UP TO TOPS.

Up to and including number 10's, English count, 42½ per cent ad valorem.
 Up to and including number 30's, English count, 50 per cent ad valorem.
 Up to and including number 50's, English count, 55 per cent ad valorem.
 Up to and including number 70's, English count, 60 per cent ad valorem.
 Over 70's, English count, 65 per cent ad valorem.

In addition:

If twisted 2 or more ply 18 and less turns per inch, 10 per cent ad valorem.
 If twisted 2 or more ply more than 18 turns per inch, 15 per cent ad valorem.
 If fancy yarns like nubs, boucle, etc., 25 per cent ad valorem.

LIST 3. DUTY ON MANUFACTURES OF WOOL ABOVE STATE OF YARN.

PROPOSED DUTY BASED ON 25 PER CENT AD VALOREM ON WOOL.

Foreign value 30 cents per pound and less, 55 per cent ad valorem.
 Foreign value 45 cents per pound and less, 60 per cent ad valorem.
 Foreign value 60 cents per pound and less, 65 per cent ad valorem.
 Foreign value 75 cents per pound and less, 70 per cent ad valorem.¹
 Foreign value 90 cents per pound and less, 75 per cent ad valorem.¹
 Foreign value over 90 cents per pound, 80 per cent ad valorem.¹

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Wool and hair which have been advanced in any manner or by any process of manufacture beyond the washed or scoured condition, not specially provided for in this section, shall be subject to the same duties as are imposed upon manufactures of wool not specially provided for in this section.

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On yarns made wholly or in part of wool, valued at not more than thirty cents per pound, the duty per pound shall be two and one-half times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto thirty-five per centum ad valorem; valued at more than thirty cents per pound, the duty per pound shall be three and one-half times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto forty per centum ad valorem.

See National Association of Wool Manufacturers, page 4192; Francis Willey & Co., page 4252.

¹ Luxuries.

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.**PARAGRAPH 378.**

On cloths, knit fabrics, and all manufactures of every description made wholly or in part of wool, not specially provided for in this section, valued at not more than forty cents per pound, the duty per pound shall be three times the duty imposed by this section on a pound of unwashed wool of the first class; valued at above forty cents per pound and not above seventy cents per pound, the duty per pound shall be four times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto, upon all the foregoing, fifty per centum ad valorem; valued at over seventy cents per pound, the duty per pound shall be four times the duty imposed by this section on one pound of unwashed wool of the first class and fifty-five per centum ad valorem.

See National Association of Wool Manufacturers, page 4194.

WOOLEN AND WORSTED CLOTH.**TESTIMONY OF O. M. STAFFORD, VICE PRESIDENT OF THE BROADWAY SAVINGS & TRUST CO., CLEVELAND, OHIO.**

Mr. STAFFORD. Mr. Chairman and gentlemen of the committee, I notice in the program for to-day that I am listed as vice president of the Broadway Savings & Trust Co. While that is true, I do not come here in that behalf at all, as I am president of the Cleveland Worsted Mills Co.

I would like to preface what I have to say by just a word or two on the question of profits. I think we will all agree that the general prosperity of this country to a very large degree is bound up in the prosperity of the manufacturing industries. Without any apology for it, I think I can safely say this: That in addition to a fair cash dividend the profits should be sufficient to provide for the replacement of worn-out machinery, should provide for the replacement of machinery where invention has brought about a state of affairs where the present machinery has become inefficient, and in addition to that give to the industry enough to pay the demands that the public makes in the way of taxes. The presence of you gentlemen on this committee here this afternoon is evidence that you have shared in that general prosperity.

How did these marvelous public buildings in our Nation's Capitol which are at once the pride and property of all our people, as if by magic come into being? Simply because of the prosperity of the American people. You are projecting vast improvements here. How do you expect to pay for them except by the continued prosperity of the people?

If every man, woman, and child in this country could be absolutely free to pursue to the best of his or her ability that course of life which would be free from the domination of any group or groups of men in combination against them; if you will protect energy, honesty, intelligence, and brain; if by law that can be brought about, the functions of our Government would be gloriously fulfilled, and you would have laid a foundation upon which we can build up a prosperity greater than we can now conceive.

Now, there are two things that I have come here to talk about in Schedule K—Schedule K, the storm center of the tariff. One gentleman here this morning asked the question whether it was not the

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keystone of protective duties. It is certainly the storm center of tariff agitation. There are two facts that I desire to lay before you:

The first is the effect of the present rates of duty under Schedule K on the prices obtained by the cloth manufacturers. That is one proposition.

The second is, When should the application of the law that is to be passed take effect?

If we understand the demand for tariff revision, it is because of the fact, or the supposed fact, that the rates of duty under Schedule K are being utilized by a small group of men in compelling the great mass of the people to pay a very much higher price for cloth than conditions justify. If such a condition does not exist and the people can be made to understand it, the demand for tariff revision falls. In coming before you gentlemen I have no apologies to offer for the industries covered by Schedule K. If there is an industry in the United States that can come to the Halls of Congress with absolutely clean hands, without a vestige of a combination of any sort governing prices, without any gentlemen's agreement or shadow of it, the industry covered by Schedule K is such an one.

We have to say that there is not the slightest vestige of combination to control or affect prices, nor the remotest suspicion of it. The struggle for trade and for existence has become so pronounced as to bring about the most bitter personal antagonism between many of the manufacturers or the managers of the various mills.

There are only three factors practically which control the price of the manufactured product:

The first is the cost of the raw material; the second, wages paid the employees; and the third, the administration or distributional expense. The question of profit has for many years been practically eliminated, with the result that there is scarcely an industry in the United States that shows anywhere near so large a proportion of disastrous failures to the capital employed as the industries affected by Schedule K.

The business itself is divided into several groups: The wool merchant, the wool scourer, the top manufacturer, the yarn spinner, the weaver, and the dyer and finisher. There are hundreds of firms, employing thousands of operatives, scattered throughout the country whose sole business consists in performing the work of one or the other of the above divisions, their only profit being the margin they obtain on doing the one thing in their particular line. There are others, like the Cleveland Worsted Mills Co., that I represent, who combine practically all of the different factors of the business and take the raw wool and carry it forward through all of its processes to the finished product.

There are only two ways in which Congress can possibly reduce the price of manufactured cloths: First, by taking off the entire duty on wool, which in my opinion would be disastrous to the best interests of our country.

And second, to reduce the rates of duty on cloth to a point which would enable the importation of the lower and medium grades.

Should the latter be done—that is, taking off the duty on the lower and medium grades of cloth to a point which would permit their

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importation—either the mills must close down or the wages of the employees must be reduced to a point to enable the manufacturer to compete with the wages of England, Germany, and France.

We can give you absolute proof that every statement I have made here is true, and the proof we offer is direct and positive.

We are desirous that the Committee on Ways and Means shall select expert accountants to examine into every detail our books, our records and all the ramifications of our business, and by such an examination we will demonstrate absolutely that no such thing as a combination or trust has existed or does exist. These accountants will find that every statement we have made regarding it is true beyond question.

All we stipulate is that the accountants shall be of the highest grade, men whose report will command the belief and respect of the country. There are many such representative firms whose services can be obtained. And further, that the committee shall use it impartially and with no other purpose in view than to get at the actual conditions. We will stand or fall by the result of such an examination.

We have implicit confidence in the fairness of the gentlemen composing this committee. We do not fear what action you will take if you once get possession of the actual facts. Such investigation as is suggested and offered can readily be made within the next 60 days.

Personally, we know that there exists the keenest competition among the top makers, for we have been frequently in the market for the purchase of tops. We know that the keenest competition exists among the yarn spinners for we are frequently in the market to buy yarn. We know that the keenest competition exists among the cloth manufacturers themselves.

Each season we have refused orders on many grades of cloths in competition with other mills because of our inability to produce them at the prices at which they were placed on the market by other manufacturers, in many instances the price named being less than our cost, irrespective of the fact that we believe that our facilities for manufacturing are good as any in the country. Had abnormal profits been made, the wrecks of some of the oldest concerns in the business could not have occurred.

Our company owns three outside mills, one in New England, one in New York, and one in Pennsylvania, and each one of these mills was bought all the way from 25 per cent to 35 per cent of what they had cost a few years before.

Mr. HARRISON. Your time has expired, unless some members of the committee desire to ask you questions.

Mr. HULL. I would like to ask him one or two questions.

Mr. STAFFORD. This morning a gentleman was allowed three-quarters of an hour—

Mr. HARRISON. Not by the chairman. His time was extended by members of the committee asking questions.

Mr. KITCHIN. How much longer will it take you to finish?

Mr. STAFFORD. About four or five minutes.

Mr. HARRISON. Then you may proceed.

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Mr. STAFFORD. I submit herewith to you—which I will hand to the clerk—a list of the failures in our line of business during the last few years. Can any fair-minded man of average intelligence believe that if there was a monopoly and if the rates of duty were utilized to gouge the American public, that these old, respected, and long-established manufacturing plants could have failed as they have done?

With these actual conditions clearly understood and clearly proven to the members of this committee, we feel sure that, in considering the reduction of the rates of duty in Schedule K, you will be careful not to make the reduction sufficient to injure the industry.

When should the law go into effect after its passage?

First, whatever reduction on wool is made, it should not attach until at least six months after the passage of the bill. Whatever reduction is made on tops and yarn should not take effect until nine months after the passage of the bill, and the revised duties on manufactured cloth should not apply until one year thereafter. Why?

The business is divided into two seasons, the light weight and the heavy weight. We are making contracts during January for the furnishing of cloth which will not be actually sold to the people who wear the clothing until December, January, February, and March next. To protect ourselves we have to buy the wool.

In order to obtain good results in manufacturing, it is necessary that the top and yarn should cure after being made and before being put into the spinning frame or into the loom for at least from two to four months. Our own company, which is a small factor, has to keep on hand all the time about two million and a quarter dollars in value of wool, top, and yarn. A material reduction in the duty on wool, say, of 5 cents per pound, would mean bankruptcy to hundreds of small concerns and an immense loss to the larger, who might be able, in some instances, to stand the strain.

The policy outlined by President-elect Wilson and by your honorable chairman is to the effect that the Democratic party does not intend to injure legitimate industries, nor to throw out of employment, nor to lessen the wages of the American artisan. This being true, no hardship will be placed upon anyone by giving sufficient time to work off the stocks on hand and to enable the business to adjust itself to the new conditions.

The clothing manufacturers have to make their contracts. They have to spread over each six months the manufacture of clothing for each season's output. It would be impossible for them to get all the clothing needed manufactured in a month's time. It would require an army of workmen five times as great as that which is now employed and would mean that this great army would be idle 10 months out of the year and employed but 2—a situation manifestly impossible.

The dealers in clothing must make their arrangements ahead; the retailers as they purchase must do the same.

Already there is an indisputable going down in our line of business. The orders are much smaller. There is a great deal of hesitation. Our customers are coming to us and asking a guaranty against loss through tariff reductions. In other words, they are willing to place their orders and go forward, providing we, as manu-

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facturers, are willing to guarantee to refund to them any shrinkage in price. We understand that some mills have already made such a bargain.

If sufficient time is given, it would enable everyone to go on with certainty and make contracts for a complete season and allow time to adjust conditions for the following season without great loss and without interruption to the trade itself, thus guaranteeing constant employment to the operatives.

No one can be the gainer by an abrupt application of a law shortly after its passage. It is but fair that sufficient time, as was the case when specie payments were resumed, be given for adjustments to be made with as little jar and loss as possible.

Mr. RAINEY. I may not have understood you correctly, but your position is that all who are interested in Schedule K or have been interested come before this Congress with absolutely clean hands, cleaner than anybody else?

Mr. STAFFORD. No; I did not say that. I said that we came before this committee without the slightest vestige of combination of any kind affecting prices; that if any industry can come here with clean hands, we are one of those industries.

Mr. RAINEY. I just want to remind you of some of the history connected with Schedule K.

On October 1, 1890, the McKinley bill was passed by a Republican Congress, increasing the duty on woolen goods. The duty on worsted tops, manufactured by William Whitman, president of your association, was made equal to the duty on finished cloth. On August 27, 1894, the Wilson bill, which had been passed by a Democratic Congress, became a law, and this Schedule K was revised on the free-wool basis, with an ad valorem duty on goods.

In May, 1897, S. N. D. North, who was secretary of the National Association of Wool Manufacturers, was admitted to the secret sessions of the Senate Finance Committee, during the framing of the Dingley bill, and on April 4, 1897, he writes a letter to William Whitman saying, "I am the only person whom the committee allows in its meetings." On June 2, 1897, William Whitman wrote to Secretary North, who was still attending the tariff sessions of the Finance Committee, "We all depend upon you to watch closely our interests." On July 10, 1897, William Whitman wrote Secretary North, who was still attending sessions of the Finance Committee as an expert before that committee, "We depend on you—dress goods, yarns, and tops."

On July 25, 1897, the Dingley law, with Schedule K practically unchanged, became a law, and in 1898, the next year, the National Association of Wool Manufacturers presented to S. N. D. North \$5,000 for his services in connection with the revision of the tariff.

That, in brief, is some of the history connected with the attempted revisions of Schedule K.

Under those circumstances do you still think you all come in with clean hands?

Mr. STAFFORD. Absolutely, sir. What you have just read has no reference, directly or indirectly, to the manufacturers of this country, so far as any combination to control price is concerned. That is the point I am trying to make.

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Mr. HARRISON. Do you not believe that the combination between the wool growers and the woolen manufacturers affected prices?

Mr. STAFFORD. There is no such combination.

Mr. HARRISON. That combination fixed the rates of this schedule in 1897, and they have been kept in force pretty much ever since.

Mr. STAFFORD. There is absolutely no combination of that kind. I have been connected with this business 35 years. I can not speak for what transpired before that, but during those 35 years there was no more vestige of combination between the manufacturers of cloth, or anything under Schedule K, than there is a combination between your honorable self and myself—absolutely none.

Mr. HARRISON. You do not claim that you and I agree on this tariff, do you?

Mr. STAFFORD. I would not attempt to say that. I simply say there is no relation whatever between the tariff rates now existing and the prices of goods, except just one thing—

Mr. FORDNEY (interposing). For the benefit of the committee, Mr. Witness, I will say that the witness has expressed himself as to the rates he desires, but the gentleman from New York has not. So we do not know whether there is a combination or not.

Mr. HARRISON. I voted for a number of bills reducing the rate on tops to 25 per cent ad valorem. That probably is not in accordance with the desires of the witness.

Mr. JAMES. Do you advocate that the tariff rates now in the Payne bill shall remain as they are?

Mr. STAFFORD. No, sir.

Mr. JAMES. Do you think they ought to be reduced?

Mr. STAFFORD. I have tried to make that clear, sir. They can be reduced considerably without affecting the price whatever. But when you do reduce them to a point where it will affect the price of goods, that moment you let in goods from abroad and if the American manufacturers continue in business at all they must cut the wages of their men to meet the outside competition.

Mr. JAMES. In other words, you are willing for them to reduce the tariff just to that point where it will not let in importations?

Mr. STAFFORD. I am perfectly willing that they should reduce the tariff where it will let in importations if this committee and this Congress is prepared to assume the responsibility for the reduction in wages to the American artisan.

Mr. JAMES. That would hardly be possible at Lawrence, Mass., would it?

Mr. STAFFORD. Yes, sir.

Mr. JAMES. Do you think so?

Mr. STAFFORD. Yes, sir.

Mr. JAMES. What is the difference between a man who advocates a tariff that will prohibit importations and the position you now take before the committee?

Mr. STAFFORD. I do not know that I quite catch your question.

Mr. JAMES. You want the tariff to remain so high that it will keep out importations. Yet you say we could reduce it to where it would not let in importations.

Mr. STAFFORD. I did not take that position.

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Mr. JAMES. Well, what is your position?

Mr. STAFFORD. I explained it to you just now. The position I take is this: If this committee wants to reduce the price of cloth to the American consumer, the only way possible for them to do it is either to cut the duty on wool off and then reduce the duty on cloths to a point that will permit the wages of the Englishman to compete with the wages of the American; that is all.

Mr. JAMES. This tariff permits you to charge the American consumer more for your product than you would otherwise be able to do if it were not for the tariff?

Mr. STAFFORD. This tariff permits American conditions to continue, absolutely.

Mr. JAMES. Have you examined the Tariff Board reports?

Mr. STAFFORD. Not fully; no, sir.

Mr. JAMES. What is the reduction advocated in this schedule in the Tariff Board report?

Mr. STAFFORD. I do not know.

Mr. JAMES. Do you not know that it is about 30 per cent?

Mr. STAFFORD. On what?

Mr. JAMES. On cloth, manufactured goods.

Mr. STAFFORD. As a flat reduction, as a flat per cent?

Mr. JAMES. That would be the average of it.

Mr. LONGWORTH. The bill that was made as nearly in accordance with that report as the Republican members of this committee could make it, put a duty of 18 cents a pound on scoured wool and reduced the present duty of 33 cents a pound to 18 cents a pound. The other duties were based on that. Of course, that will make a difference in your answer to that question.

Mr. STAFFORD. I am going to be perfectly frank in my answer to that if I can. I have not studied the voluminous report of the Tariff Board. What I have studied leads me to believe this, that those gentlemen were not by any means given sufficient time or sufficient money, during the limited time that they had to make a sufficient investigation, for them to make a report which would be thoroughly scientific. The members of the board themselves say that is true; that they were forced to reach a conclusion and make a report before they were willing and ready to do it.

Mr. JAMES. Do they say that they did not have money enough and time enough to make this report as to wool, Schedule K?

Mr. STAFFORD. I do not know that they themselves said it.

Mr. JAMES. You just stated that.

Mr. STAFFORD. I do not think I did. I simply say they did not have time enough, and that is my own opinion.

Mr. JAMES. Did you not just say they had said themselves they did not have time enough or money enough, and that they admitted that themselves?

Mr. STAFFORD. I think not.

Mr. JAMES. I believe you stated that; although I may be wrong.

Mr. STAFFORD. I certainly did not state it.

Mr. JAMES. I hope you have not, because if that is true they ought not to have made a report without stating that in their report.

Mr. STAFFORD. I did not say that.

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Mr. JAMES. All right, then. What is your position, or the position of your association, with regard to this Tariff Board?

Mr. STAFFORD. I am not a member of the association.

Mr. JAMES. You know, perhaps, what their position has been?

Mr. STAFFORD. On what?

Mr. JAMES. What has been your position heretofore? Have you not been an advocate of the Tariff Board?

Mr. STAFFORD. The first time I ever had anything to do with tariff matters will be four years ago next June.

Mr. JAMES. Did not you advocate a Tariff Board to investigate into this question and report before the tariff was reduced?

Mr. STAFFORD. Yes, sir; and I advocate it now.

Mr. JAMES. After that report is made you find fault with it and you are unwilling to abide by its finding?

Mr. STAFFORD. I think that that is not a fair way to put it.

Mr. JAMES. Well, put it in your own way.

Mr. STAFFORD. I say this, that this industry, with its ramifications and with its life of centuries, is altogether too difficult a question to either be settled by such an examination as we are now having to-day, or to be settled by the appointment of a board, with the limited time those gentlemen had—gentlemen who had not been familiar with the business at all, and could not, because of physical conditions, so as to arrive at a point where they could give a complete and full scientific report.

Mr. JAMES. But yet you tell us that these gentlemen who made the Payne-Aldrich tariff law, who did not give one-tenth the labor nor the investigation to the question that the Tariff Board did, made a tariff bill that is the very acme of tariff legislation and protection.

Mr. STAFFORD. Can you find such a statement in my testimony?

Mr. JAMES. But that is your position.

Mr. STAFFORD. Can you find such a statement in my testimony?

Mr. JAMES. You say you are satisfied with this bill as it is, and that it is all right?

Mr. STAFFORD. I did not say that.

Mr. JAMES. Then you want it revised?

Mr. STAFFORD. It can be revised, certainly. I wish you would be perfectly fair, now, sir, in the statement of the case. It seems to me I have made myself so clear that I need not again repeat it. But the simple facts are these: That if the rates of duty to-day were five times as much as they are it would not affect price; and it is equally true that you can cut off a whole lot without affecting price.

Mr. JAMES. So you are willing for that to be done?

Mr. STAFFORD. We are willing to have you do whatever you are pleased to do.

Mr. JAMES. I want your position about it.

Mr. STAFFORD. My position is this: If you desire to keep the American workmen, who are in this line of business to-day, working steadily and at the same wages, or better than they are now getting, you can not reduce the tariff below a certain point. That is what I say.

Mr. JAMES. Then the Tariff Board that has made this investigation and reported that this Schedule K can be reduced 20 per cent and

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these wages still paid to the laboring people that are now being paid, and even better wages—are they mistaken?

Mr. STAFFORD. Let us take one illustration, and you can figure it for yourself. I did not read it because the then chairman thought my time was up. But in that statement that I have submitted to you, you will find one simple illustration which tells the story so far as we are concerned.

A man went to England on a visit and we sent a piece of one of our cloths with him with the request that he get the English price on that cloth. The English manufacturer did not know for whom or why the information was desired. He sent back a price which would have permitted that particular cloth to have come to the doors of the New York Customhouse at 54 cents a yard.

The present rate of duty under Schedule K, taking the specific per pound and the ad valorem, would have permitted us to have asked in competition with England, and sold it, \$1.11 per yard. As a matter of fact we have sold hundreds of thousands of yards of that identical cloth, all through this last six months, for \$1.7 cents per yard.

And the difference between the 54 cents on English goods coming to the port of entry at New York, and our price, is made up of the duty on wool, the difference in wages of the American workingmen, and some decent profit for us.

That tells the whole story.

Mr. LONGWORTH. In other words, the tariff has not added to the retail price?

Mr. STAFFORD. Absolutely not and never has.

Mr. JAMES. Let us see about that decent profit. How much is it?

Mr. STAFFORD. My dear sir, right there in my handwriting and over my signature—and I have talked with other manufacturers whom I am satisfied will do the same—we give you the opportunity of finding out everything you want about us by having accountants at your own will and sending them there, and we will give them every bit of information you want.

Mr. JAMES. Did the Tariff Board not investigate your factory?

Mr. STAFFORD. They did.

Mr. JAMES. They saw all these books?

Mr. STAFFORD. They did.

Mr. JAMES. They made this thorough investigation?

Mr. STAFFORD. Yes.

Mr. JAMES. They have made a report here.

Mr. STAFFORD. Very well.

Mr. JAMES. Advocating a reduction of 25 to 30 per cent. You say it can not be done?

Mr. STAFFORD. I did not say that. I have given you the illustration. It is more than that in that particular instance.

Mr. JAMES. But this Tariff Board report here, with the standard from which you speak, says this tariff can be reduced and that the laborers will be permitted to get these wages that they are now receiving, and that the consumer will be permitted to have fair play—

Mr. STAFFORD. He is having it.

Mr. JAMES. And that the reduction can be from 25 to 30 per cent.

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Mr. STAFFORD. I have not figured per cents. I do not remember what that is, but you can figure it yourself. The difference between \$1.7 and \$1.11 is pretty nearly 26 cents, is it not?

Mr. JAMES. Yes.

Mr. STAFFORD. That is beyond any 30 per cent reduction. That answers it.

Mr. JAMES. Now, as to that decent profit. Let us get to that. How much is that?

Mr. STAFFORD. I have simply offered you the full information, and I am not going to stand here, sir, and state one thing out of its proper proportion. I can not do better than I have suggested. I can not do any better than for you gentlemen to appoint a set of accountants of your own and go and get every bit of the information you desire.

Mr. JAMES. That does not answer the question, if you will allow me to say so.

Mr. STAFFORD. I can not answer it any better.

Mr. JAMES. Here is what I want you to tell me. You have stock in that concern, have you not? I want to know what dividends they are paying, what profits they are making, what you are doing with the profits, whether you are making a profit in selling off, whether you are laying off so much to overhead charges, what you are doing with it, just directly and indirectly what you are making out of it.

Mr. STAFFORD. I can answer but one part of that question. We have no interest in any selling agency and no selling agency has any interest with us.

As to the balance of those questions, my dear sir, the answers are all at your hands in the proposition under my own signature which I have made to you.

Mr. JAMES. What is that?

Mr. STAFFORD. You can investigate and have all of that information you want.

Mr. JAMES. That is hardly fair to the committee.

Mr. STAFFORD. That is absolutely fair.

Mr. JAMES. Not at all. You come here and ask us to give you the right to tax the American people——

Mr. STAFFORD. I do not.

Mr. JAMES. And make your industry prosperous, and yet you are unwilling to tell this committee how prosperous you have been, but tell us to send agents and examine your books.

Mr. STAFFORD. I have said nothing of the kind; I have not asked or made one request of this committee, not one.

Mr. JAMES. But you are saying——

Mr. STAFFORD (interposing). I beg your pardon. I have simply come here to you, and I say this for your information: I simply say there are two ways that you can reduce prices of cloth, and only two. If you go beyond a certain point, you reduce wages. That is all. I have not asked anything.

Mr. JAMES. I merely asked you to state what your profits are.

Mr. STAFFORD. And that I decline——

Mr. JAMES (interposing). Did not you state to me that we could send agents on and look at your books?

Mr. STAFFORD. Yes, sir.

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Mr. JAMES. You are an interested party in this concern, and you come here and take an oath to advise this committee as to what you think should be the proper rate——

Mr. STAFFORD. I took an oath to tell the truth.

Mr. JAMES. You took an oath to tell the truth.

Mr. STAFFORD. Yes, sir.

Mr. JAMES. Why is it you say to this committee we should send agents down there to investigate? Have you not the knowledge you can give us? We are willing to take your word for it. Tell us.

Mr. STAFFORD. Simply this: Certain information can be given in connection with all other facts that tell a truthful story. There are certain kinds of information given which, standing alone, do not tell the truth. Do not forget what I said, that the most destructive competition exists in this business. We are in competition with every other manufacturer. We do not propose to open up right here alone every fact connected with our business. What we do is far more substantial, far more to the point. If this committee really desires information, it can appoint its agents and its accountants, and there are plenty of them. If we decline to answer a question, or shut a book, all you need to do is to get that report.

Mr. JAMES. Can you tell me what dividends you get on your stock?

Mr. STAFFORD. What do you mean—cash dividends?

Mr. JAMES. Yes.

Mr. STAFFORD. Certainly. I am perfectly willing to tell you. We get 8 per cent cash dividends out of it.

Mr. JAMES. How much is carried to surplus?

Mr. STAFFORD. Now, then, you can come and get what information you want. [Laughter.]

Mr. JAMES. I know; but do you not know?

Mr. STAFFORD. Sir?

Mr. JAMES. You know, do you not?

Mr. STAFFORD. I know a great deal about our business; yes. [Laughter.]

Mr. JAMES. I know you do; you know all about your business, and I want you to tell us how much you carry to surplus.

Mr. STAFFORD. I must beg you to excuse me from telling anything further than that, in the light of what I have just offered you.

Mr. JAMES. So that then you say to the committee you do not want to tell us how much you set aside as surplus?

Mr. STAFFORD. It varies, year by year.

Mr. JAMES. Let the variations come. [Laughter.]

Mr. STAFFORD. I know, but I have not brought the balance sheets of our books for the last 10 years.

Mr. JAMES. I do not mean you shall be so accurate as all that. Just give us approximately what it is, year by year. You very willingly told us it was an 8 per cent dividend; you very willingly said to us you had no selling agency, but when we ask you what you set aside as a surplus, year by year, you do not want to tell the committee.

Mr. STAFFORD. All I can say is this, about that, we were drawn into the business.

Mr. JAMES. I know——

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Mr. STAFFORD. Wait a minute. If I am going to answer any question—

Mr. JAMES. I will give you all the time you want.

Mr. STAFFORD. If I am going to answer any questions, I am going to answer them so that they will convey what I mean to convey. The facts are these. We were obliged, another gentleman and myself, to buy the mill that we now are operating, because it failed, and it owed the bank of which I am the manager about \$80,000, with nothing to pay.

Rather than to lose that, we organized it. For seven or eight years not one dollar of dividends was taken out. Then for the next few years 6 per cent, then for two or three or four years more 7 per cent, and for the last two years 8 per cent.

That is every dollar of money we have taken out, and in the meantime we have put in a million dollars and a half of cold cash into it.

Mr. JAMES. I know that is what you have taken out, but what have you put in the surplus?

Mr. STAFFORD. I am going to just repeat what I stated. You can have all the information you ask for by simply coming and getting it. [Laughter.]

Mr. JAMES. That is, you will not answer the question?

Mr. STAFFORD. I do not think you have any right to put it that way.

Mr. JAMES. I do.

Mr. STAFFORD. I do not.

Mr. JAMES. I will ask you now this question: Do you know what it is?

Mr. STAFFORD. Year by year, no.

Mr. JAMES. Give me an answer for last year. Take the last year.

Mr. STAFFORD. I think I do.

Mr. JAMES. Will you tell us?

Mr. STAFFORD. No.

Mr. RAINEY. During the seven or eight years you did not pay any dividends the company was paying off its debt to your bank, was it not?

Mr. STAFFORD. No, sir. It never paid off the debt at all. I paid it myself and put it as capital into the company.

Mr. RAINEY. You just took that out in stock?

Mr. STAFFORD. No, sir; I paid it myself.

Mr. RAINEY. Then you took the mills?

Mr. STAFFORD. Certainly.

Mr. RAINEY. During that seven or eight years when they did not pay dividends, they were paying you off?

Mr. STAFFORD. No, sir; they never paid me off.

Mr. RAINEY. They paid you off when you took the mills?

Mr. STAFFORD. No, I took it in stock.

Mr. RAINEY. That paid your debt, did it not?

Mr. STAFFORD. If you want to put it that way. I made an investment in the property.

Mr. RAINEY. How much is that stock worth now?

Mr. STAFFORD. The stock itself?

Mr. RAINEY. Yes.

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Mr. STAFFORD. I think the last quotation I saw in the paper was \$125 a share.

Mr. RAINEY. How many shares?

Mr. STAFFORD. What is the capital stock?

Mr. RAINEY. How many shares; what is the amount of the shares?

Mr. STAFFORD. The amount of the shares is \$100 a share.

Mr. RAINEY. How many shares are there?

Mr. STAFFORD. We had a capitalization of \$3,000,000.

Mr. RAINEY. \$3,000,000?

Mr. STAFFORD. Yes, sir.

Mr. RAINEY. How much did you give for the plant when it failed?

Mr. STAFFORD. Those are details that I do not recall, but every one of those details can be obtained in the information I have offered you now by your accountants.

Mr. RAINEY. You could guess within a million dollars of it, could you not? About how much?

Mr. STAFFORD. My dear sir, I am simply going to decline to be led into any such line of testimony, because of the statement I have made that I offer the whole thing to you without reserve.

Mr. RAINEY. You paid \$80,000 for it, did you not?

Mr. STAFFORD. That was just the shares that I bought myself.

Mr. RAINEY. Who else went in with you?

Mr. STAFFORD. There were others in the same situation.

Mr. RAINEY. How much did the others pay?

Mr. STAFFORD. There was the same indebtedness I have explained on the other.

Mr. RAINEY. Oh, then, there are several in on this \$80,000 capitalization; is that it?

Mr. STAFFORD. It is a long story. There were a great many others in it.

Mr. RAINEY. It would not be very long if I had to answer that, because I could say yes or no.

Mr. STAFFORD. You could say what?

Mr. RAINEY. I could say yes or no to that question.

Mr. STAFFORD. To what question?

Mr. RAINEY. These seven or eight others who were interested originally in the purchase of this factory. Did they contribute to this \$80,000, or did they put something else in besides that?

Mr. STAFFORD. You have forgotten the statement that was made. I told you there were two banks interested, and an indebtedness of about an equal amount to each of those.

Mr. RAINEY. \$160,000 for both of them?

Mr. STAFFORD. Yes.

Mr. RAINEY. And then the two banks took the plant?

Mr. STAFFORD. No. The old proprietors were in it. There were about a half dozen other people in it.

Mr. RAINEY. How much interest in it did the two banks get for their \$160,000?

Mr. STAFFORD. I do not recall that. The banks got nothing.

Mr. RAINEY. They took stock, did they not?

Mr. STAFFORD. No, sir.

Mr. RAINEY. What did they get for the \$160,000?

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Mr. STAFFORD. As an individual I paid the banks out of my own pocket and took the claim, and took it in stock, and the same was true of the other.

Mr. RAINEY. Then as an individual you paid off this \$160,000 that was due both banks?

Mr. STAFFORD. Yes, sir; as an individual.

Mr. RAINEY. Then as an individual you got the plant?

Mr. STAFFORD. No; we got part of it.

Mr. RAINEY. What part of it did you get as an individual for this \$160,000?

Mr. STAFFORD. I do not recall.

Mr. RAINEY. Did you get most of it?

Mr. STAFFORD. No, sir. I think the old proprietors have about half. But at any rate those are facts that I have not clear in my own memory, and if you will do as I suggested to you, every particle of it can be drawn out and the whole history can be ascertained from the beginning to the end.

Mr. RAINEY. These hearings will end this week, and you can suggest that with perfect safety.

Mr. KITCHIN. We have had more than 500 firms or corporations represented here by spokesmen, or perhaps a thousand, and that proposition has been made by several gentlemen and made in their briefs. Suppose we were to accept their proposition. It would be 10 years before we could get around to all of them. These propositions are simply bluff.

Mr. STAFFORD. Not at all.

Mr. KITCHIN. If we accept your proposition, a man over here in the steel business will say, "Why don't you accept my proposition?" A man in the cotton business will say, "Why don't you accept my proposition?" Another in another business will say, "Why don't you accept my proposition?" And so it would be, as I say, 10 years before this committee could get around to this bill. It would be impracticable for the committee to attempt it.

Mr. STAFFORD. Not at all; it would not be impracticable. I want to say this, here and now—

Mr. KITCHIN (interposing). We can not take up your proposition unless we take up the others. We have to rely on you gentlemen who know all about it.

Mr. STAFFORD. All I can say is this, that any statements we might make here to-day unsupported by such an examination as I have suggested would be discredited the moment we stated them.

Mr. RAINEY. To be perfectly frank with you, when you state your dividends are 8 per cent, you convey to us by your evasion and refusal to answer questions that your profits are much more than 8 per cent on the amount you have invested in this mill.

Mr. STAFFORD. They are more than 8 per cent; certainly.

Mr. RAINEY. How much more are they?

Mr. STAFFORD. That is a question I say should properly come in the investigation I am talking about. I prefaced what I said—

Mr. RAINEY (interposing). If you know you can answer.

Mr. STAFFORD. I do not wish to answer.

Mr. RAINEY. We understand that you do not.

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Mr. STAFFORD. Not at all.

Mr. RAINEY. And we do not think you are coming before us fairly or with clean hands in any particular.

Mr. STAFFORD. I want to make myself perfectly clear and understood about that. I prefaced what I said, that every industry must, in addition to paying its cash dividends, earn enough to do other things. Now, as I have explained to you, that is right at your hands, to ascertain without let or hindrance.

Mr. KITCHIN. Why do you want us to go to the trouble and expense of finding out what you know in your own mind and can tell us in two minutes?

Mr. STAFFORD. Simply because taking two or three items out of their proper relationship would be misused or misconstrued.

Mr. KITCHIN. I believe you and myself can get together on this proposition, and get some information.

What time did you buy this plant out? When was it?

Mr. STAFFORD. It failed shortly after the Wilson bill went into effect. [Laughter.]

Mr. KITCHIN. What year?

Mr. STAFFORD. In the latter part of 1893.

Mr. KITCHIN. The latter part of 1893. Well, and the Wilson bill was not introduced until 1894 and was not enacted until August, 1894. And yet, under oath, you are attempting to attribute its failure to the Wilson bill. Are you not ashamed to make such a statement as that? [Laughter.]

Mr. STAFFORD. I do not know, sir, but what has that—

Mr. KITCHIN (interposing). The truth about the business is you wanted to get off something on the Wilson bill.

Mr. STAFFORD. I may be mistaken.

Mr. KITCHIN. This failure and purchase in 1893 when the McKinley bill was in effect, over a year before the Wilson bill was talked of, or even introduced.

Mr. FORDNEY. And the Democratic party was in power promising free trade. [Laughter.]

Mr. KITCHIN. You are just mistaken about that. are you not?

Mr. STAFFORD. Wait a minute; let me get it straight, because you do not desire to twist me up—

Mr. KITCHIN. No; not a bit.

Mr. STAFFORD. Nor do I desire to twist any facts. The facts are these.

Mr. KITCHIN. Now we are going to get the facts.

Mr. STAFFORD. I know you wish to get the facts. Now, I was mistaken about that. It failed and went into bankruptcy, or rather went into the hands of receivers in December, 1893. It was operated by the receivers for about a year before we took it. That is the situation.

Mr. KITCHIN. So you just were mistaken about the Wilson bill?

Mr. STAFFORD. Yes; I was thinking of the date of the sale of the plant rather than when it failed.

Mr. KITCHIN. It operated a year and then you people bought it; that is, the two banks. You were interested in one bank and some other gentleman was interested in the other. You people who were

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interested in the banks took the stock yourselves and then paid the banks.

How much did that concern cost you and the stockholders at that time when you bought it from the receivers? How much was it valued at?

Mr. STAFFORD. How much was what valued at?

Mr. KITCHIN. When you bought it from the receivers? You say it was operated under the receivers about a year, and then you and the others purchased it. At what was it valued when you purchased it then?

Mr. STAFFORD. You mean that was the appraised value?

Mr. KITCHIN. Yes; the appraised value.

Mr. STAFFORD. I have forgotten.

Mr. KITCHIN. Was it not about \$320,000?

Mr. STAFFORD. How much?

Mr. KITCHIN. About \$320,000, was it not?

Mr. STAFFORD. That I do not recall. If you have the figures there you can jog my memory.

Mr. KITCHIN. Let me jog your memory a little. I think I can. You and the party interested in the other bank got within about five shares of the majority of stock. The old stockholders kept just a slight majority, and it cost you and the others interested in the banks \$160,000. That is about what you paid for a half interest in it, was it not, you and the other people interested in the banks?

Mr. STAFFORD. That is not the fact.

Mr. KITCHIN. That is what you said awhile ago, practically.

Mr. STAFFORD. I did not say that.

Mr. KITCHIN. You said it cost you \$80,000 and the other bank \$80,000. That is \$160,000. And that the old stockholders kept hold of a slight majority of the stock.

Mr. STAFFORD. No; I did not say majority.

Mr. KITCHIN. What did they keep? You said awhile ago about half.

Mr. STAFFORD. I said they kept an interest. I do not recall what the interest was.

Mr. KITCHIN. Is it not the fact that you and the other bankers got a majority of the stock, that you would not agree to buy it or go into it at all until you held a majority?

Mr. STAFFORD. Not at all. It was sold out under a foreclosure sale.

Mr. KITCHIN. Ah! Now we are getting at it. How much did it bring, then, under foreclosure sale? You know about what it did cost. You were one of the purchasers.

Mr. STAFFORD. Not at all.

Mr. KITCHIN. How much did it bring?

Mr. STAFFORD. To state that would not answer the question at all.

Mr. KITCHIN. How much did it bring at the foreclosure sale?

Mr. STAFFORD. Will you let me say this?

Mr. KITCHIN. Yes.

Mr. STAFFORD. I have simply told you the fact that the total money they owed those two banks was paid in actual cash to the banks. That was the cost so far as I was concerned, and so far as the other

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gentleman was concerned, the cost to us. That was the interest we had in it.

Mr. KITCHIN. This \$160,000, which was the interest you and the other parties in the bank had in it, was the majority of the stock—was a controlling interest?

Mr. STAFFORD. There was no stock at all.

Mr. KITCHIN. I say, it was the controlling interest in the property, was it not?

Mr. STAFFORD. That we controlled it?

Mr. KITCHIN. Yes. Did not you buy a controlling interest in the property?

Mr. STAFFORD. I think we did.

Mr. KITCHIN. Now, we have it. You got over half of that property for \$160,000. When you reorganized, how much stock did you issue?

Mr. STAFFORD. I do not recall.

Mr. KITCHIN. Did you issue any new?

Mr. STAFFORD. Certainly.

Mr. KITCHIN. You just issued it to those representing this \$160,000?

Mr. STAFFORD. Not at all. There was a lot of new money put in at the time, and that is just what I am trying to make out, that the way to get at it is to go to the records and find out.

Mr. KITCHIN. Did you and the other parties interested in the other bank put into it any new money?

Mr. STAFFORD. Certainly.

Mr. KITCHIN. How much more new money did you put in it besides this \$80,000? You know that.

Mr. STAFFORD. It has been over a series of years.

Mr. KITCHIN. I am talking about when you started out with the business, after you took charge. Do you not know your capital stock then actually paid in was less than \$350,000?

Mr. STAFFORD. Not at all.

Mr. KITCHIN. How much was it?

Mr. STAFFORD. That I do not recall.

Mr. KITCHIN. You know it was less?

Mr. STAFFORD. That is just what I say; that is exactly what I say. You are trying, if I understand you, to sort of—

Mr. KITCHIN (interposing). I am just trying to get at about what you all put in that company when you established it and began to operate. You know, Mr. Stafford, that we gentlemen know that you must have some definite idea—not definite in exact dollars and cents, but approximately.

Mr. STAFFORD. If I were to tell you what I recall I would say a half a million dollars in actual money was put in. That is what I would say.

Mr. KITCHIN. When did you capitalize it at \$3,000,000?

Mr. STAFFORD. That I do not recall.

Mr. KITCHIN. When was it, since the Wilson bill or the Dingley bill or the Payne bill was enacted?

Mr. STAFFORD. The capital has been increased by the putting in of money several times, three distinct times. The years I do not recall.

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Mr. KITCHIN. Do you swear on oath that you started in with \$500,000, and since then have added new capital, actual money, to the amount of \$2,500,000?

Mr. STAFFORD. Not at all.

Mr. KITCHIN. Then the difference is represented by stock dividends?

Mr. STAFFORD. Not at all. A little of it was.

Mr. KITCHIN. How much of it?

Mr. STAFFORD. I do not remember.

Mr. KITCHIN. You know about.

Mr. STAFFORD. I can only repeat that every bit of that information is at your disposal, and you can find it.

Mr. KITCHIN. But we want to get it right here. We have got a little ways. You say a little of it was stock dividends. What do you call a little? Here is a capital of \$3,000,000. You started with \$500,000. There is a difference of \$2,500,000, and you say a little of that is represented by stock dividends. What do you call a little?

Mr. STAFFORD. I said a little while ago that as near as I can recall it, since the time we organized it, we have put in a million and a half new money. That would make about \$2,000,000.

Mr. KITCHIN. Stock dividends, you say?

Mr. STAFFORD. Not at all. In money.

Mr. KITCHIN. In money?

Mr. STAFFORD. Absolutely.

Mr. KITCHIN. Was there as much as \$500,000 in stock dividends?

Mr. STAFFORD. There may have been that much.

Mr. KITCHIN. There may have been that much. Do you not think it is a little more than \$500,000? [Laughter.] Just think. You are one of the owners of that company. You are the president of it. You know a great deal more about it than I do. I have never been there in my life. Do you not think that that really was a million dollars of stock dividends that you have issued since you organized—at least a million dollars?

Mr. STAFFORD. I know there has been nothing like that issued.

Mr. KITCHIN. You said it was about \$500,000.

Mr. STAFFORD. I did not say even that.

Mr. KITCHIN. You said you thought perhaps about \$500,000, did you not? It might be that much, you said.

Mr. STAFFORD. It may have been that much.

Mr. KITCHIN. I understand. Might it not have been a little bit more than that?

Mr. STAFFORD. I can not answer that question.

Mr. KITCHIN. You have a sinking fund for contingencies, do you not?

Mr. STAFFORD. No, sir.

Mr. KITCHIN. How much are the assets of your company now, in the last statement you made; about how much were the assets?

Mr. STAFFORD. That question can be answered just as I have explained it.

Mr. KITCHIN. I know. I do not want it definitely. I can go there and get dollars and cents, as shown on your books. But I ask you now if the assets above your liabilities, including your stock, your

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capital, are not more than three and a half million, and do not your books show it?

Mr. STAFFORD. I simply have to say to you that you can find that information yourselves by going there.

Mr. KITCHIN. I know, but I want to get it from you now. It does not appear to be fair to us—

Mr. STAFFORD. I want to say this, that I do not think it is fair to us that just because there has been money made, to have it held up here as a monstrosity under Schedule K.

Mr. KITCHIN. I am not trying to do that.

Mr. STAFFORD. That is exactly just what you are trying to do.

Mr. KITCHIN. Not at all.

Mr. STAFFORD. That is the way it seems to me.

Mr. KITCHIN. You started this very argument by saying you were going to talk about maintaining profits. We have the right to know what profits you want this tariff to maintain for you. We want to know the facts, and then we can draw our own conclusions.

Mr. STAFFORD. That is why I say to you, send your accountants there and study it a little and get the accurate facts.

Mr. KITCHIN. We are going to get the facts, I believe. I have gotten a little from you; I have gotten \$500,000 from you since I have been talking to you. [Laughter.]

Now, about your surplus. I ask you now if it is not a fact that your books show that you have a surplus above your \$3,000,000 capital of over \$500,000?

Mr. STAFFORD. I think that if the proper charge has been made to depreciation, the surplus would not be anywhere near that.

Mr. KITCHIN. I am asking you if you do not carry over \$500,000 surplus on the books.

Mr. STAFFORD. That is exactly what I said a little while ago; if you will have the books examined, you can find all this out.

Mr. KITCHIN. But I am asking you. I can get the books and see what it is, whether it is \$600,000 or \$700,000; but I am asking you now if it is not as much as \$500,000 surplus on your books.

Mr. STAFFORD. I have tried to explain that two or three times. The only way for you to get a fair knowledge of that you are after—and your very question indicates that—is to follow out and accept the suggestion which I have made in perfect good faith.

Mr. KITCHIN. We do not want a very accurate statement, but we want something approximate your opinion. I ask you if you do not know, and you are under oath now, if you do not have reason to believe, that your books show you have a surplus of over \$500,000?

Mr. STAFFORD. Let me just tell you—

Mr. KITCHIN. No; answer the question, yes or no.

Mr. STAFFORD. No; I will not answer it by yes or no, because yes or no would not tell the truth.

The CHAIRMAN. The witness stated the stock was worth \$125.

Mr. KITCHIN. Yes, but that may be a part water, too.

Mr. STAFFORD. There is not a penny of water in that stock.

Mr. KITCHIN. Anyway there is that \$500,000 of stock dividends you think was added; so that some of the profit you put in the stock, instead of issuing dividends you issued stock?

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Mr. STAFFORD. I explained that in the first six or seven years there was not a dollar of cash dividends paid.

Mr. KITCHIN. No; but later you paid about \$500,000 in stock dividends, and you have a surplus of about \$500,000.

Mr. STAFFORD. I did not say we paid \$500,000 in stock dividends. Let me say this. I want to be open——

Mr. KITCHIN. You have shown us to-day that you want to be very open and candid.

Mr. STAFFORD. I have said I would like to be very open, and I submit in all fairness that has been evidenced when I offered to this committee that they send accountants to go through our books from one end to the other. If anybody can be more open than that, I do not know what to say.

I am going to say this right now. The reason I can not and do not answer your question yes or no, or by figures, is that from the beginning of our business to this minute we have never charged off one item for depreciation, and the figures shown on our books would not show what the surplus would be fairly.

Mr. KITCHIN. I know about "fairly," but I want what your books show, fairly or unfairly.

Mr. STAFFORD. That is exactly what I say, that a statement of figures would not tell the truth.

Mr. KITCHIN. All right. What I want to know is what your books tell.

Mr. STAFFORD. That is the very thing I say.

Mr. KITCHIN. I ask you if your books do not show you have a surplus of over \$500,000?

Mr. STAFFORD. I just told you I can not answer that question by yes or no, and the only way it can be answered is for you to come and examine the books for yourselves.

Mr. KITCHIN. You took an oath awhile ago, did you not?

Mr. STAFFORD. I did.

Mr. KITCHIN. You are president of that company?

Mr. STAFFORD. I am.

Mr. KITCHIN. And you are an intelligent man, so considered?

Mr. STAFFORD. That I have nothing to say about. I think I know what I am talking about.

Mr. KITCHIN. Do you believe that you are telling the truth, the whole truth, and nothing but the truth when you say that you do not know whether or not your books show a surplus of more than \$500,000?

Mr. STAFFORD. I absolutely say that, and I say that I am telling the truth when I say that an answer to that would not tell the truth. The only way you can get at it is to do just exactly as I have frankly attempted——

Mr. KITCHIN (interposing). Did you ever have your bookkeeper make up a statement of your assets and liabilities?

Mr. STAFFORD. Certainly.

Mr. KITCHIN. Then they draw a balance, do they not?

Mr. STAFFORD. Certainly.

Mr. KITCHIN. How often do you have that balance or statement made up?

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Mr. STAFFORD. Every month.

Mr. KITCHIN. Now then, just tell me what that balance showed the last month that you remember looking over it.

Mr. STAFFORD. That is the very question I declined to answer a dozen times.

Mr. KITCHIN. You just decline to answer it?

Mr. STAFFORD. Certainly.

Mr. KITCHIN. You know about what it is?

Mr. STAFFORD. I do not know exactly.

Mr. KITCHIN. I do not care for them exactly, but about.

Mr. STAFFORD. I simply say that a statement of those figures does not tell the whole truth.

Mr. KITCHIN. You have already told us that the figures on your books lie.

Mr. STAFFORD. No; I did not.

Mr. KITCHIN. You said they did not state the facts.

Mr. STAFFORD. I did not say anything of the kind.

Mr. KITCHIN. Yes; you did. But you did testify that your stock was worth \$125.

Mr. STAFFORD. I did not say it was worth \$125. I said the last quotation I saw was it was sold for that.

Mr. KITCHIN. Did it sell for more than it was worth or less than it was worth?

Mr. STAFFORD. I do not know.

Mr. KITCHIN. What do you value your stock at?

Mr. STAFFORD. I do not know.

Mr. KITCHIN. I will get at it this way. How much corporation tax did you pay last year?

Mr. STAFFORD. You mean to what?

Mr. KITCHIN. Corporation tax to the Government.

Mr. STAFFORD. That I do not remember. The figures will show. You have them.

Mr. KITCHIN. No; I haven't. How did this stock that sold for \$125—how was it sold? At public auction?

Mr. STAFFORD. I have not heard of any being sold at public auction.

Mr. KITCHIN. You said you know of some being sold.

Mr. STAFFORD. All I know is I saw a quotation in the stock reports in our Cleveland paper that it sold for \$125. That is all I know.

Mr. KITCHIN. Have you any idea whether it is worth \$125 or not?

Mr. STAFFORD. That would depend entirely on what you gentlemen do.

Mr. KITCHIN. I am asking you to give your opinion of it.

Mr. STAFFORD. I am unable to do so. I do not know.

Mr. KITCHIN. You are president of the company and do not know what your stock is worth?

Mr. STAFFORD. I might say this, that no living man can tell what it is worth until you gentlemen have finished your work here.

Mr. KITCHIN. What would it be worth if the Payne-Aldrich Act remained continuously on the statute books?

Mr. STAFFORD. That I can not answer.

Mr. KITCHIN. So you do not know what it is worth?

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Mr. STAFFORD. I would not say that.

Mr. KITCHIN. Why is it, if you have not got a big surplus, that your stock is selling above par, \$25 above par?

Mr. STAFFORD. I can not answer that question.

Mr. KITCHIN. You can not tell that?

Mr. STAFFORD. You can answer that just as well as I can.

Mr. KITCHIN. How much stock do you own—how many shares?

Mr. STAFFORD. That you can find out in the same way.

Mr. KITCHIN. Well, but do you not know that?

Mr. STAFFORD. I do.

Mr. KITCHIN. How much?

Mr. STAFFORD. I decline to answer that.

Mr. KITCHIN. You decline to answer that question?

Mr. STAFFORD. Yes, sir.

Mr. KITCHIN. You know, do you?

Mr. STAFFORD. I do.

Mr. KITCHIN. How much salary are they paying you as president?

Mr. STAFFORD. I decline to answer that.

Mr. KITCHIN. Do you know?

Mr. STAFFORD. I do.

Mr. KITCHIN. How many directors or active officers in your company; that is, active managers, for instance?

Mr. STAFFORD. Two.

Mr. KITCHIN. Do you know what salaries the other man gets?

Mr. STAFFORD. Yes.

Mr. KITCHIN. How much?

Mr. STAFFORD. I decline to answer.

Mr. KITCHIN. You decline to answer that? Do you own as much as a third or a quarter of the stock?

Mr. STAFFORD. I decline to answer.

Mr. KITCHIN. Will your books show how much you own?

Mr. STAFFORD. They will.

Mr. KITCHIN. Do you and this other gentleman who is helping you manage that business, own a majority of the stock?

Mr. STAFFORD. No.

Mr. KITCHIN. You do not? Awhile ago in your speech you spoke about a decent profit, and you said we ought to leave this tariff so that these industries can make a decent profit. Would you mind letting us have your opinion of a decent profit in your line of business—in your mills? What would you say a decent profit is?

Mr. STAFFORD. I do not know as I would like to express an opinion on that.

Mr. KITCHIN. Why are you asking us to give a tariff that would insure you a decent profit when you are afraid to tell under oath what a decent profit is?

Mr. STAFFORD. I have not asked you to give us a decent profit. I simply said this, and I will repeat it, that if the Democratic Party desires that the people engaged in that business shall continue in their employment they can not cut the rates of duty below a point which will permit the importation of the grades of cloth that are made in this country without equally cutting the wages of the employees.

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Mr. KITCHIN. What kind of cloth do you manufacture?

Mr. STAFFORD. Various kinds of worsteds.

Mr. KITCHIN. About what is the annual output of that kind of cloth in the United States, in dollars and cents?

Mr. STAFFORD. The estimates that I have seen would indicate the total under Schedule K of about \$500,000,000.

Mr. KITCHIN. Of the kinds you make, less than 1 per cent comes into this country?

Mr. STAFFORD. Of the kind of goods we make, I think none comes in.

Mr. KITCHIN. The tariff is so high on the class of goods you make that it does not come in at all?

Mr. STAFFORD. I have explained that no attention whatever is paid to tariff rates in fixing prices. The present tariff does do this—it does protect the American workingman in his present rate of wages, and unless you change the rates of tariff to a point that will affect that, you will not affect the price.

Mr. KITCHIN. Mr. Stafford, now I am going to make a very fair proposition to you. You have been just as fair as you could be with this committee. I want to make this proposition: If you will send your bookkeeper up here from your mills to-morrow, tell him to draw up a statement of how your business stands, your assets and your liabilities, and wages paid, etc., the committee will be very glad to examine him and to take that statement and put it into the hearings.

Mr. STAFFORD. I have no doubt of it.

Mr. KITCHIN. Showing all of your assets and your stock, who owns the stock, and the salaries of the officers, from the beginning, the amount of stock dividends that have been issued, and all—just put it in a statement, and we will just take it and put it in the hearing. Is not that a fair proposition?

Mr. STAFFORD. Just a minute. Suppose that were done——

Mr. KITCHIN. Are you going to let him do it? Are you going to let him come?

Mr. STAFFORD. Suppose he did do it. I want to be understood here, and I want to know what you are driving at. Suppose he did do it. What effect would that have on the rates that you gentlemen propose to put in the tariff?

Mr. KITCHIN. What did you come here for? You came here to give us information, and now you state it is all on your books and you have made a proposition for us to go down there, and now I ask you to send your man up here who will know all about it. This would be much easier than for us to go there.

Mr. STAFFORD. Let me say that this is a very vital subject, and I do not see why this concern should be made the scapegoat here, as Schedule K has been made the scapegoat in this tariff agitation. There does come in a question of efficiency. There does come in a question of ability, that enters into this thing, and it is not proper to pick out some one thing, as certain particular things have been picked out, with no due correlation to the rest. There are other factories that are willing to do that same thing. You can not ascertain the truth from one simple statement without making an investigation of the details of this statement. The tariff rates existing to-day have no effect whatever on the prices, except when it comes to a question of

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wages. I am here to say that. They do not, and I am here to say that an investigation of wages will prove that.

Mr. KITCHIN. I suppose your bookkeeper when he comes finally will bring the pay roll, the amount you pay your wage earners, the different classes, and who they are, how many men, how many women, how many children, and how many foreigners in your mills.

Mr. STAFFORD. If you will go to the Tariff Board report you will find that. You will find that fully given. They got it all.

Mr. KITCHIN. Are you going to send your bookkeeper up here with that statement?

Mr. STAFFORD. Not that I know of.

Mr. KITCHIN. Is it not true the reason you will not send him is because you know that the statement that you take off of your books will show that you have been making a great profit and that you have not been candid with the committee?

Mr. STAFFORD. No, sir.

Mr. KITCHIN. An exorbitant profit?

Mr. STAFFORD. No, sir; absolutely not.

Mr. KITCHIN. We just want you to understand that we are willing to have you send your bookkeeper up to make a statement.

Mr. STAFFORD. And I want you to understand that I am willing that this committee and the gentlemen on it are free to make any investigation you want.

Mr. RAINEY. I just want to ask one or two questions; I know you can answer and will answer. This factory in which you are interested was originally a local concern for which a great many different people subscribed?

Mr. STAFFORD. No; it was a concern that originated in Jamestown, N. Y., by one man, an Englishman by the name of Joseph Turner. He went from Jamestown, N. Y., to Kent, Ohio, and by that time two of his boys had grown to manhood. He finally died and these two boys, with their mother, owned the entire plant.

Mr. RAINEY. Is it not true that the foreclosure proceedings there, the appointment of this receiver, and the sale which was finally made for such a small amount was simply an effort on the part of yourself, assisted by the banks, to squeeze out that family?

Mr. STAFFORD. Absolutely not. The man was hopelessly involved to the tune of nearly half a million dollars. I finally succeeded in compromising his debts for him and lending him money to pay his debts, and he got a very large block of stock in the company after he was bankrupt, for nothing.

Mr. RAINEY. How much did he get?

Mr. STAFFORD. The books will show.

Mr. HARRISON. So far as I have been able to ascertain from your singularly candid and communicative testimony, you and your friends about 19 years ago put either or thereabouts a million and a half dollars cash into this plant. It has now a capital stock of \$3,000,000; that it is worth on the market \$3,750,000; that you are paying 8 per cent dividends on \$3,000,000, which, upon the original cash investment, amounts to double that, or 16 per cent; and that you are adding a considerable amount to your surplus every year.

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Mr. STAFFORD. Under those circumstances; but that is not—

Mr. HARRISON. Let me finish and you can correct me afterwards.

Under those circumstances do you not think it is unbecoming for you to come before this committee and threaten the country with a reduction in the wages of your workmen without considering whether the manufacturer might not spare a little bit out of the dividends?

Mr. STAFFORD. You have not stated the case, sir.

Mr. HARRISON. Well, it was difficult for me to get all the facts. That is as well as I could understand from your evidence.

Mr. STAFFORD. In the first place, there was over two million in cold cash put into it, in money, at the time we took hold of it. I testified there was a million and a half, or about \$500,000 in the beginning. That is a simple fact. It has made some money. There is no doubt about that. Yet if to-day you put 100 shares of that stock on the market in Cleveland it would not bring 110. There are some people that have been buying it, but it is like any other industrial stock that if to-day there were \$10,000 of that stock put on the market I would not pay par for it under existing conditions.

Mr. HARRISON. I do not presume to lecture a successful manufacturer upon his duty to the country, but when you come here before us making your plea for the maintenance of the American laboring man's wages, under those circumstances, in view of the great showing your plant has made, the large dividends it has paid, does it never occur to you or any of the other gentlemen under those circumstances, that if there is to come a reduction of price it may come out of the dividends instead of out of the wages?

Mr. STAFFORD. Let me ask you, do you know anything about manufacturing at all?

Mr. HARRISON. I have learned a good deal in the last few weeks.

Mr. STAFFORD. Very well. All I have got to say is this, that anybody that knows anything whatever about manufacturing knows that the entire machinery may go out of date overnight by some invention that changes the process to such a degree that the machinery that he now has is absolutely out of date. That is one of the reasons, and it is just like an insurance company. It is just like any other great industry, if they can not have sufficient in excess of the actual cash outlay that something is liable to come along to throw them into bankruptcy.

Mr. HARRISON. You gentlemen try to head that off by buying up all the inventions and locking them up, do you not?

Mr. STAFFORD. Not at all. I submit to you in all fairness that 6 per cent or 7 per cent or 8 per cent cash dividend on a manufacturing stock is not an excessive return.

Mr. HARRISON. It depends upon whether the stock has been inflated. In your case I judge it was.

Mr. STAFFORD. It was not. I just said it was not.

Mr. HARRISON. You would not inform the committee in that respect?

Mr. STAFFORD. Simply because, in spite of all that can be said, this is a political meeting. It is a political party. There is no doubt about that. The Democratic Party has full charge to-day, and

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upon you is going to rest the responsibility of a mistake or not a mistake, and I am simply here to say when we give, without any reservation, and when our mill and many others invite an absolute investigation, just as we gave to the Tariff Board, that they not only came with their experts, but they sent accountants once, and then, thinking they may not have gotten the right data, they sent other accountants to check them up. I am simply here to say that any attempt, with all due respect to these gentlemen here, either on this committee or on the Democratic side of the House, and with all due respect to you, to try to put witnesses into a false position, is simply a method that will convey a wrong impression, by having a part of the testimony, unless you get it all.

Mr. HARRISON. That is exactly the position in which you put yourself.

Mr. STAFFORD. I understand; but I am here to say that it is an impossible thing. I am standing here to say it is impossible to present the actual, truthful facts to this committee, and that is why I say you need not be in haste. Why should you try to be in haste? There is time enough. If you gentlemen, after you have made your bill and have reduced the rates, and if you have made a mistake, which you are likely to make, in all good faith, too, appoint a good tariff commission, pay them any price you please, and get the best men you can, and give the country some confidence, and give that commission authority to get facts, give them money enough so that if some mistake is made these men can rectify it, and we can stand up awhile under adverse circumstances if we know that competent men will study this industry, take it up and study it, and rectify any mistakes that will be made. Then we will be content.

Mr. JAMES. You knew you were coming here. Why did you not come with a statement of the facts?

Mr. STAFFORD. Simply because a statement could not tell the facts.

Mr. JAMES. You ask the committee to send down a committee to investigate and look into your books, and, of course, you would show us the books. Do you believe this committee would have confidence in the books that would be shown, or the country would rely upon the findings of a committee that had gone to investigate the books of a manufacturing concern where the president stood before the committee under oath and said he knew how much surplus was declared last year, but refused to tell us?

Mr. STAFFORD. I never said that. There was never any surplus declared last year.

Mr. JAMES. Well, the year before?

Mr. STAFFORD. Nor the year before. The balance sheet will show the results of the year absolutely, but there was nothing declared.

Mr. LONGWORTH. I would like to ask you a question on which I think you could give us an opinion. I am not stating whether the duty is too high, or what my personal opinion is, but whether it is too high or not, is that duty added to the price of American manufactured goods for the products with which he competes abroad?

Mr. STAFFORD. Absolutely not, Mr. Longworth. There is no attention paid to that duty, and never will be, unless the duty was low enough to let the wages of Europe come in here, then we would have

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to meet it. Other than that, it is one of the strongest competitive businesses, and the failures of the last few years of some of the largest concerns prove that.

Mr. LONGWORTH. The statement is continually made on the stump, in the papers, and everywhere else, that the American consumer pays the tax, that whatever the duty is it is added to the cost of the article.

Mr. STAFFORD. So far as Schedule K is concerned, that is absolutely a misstatement; an unqualified misstatement.

Mr. LONGWORTH. Then the duty does not have any effect upon the price to the ultimate consumer?

Mr. STAFFORD. Absolutely not, Mr. Longworth, except at a point that I told you; figured on the duty on wool and figured on the wages of employees, those two factors control, and if the duty should be reduced to a point where they could import from the other side into this country they could import all that this country would use. You could not regulate it. You could not cut it, say, 5 per cent, 1 per cent, or 2 per cent. You could not stop it. When they can get in at all with these grades it means they can sell them a little cheaper than we can make them. If you could regulate exactly the line, so that we were always making at exactly the same price they were, of course they could not come in.

Mr. LONGWORTH. There is, then, an absolute definite and sharp dividing line between what the consumer pays for an article actually imported and one that he pays for a precisely similar article manufactured in this country?

Mr. STAFFORD. Surely. In other words, do not forget this, on the lower grades none come in. The higher grades do come in, because the people who wear them do not care anything much about the price; but the lower grades of cloth that are generally worn and that are made up into garments by our garment and clothing manufacturers are all made in this country.

Mr. LONGWORTH. Suppose that these lower grades actually were coming in at the duty put on them, how would the price, generally speaking, compare with the American price of these goods?

Mr. STAFFORD. It would have to be very much higher. In the case that I stated it would be at least 26 cents a yard higher.

Mr. LONGWORTH. Is that case you have stated an unusual case?

Mr. STAFFORD. That is typical. That is typical of every grade of cloth we manufacture. If the English manufacturer sent that cloth over here he would have to sell it for 26 cents a yard more than we are selling it for to get a market.

Mr. JAMES. Do you say that you did not say to me that you knew what the surplus was last year, but you refused to tell the committee?

Mr. STAFFORD. Yes and no. Somebody, I do not know which gentleman it was, but one of you asked what surplus was declared.

Mr. PALMER. It was not I. Don't look at me. I have not tried to get anything out of you.

Mr. STAFFORD. All that I can say is that there has been no surplus declared. I know what the balance sheet showed is exactly true.

Mr. JAMES. That is what I asked you and you said to me you knew what it was last year, but you refused to tell.

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Mr. STAFFORD. I said there was no surplus declared.

Mr. JAMES. It does not matter whether it was declared if it was there.

Mr. STAFFORD. Yes; I do decline to give a statement from our books, offering, as I do, to the whole committee, the entire facts, if they wish to get them.

Mr. JAMES. How much time did the employees of the Tariff Commission occupy in your plant?

Mr. STAFFORD. I was sick in Germany when they were there, but as I understand it, they were there for about three weeks or more.

Mr. PALMER. I want to ask you several questions, but I do not expect to get anything out of you about your business.

Mr. STAFFORD. Thank you, Mr. Palmer.

Mr. PALMER. I am interested in what you answered Mr. Longworth. Do you say that it would not be possible to write a rate in the woolen schedule which would slightly increase importations?

Mr. STAFFORD. Of those grades?

Mr. PALMER. Yes.

Mr. STAFFORD. Yes; I say that emphatically.

Mr. PALMER. You say that whatever rate would permit imports at all would permit importations sufficient to disrupt the entire domestic consumption?

Mr. STAFFORD. Unless we cut our prices below that, and the only way we could cut our prices below that would be to reduce either what we have to pay for the wool or what we pay the people who work for us.

Mr. PALMER. Have you not in your answer just answered the other proposition that the American manufacturer, in order to keep the competition down to a small amount, would somewhat reduce his price, the price of his product?

Mr. STAFFORD. He could not do it, Mr. Palmer, unless he cut down either the cost of the wool or wages of the employees.

Mr. PALMER. Or the returns upon capital.

Mr. STAFFORD. That might be, too.

Mr. PALMER. And that would, as a matter of fact, be the first thing he would have to cut?

Mr. STAFFORD. Yes. He would have to cut that first.

Mr. PALMER. Wages would be the last thing that he would cut?

Mr. STAFFORD. It would have to be. That would be true.

Mr. PALMER. That is true, wages being the first lien upon the receipts of a manufacturing concern, would be cut last?

Mr. STAFFORD. That is the rule.

Mr. PALMER. Yes; that is the rule. So that you would cut your profits first as far as you could and keep meeting foreign competition by a reduction in your price.

Now, is it not practicable for us to write a rate through this schedule which will permit a slight increase of importations which would be kept slight, but still be an increase, by the reduction of the American manufacturer's price at the expense of his profits?

Mr. STAFFORD. Well, that would be true to this point: It would depend upon how far you went.

Mr. PALMER. Exactly.

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Mr. STAFFORD. If you went far enough so that the amount cut would cut the life all out of it, then, of course, you could destroy the business. On the other hand, if you cut it just a little bit below, so that they could wiggle along for a few years and not make any profit, that might also be so; but what I mean is this: If you fix a certain schedule of rates which will permit of importation of other goods, just that moment you have got to cut somewhere or else they will take the whole market. That is evident.

Mr. PALMER. Yes; but is it possible for them to take the whole market?

Mr. STAFFORD. It would be possible unless——

Mr. PALMER (interposing). What is the total American consumption of the articles enumerated in the woolen schedule?

Mr. STAFFORD. That question was asked a moment ago.

Mr. PALMER. It is several hundred million dollars?

Mr. STAFFORD. I think the total value of the products in Schedule K would be \$500,000,000.

Mr. PALMER. You do not mean to tell us if we wrote a rate at a certain figure that foreign importers, foreign manufacturers, would take that \$500,000,000?

Mr. STAFFORD. It is perfectly plain, if I can make myself clear. You put the duty, let us suppose 5 per cent, if you please, under American present costs—and when I talk about costs, I am talking about the raw material, the wages, the distribution expense, and the profits—I put them all in, the whole of them. Now, then, you cut, under this new tariff bill that you may pass, you cut it 5 per cent below that, and it is evident that they will take the whole trade unless we in turn cut our price below that 5 per cent.

Mr. PALMER. Or unless you cut your price down to that 5 per cent, where traffic advantages, transportation advantages, will be some protection to you?

Mr. STAFFORD. That is true. That is what I say.

Mr. PALMER. Can you not conceive of a figure, and would not, perhaps, that 5 per cent be a figure; which would make it possible for you to reduce your price of the product at the expense of your profit, still keeping your protection at about what it is now?

Mr. STAFFORD. It would not keep it where it is now. It might, Mr. Palmer; but I want to say this: There are, and I am going to say that right openly to these gentlemen——

Mr. PALMER. Don't tell these men anything.

Mr. STAFFORD. There are concerns in this country, and perhaps our concern is one of them, where, because of certain conditions of management, we could afford to do that; but if you cut that 5 per cent, I am here to say that you cut out of existence practically half of the smaller men. That is all. Now, you could do it.

Mr. PALMER. You have got an efficient and well-managed plant?

Mr. STAFFORD. We think we have; yes.

Mr. PALMER. You think you have? We could write a rate which, as far as you are concerned and other plants equally as efficient and well managed, would result simply in a slight decrease in the cost to the consumer of your products at the expense of your profits without decreasing your production in any way?

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Mr. STAFFORD. Yes; that could be done.

Mr. PALMER. Let me follow that just a little further. If that could be done, as far as you are concerned and the other efficient and well-managed and economically administered plants are concerned, the only effect would be to reduce the price of the article to the American consumer.

Mr. STAFFORD. There is just the point I was going to make. It would not affect the price to the American consumer, a 5 per cent reduction.

Mr. PALMER. It would if you would reduce the price of your product? Somebody is paying less for it?

Mr. STAFFORD. If you are getting less for it.

Mr. PALMER. If we could find that kind of rate the production would amount to practically what it is now, and of course the price of labor would not be affected?

Mr. STAFFORD. No, sir; that is right.

Mr. PALMER. Of course, the price of labor depends upon what you have got to have?

Mr. STAFFORD. That is right.

Mr. PALMER. The wool schedule has never been changed within the memory of living man?

Mr. STAFFORD. That is right, except so far as we have got it changed by competition.

Mr. PALMER. You don't know from actual experience, therefore, what the effect, as to increased importation, would be of a cut in that schedule?

Mr. STAFFORD. Yes; we do.

Mr. PALMER. No; you have not had—

Mr. STAFFORD (interposing). Let me just give you one little brief example or explanation so as to get just the point you are after, for I want to meet that thoroughly.

You cut this schedule 5 per cent, if you please, so that we would have to cut our price 5 per cent to get under European competition. Now you say that would be a benefit to the consumer. Let me tell you just wherein it would benefit him. The average cloth that we make to-day is about 90 cents a yard. The average yardage that goes into a suit of clothes is supposed to be three and a half, but as a matter of fact 3 yards does it, but calling it three and a half. You cut that 5 per cent. Five per cent of 90 cents is $4\frac{1}{2}$ cents a yard. That would be less than 15 cents on a suit of clothes. It would not make any difference whatever to the man who wears that suit of clothes. If you are going to give him any benefit you have got to cut that rate 20 per cent under the American price to-day, which would mean the closing down of the mills.

Mr. PALMER. It would mean the closing down of the mills unless you could bring your price down to the foreign price without closing down the mills.

Mr. STAFFORD. That can not be done except in one of those two ways.

Mr. PALMER. It could not be done with a 20 per cent rate, you say?

Mr. STAFFORD. Twenty per cent off? Absolutely not.

Mr. PALMER. You mean 20 points off the present rate?

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Mr. STAFFORD. Oh, 20 points off the present rate? You can cut 20 points off of the present rate without affecting it at all. We have always said that, that the rates on Schedule K to-day can be cut without affecting the prices at all.

Mr. PALMER. You could take about a 20 per cent cut, could you?

Mr. STAFFORD. As I understand, you were figuring on that 5 per cent that let them come in. I say 5 per cent would not affect the price to the consumer at all.

Mr. PALMER. You do admit if we did cut it 5 per cent below cost of production at home and abroad the American manufacturer would meet the competition and would do it by a reduction of the price of his article at the expense of his profits?

Mr. STAFFORD. I think possibly that might be so with some, and with others it would be utterly impossible.

Mr. PALMER. That would be true of the efficient and well-managed plant like yours? Do you think we ought to legislate for the protection of the inefficient and badly managed plants in this country?

Mr. STAFFORD. You would not be quite doing that, and I will tell you why. While there are a few of the larger plants, the great bulk of the business, after all—

Mr. PALMER (interposing). Is not the same contention—

Mr. STAFFORD (interposing). Excuse me a moment.

Mr. PALMER. That is an answer. Is not that the same contention made originally by the steel and iron people when the knife was put into their schedule, and was not the result of it contrary to what you say? Did not the large cuts in the steel and iron schedule result in only a comparatively small increase in the imports of foreign articles and the meeting of the foreign competition by the American manufacturer? Did not all that result in better efficiency and better management in the steel and iron industry?

Mr. STAFFORD. I do not have any personal knowledge of that.

Mr. PALMER. That is common knowledge, is it not?

Mr. STAFFORD. I do not know that it is. That may be. As I say, I am not familiar with it. But the iron and steel industry can not for one moment be compared with the textile industry, because the ramifications and difficulties connected with the manufacture of cloth are a thousand times as great as in the production of iron.

Mr. PALMER. Well, the gentlemen engaged in the iron and steel industry would hardly admit that that is so.

Mr. STAFFORD. The question is of reducing the tariff to a point which will really reduce the price of cloth to the American consumer. Is not that the idea?

Mr. PALMER. Yes; and without materially decreasing the amount of the American production and therefore interfering with the price of labor. I think that a lower rate can be written so that foreign imports will be slightly increased, which will force the American manufacturer to put the price down.

Mr. STAFFORD. Then they will stop, of course.

Mr. PALMER. Yes.

Mr. STAFFORD. That is it.

Mr. PALMER. And which he can meet out of his profits, which in some lines of American industry have been inordinate and exorbitant.

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Mr. STAFFORD. Not in ours.

Mr. PALMER. Well, in some well-managed and efficient plants there has been, to my certain knowledge. They have up in my country. Where is your mill in Pennsylvania?

Mr. STAFFORD. Philadelphia.

Mr. PALMER. What is the name of it?

Mr. STAFFORD. We call it the Roland.

Mr. PALMER. What were you going to say?

Mr. STAFFORD. I was going to say this, that in reference to the question of a cut, as to whether the American manufacturer could do that and take it out of his profits will depend entirely on whether you guess right on the per cent.

Mr. PALMER. Yes; I understand.

Mr. STAFFORD. And unless you cut that per cent way down below where any of us can live, then it will not affect the consumer at all.

Mr. PALMER. It will depend on two things; first, whether we get the right rate of per cent?

Mr. STAFFORD. Yes; that is right.

Mr. PALMER. And, second, whether or not we get accurate information as to the amount of profits of well-managed and efficient plants in this country, so we may know how much we can cut into those profits, and that shows the reasonableness of the inquiries which these gentlemen have made of you and which you have refused to answer.

Mr. STAFFORD. No, just let me make a frank statement, without going into figures. That thing varies by years. The two years in our history when we made the most money was because we happened to have capital enough to buy wool when it was down under its cost and had the advantage of that in the rise in the price of the wool; not in manufacturing, and so I say, and I am perfectly honest in it from the bottom of my boots, that to answer the questions that those gentlemen asked, and to have it put into the record, would be an absolute falsehood and a wrong to our industry. I am here to say that an examination should be made, and that is why I say the only fair and in fact the only possible way to get at the facts is to go down into the heart of every company and study and see where they get their profits. That is the only way, and is the American public so insistent for a change that a radical revolutionary thing should be accomplished simply because they will not take the time to investigate it? Now, you have a basis on the tariff report, so far. Add another to it, and go ahead, and find out what you are doing before you become so radical as to damage American industry. Now, then, you can cut these rates. You can meet the wishes of the community by absolutely cutting it 10, 20, or 30 per cent on some of it. That will meet the public view. Then investigate thoroughly so that you can arrive at a point of rational and intelligent action.

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STATEMENT OF MORTON H. MEINHARD, OF CLEVELAND, OHIO.

JANUARY 21, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: It appears to me that what has inspired the crusade against Schedule K is the prevalent idea that there is not the keenest of competition in the woolen and worsted lines, irrespective of actual facts which will prove the existence of competition so keen that the modus operandi of distributing woolens and worsteds has been completely revolutionized.

Up to the formation of the American Woolen Co., all woolens and worsteds were sold through commission houses, who received 7 to 8 per cent for the selling of the goods intrusted to them. After the incorporation of the American Woolen Co., competition became so keen that the old-line commission house has been practically abolished and the selling agent has taken its place, and instead of 7 to 8 per cent paid to the commission houses, the selling agents are at present paid from 4 to 4½ per cent. This reduction has taken place irrespective of the fact that the cost of distribution has been materially increased, owing to the fact that the clothier goes on the road to offer his merchandise very much earlier than he did years ago, which has made it necessary for the mills to deliver thousands of selling samples, all of which involves additional expense in both the shipping departments and the offices of the selling agents. The up-to-date mode of doing business, and the change in New York from the old dry goods district to the uptown office have also made for large additional expense.

Taking all this into consideration, as well as the responsibilities which the selling agents have to bear, inasmuch as they are responsible for the entire cost of distribution, and, in a great many cases, have to guarantee accounts, cash sales, etc., I do not believe that the average net income of the heads of departments selling woolens and worsteds will be \$5,000 per year, and in view of your well-known effort to get at actual facts, if agreeable to you, I should like to have the privilege of appearing before the Ways and Means Committee, so that this data may find its way on to your records.

I shall be in Washington Monday morning and should esteem it a favor if you could allot me some time during Monday when I can give you any and all information that will be of service to you and your associates.

I am the agent of the Cleveland Worsted Mills Co., and I know that you have met our president, Mr. Oliver M. Stafford, of Cleveland.

Awaiting an early reply as to what time you would wish me to appear on Monday, inasmuch as I must return to New York late Monday evening, I remain

Yours, respectfully,

MORTON H. MEINHARD.

NEW YORK, *January 23, 1913.*

MR. OSCAR UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: In the course of the testimony which was brought out during the session of the Ways and Means Committee on January 27, it appeared that certain members of that committee were under the impression that the New York selling agents were, in a great many instances, stockholders in and identified with the executive branches of the mills they represent. The fact is, writer believes, that not 1 per cent of the New York selling agents are in any way identified with the executive or administrative offices of their mills, and would call your attention to the first brief submitted.

Yours, respectfully,

MORTON H. MEINHARD.

**TESTIMONY OF AUSTIN T. LEVY, OF NEW YORK CITY,
 REPRESENTING THE STILLWATER WORSTED CO.**

MR. LEVY. Mr. Chairman, it seems to me that we are all very much interested in knowing just one thing, why is it that a suit of clothing costs so much to the man who eventually wears it? There has been a good deal of questioning as to profits, as to how they can be reduced or eliminated. I am a manufacturer of worsted cloth, and have made

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more or less of a specialty of the kind of fabrics that retail at \$25 in a suit of clothing such fabrics are ordinarily sold at wholesale at \$1.35 per yard net, or thereabouts. These goods, such as I make, can not possibly be made in Bradford, England, under 85 cents a yard. Putting 40 per cent on that, as recommended in the Underwood bill, their cost would be \$1.19 a yard, a saving of 16 cents a yard, which amounts to 55 cents in a \$25 suit of clothing. That does not help us out very much from the consumer's standpoint.

You ask where it is. We know from the Tariff Board's report, and from such other testimony as we have had here, that there are no excessive profits in the worsted business. I believe that to be true. I believe also that there are no excessive profits in the clothing business; I was in it at one time. We also believe, I think, that there are no excessive profits in the retailer's business, because a great many of them do not last very long.

That piece of cloth I sell at \$1.35 net is wholesaled ordinarily in clothing by houses that make a good grade at \$15 net. That suit is retailed at \$25 net. The big gap appears to be between that \$15 and that \$25, 66 $\frac{2}{3}$ per cent to bring it from the clothing house door to the back of the man who wears that suit of clothing. Allow that retail dealer 10 per cent, and you have brought it down to \$22.50, or \$7.50, just 50 per cent, to distribute that article. Can it be done more cheaply? Not as we live to-day. Gentlemen, I am inclined to think we are a little on the wrong track. It is not in the profit of the worsted maker, it is not in the profit of the clothing maker; it is in the life of the Nation, the way we have accustomed ourselves to live and to do things.

Now, I would like to say that one reason why clothing costs more to-day than it used to is that they do not make the same kind of clothing. We are all familiar with the nationwide advertised makes of clothing. Millions of dollars have been expended in educating the wearer of clothes as to what kind of clothes he had better buy, the desirable clothes. His taste has been educated. There was a time when there was a very important element known as "cross-roads" trade. There is no longer any cross-roads trade. Every young man in the smallest village wants a suit of a certain type. That suit costs more to produce than the kind of clothing that was used 25 years ago. He did not care then; he did not know unless he lived in a big city.

I would like to bring out what I think is a little fallacy in the previous witness's remarks, if they have any bearing on the general subject. If I am not mistaken he testified that in his \$10 suit he used goods costing \$1.15 a yard net. I think it is generally known that about 3 $\frac{1}{3}$ yards are required to make a suit. That would bring it to about \$3.83. He said the labor cost in that suit was \$5; that makes \$8.83. He said there was a 9 per cent discount from the \$10 wholesale price, bringing his figure down to \$9.10. He therefore leaves 27 cents for incidental expenses and profit. He testified that on the turn-over of the clothing trade in general there was an average profit of 9 per cent. On that \$10 suit there ought to be 90 cents, but his figuring showed 27. However, that is a small detail.

I think that is all I care to say.

Mr. HULL. You say you are a manufacturer of worsteds?

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Mr. LEVY. Yes.

Mr. HULL. What about this complaint relative to the operation of these duties. Are you familiar with that?

Mr. LEVY. I am not particularly familiar with it. I know there is such controversy.

Mr. HULL. Then I will not ask you about it.

The CHAIRMAN. That is all.

TESTIMONY OF C. BROOKS STEVENS, OF LOWELL, MASS.

Mr. STEVENS. Mr. Chairman, at the suggestion of one of the members of your committee I prepared a statement showing the difference in cost of manufacturing worsted tops, yarns, and cloth in this country and in England; also the method of determining the proper duty to equalize the difference in cost, with footnotes explaining the method of arriving at the figures given in this statement. References from the report of the Tariff Board are appended when they confirm our own experience.

1. *Worsted tops*.—The cost of worsted tops may be divided into two parts.

1. Cost of material (raw wool).

2. Cost of conversion (labor, supplies, expense, etc.).

The average cost of conversion in England is $3\frac{3}{4}$ cents (see note B); the average cost of conversion in the United States is 6; the excess cost of conversion in the United States is say 80 per cent (see note A).

If we take the present market price of worsted tops in England (see note B) as a basis for figuring, we have (1) the percentage of material cost to total cost of tops is $91\frac{1}{2}$ per cent; (2) the percentage of conversion cost to total cost of tops is $8\frac{1}{2}$ per cent.

In order to determine the duty necessary to equalize the total cost of worsted tops in this country and in England, the two components of cost must be treated differently. The cost of the component "material"—raw wool—is increased in this country over the cost of the same component in England by the amount of duty that may be assessed on material—raw wool—so that if we assume a duty of 20 per cent on wool there should be a duty of 20 per cent on the wool component of the tops (this being the compensatory duty) plus a small allowance for waste made in manufacturing tops, say 10 per cent. This allowance is made because it is necessary to import about 120 pounds of clean wool to make 100 pounds of tops, and the wool duty must be paid on the entire 120 pounds.

The cost of the component "conversion" is increased in this country by higher wages, higher cost of supplies, and higher fixed charges, etc., and the amount of increase is shown (notes A and B) to be 80 per cent greater in this country than in England, so that a duty of 80 per cent on the component "conversion" (this being the protective duty) would be necessary to equalize the difference in cost of conversion. The problem would then work out as follows: Twenty per cent duty on material (raw wool); 2 per cent waste allowance; percentage of material cost $91\frac{1}{2}$ times 22 per cent equal 20.13 compensatory duty; percentage of conversion cost $8\frac{1}{2}$ times 80 per cent equal 6.84 protective duty; total duty 26.97.

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As the price of wool at present in England is abnormally high, the percentage of material cost is unduly increased, while the percentage of conversion cost is correspondingly decreased. It would appear from an examination of prices for a number of years that 10 per cent would probably be a fair average percentage of conversion cost to total cost. We should then have percentage of material cost 90 per cent times 22 per cent equals 19.8; percentage of conversion cost 10 per cent times 80 per cent equals 8; total duty, 27.8, or say 27 per cent.

NOTE A.

For comparative costs of conversion, see Report of Tariff Board, Vol. III, pages 644 and 645, as follows: "In view of the facts related it seems a fair statement that the cost of making tops in the United States is about 80 per cent greater than abroad."

See also page 641 of the same volume, giving the ordinary conversion charges for combing in the United States and England.

NOTE B.

Table showing:

First. List of four representative qualities of worsted tops.

Second. Market price of these tops quoted by Windeler & Co., Bradford, England, December 5, 1912.

Third. United States equivalent in cents of English price in pence.

Fourth. Commission rates for combing these qualities in England, as per page 641, Tariff Board Report.

Fifth. Commission rates for combing these qualities in United States, as per page 641, Tariff Board Report.

Sixth. Percentage of material in English tops.

Seventh. Percentage of conversion cost in English tops.

1	2	3	4	5	6	7
Quality.	Market price.	U. S. equivalent.	Combing price, England.	Combing price, U. S.	Material.	Conversion.
	<i>Pence.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Per cent.</i>	<i>Per cent.</i>
60s.....	28	57	4.50	7.5	92	8
56s.....	22½	56.67	3.75	6	92	8
46s.....	16½	32.88	3.00	5.5	91	9
40s.....	16	30.45	2.25	5	91	9
Averages.....			3.375	6	91½	8½

Average excess United States conversion cost over English, 77 per cent—say, 80 per cent.

2. *Worsted yarn.*—The cost of worsted yarn may be divided into two parts.

1. Cost of material (worsted tops).

2. Cost of conversion (labor, supplies, expense, etc.).

The average cost of conversion in England is 9½ cents. (See Note "D.")

The average cost of conversion in United States is 19 cents.

The excess cost of conversion in United States is 100 per cent. (See Note "C.")

If, as a basis for figuring, we take the average market price in England of four standard qualities of worsted tops, add to this figure the average cost in England of converting these tops into worsted yarn, we would obtain an average total cost of worsted yarn; that is,

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

“material” plus “conversion.” These averages [shown by Table D below] are: Average cost of four qualities worsted tops, 41½ cents; average cost of converting worsted tops into worsted yarn, 9½ cents; making 51 cents.

From these figures for material and conversion we get average per cent of material cost to total cost (41½-51), 81½ per cent; average per cent of conversion cost to total cost (9½-51), 18½ per cent.

In order to determine the duty necessary to equalize the total cost of worsted yarn in this country and in England, we treat the components of worsted yarn just as we did in the case of worsted tops above mentioned, so that if we assume a duty of 27 per cent on worsted tops, there should be a duty of 27 per cent on the component “material” (tops) of the yarn; this is the compensatory duty. As the cost of conversion in this country is 100 per cent greater than in England, a duty of 100 per cent is necessary on the component “conversion” (this being the protective duty), so that the problem will work out as follows:

Percentage of material cost (81½ per cent) times duty on material (27 per cent) equals 22 per cent; percentage of conversion cost (18½ per cent) times excess conversion cost (100 per cent) equals 18½ per cent; total duty required 40½ per cent.

NOTE C.

For comparative costs of conversion, see Report of Tariff Board, page 650, “* * * the actual manufacturing costs in the United States for turning tops into yarn is about twice what it is in England.” Also, see “Comparative conversion costs of making certain counts of worsted yarn from tops.” This confirms our own knowledge based on a personal investigation.

NOTE D.

To obtain percentage of conversion and material costs, we take the quotation of worsted top prices given above (material cost), add the conversion costs from the table on page 650, and figure therefrom the percentage of conversion cost to total cost as follows:

Quality.	Price.	Size yarn spun.	Conversion cost.	Per cent conversion cost.
	<i>Cents.</i>		<i>Cents.</i>	<i>Per cent.</i>
60s.....	57	2/50	13.7	.....
56s.....	45.67	2/40	10.6	.....
46s.....	32.88	2/32	8.1	.....
40s.....	30.45	2/24	5.6	.....
Average.....	41.50	.....	9.5	18½

3. *Worsted cloth.*—The cost of worsted cloth may be divided into two components.

1. Cost of material (worsted yarn).
2. Cost of conversion (labor, supplies, expense, etc.).

An analysis of samples, all of which are worsted goods, numbered 1, 5, 6, 7, 10, 12, 15, 22, 23, 27, 30, 34, 36, 37, 38, 42, 47, on pages 651-682, Volume III, of Tariff Board Report, gave an average percentage of conversion cost of 21 per cent and an average percentage of material cost of 79 per cent, the highest conversion percentage being 28 per cent and the lowest 16 per cent. The average excess

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cost of conversion in this country over the cost of conversion in England appears to be 125 per cent. Using the same method as in the case of worsted tops and worsted yarn, we have—Average percentage of material cost (79 per cent) times duty on material (40 per cent) equals 31.6, compensating duty; average percentage of conversion cost (21 per cent) times excess conversion cost (125 per cent) equals 26.25, protective duty; making 57.85.

If proper allowance be made for waste in manufacturing, the duty should be 60 per cent.

We desire especially to emphasize the fact that the above figures show, as near as we have been able to determine them, the duty necessary to equalize the cost of conversion in this country and England. In other words, they indicate the "differential." They provide nothing for profits. These duties ought to put the American manufacturer on exactly even terms with the foreign manufacturer, but they do not give him any advantage. Lower duties would make it imperative for the American manufacturer to reduce his costs. As these costs consist of labor, supplies, overhead charges—the last comprising taxes, insurance, interest, rent, power, etc.—it is obvious that the only factor of cost that can be reduced is that of labor, which, with the present condition of demand and supply, seem to be tending higher.

An analysis of the duties estimated above shows the following differential to make up for excess cost of conversion, also the duty provided by the act of 1894 for the same purpose when wool was free:

	Duty necessary to equal conversion cost.	Duty under act of 1894.
	<i>Per cent.</i>	<i>Per cent.</i>
In manufacturing tops.....	8½	20
In manufacturing yarn.....	27	30-40
In manufacturing cloth.....	44½	40-50

Since that time wages have increased about 30 per cent, and the hours of labor have decreased from 58 to 54 hours per week, the English hours of labor remaining practically unchanged at 55 hours per week.

We desire also to call attention to the fact that the percentage of material cost and conversion cost used above are based on present values. Wool is now at almost its highest price, and a drop in the price of this material would change the proportion, increasing that of conversion cost and decreasing that of material cost. As the conversion differential is much greater than the material differential, a drop in material values would require a higher total differential in case wages remained the same as at present.

Objection may be made to these average costs on the ground that it is impossible to determine an average cost for making yarn widely differing in size and, therefore, in production and conversion cost; or that there is any such thing as an average weaving cost.

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While this is probably true, the percentage of material cost and conversion cost tends to remain constant because the finer the yarn or fabric and the more conversion cost that there is put into it, the better the quality and, therefore, the higher the price of the material used.

While no such careful analysis has been made of (carded) woollen goods, we are of the opinion that a duty of 60 per cent would equalize the English and United States costs of these goods, assuming a duty on material of 20 per cent, except possibly in the case of a few of the finest qualities.

We beg to call to the attention of the committee the following extract from table of relative prices of cloth on page 705 of Volume III of the Tariff Board Report:

Sample.	Imports.	English price.	English price plus duty.	United States price.
E1.....	None.....	\$0.12	\$0.36	\$0.205
E2.....	do.....	.167	.48	.24
E3.....	do.....	.17	.61	.335
E6.....	do.....	.20	.65	.335
E12.....	do.....	.24	.73	.335
E13.....	do.....	.38	.98	.50
E51.....	Continual.	1.22	2.33	1.80
E54.....	do.....	1.28	2.37	1.85
E57.....	do.....	1.38	2.47	1.725

This table demonstrates that the cheap goods are entirely shut out by the prohibitive duty. This duty could evidently be greatly reduced, but it is noteworthy that these cheap goods have not been increased in price by the prohibitive duty. On the higher-priced goods, however, importations are quoted as "continual" in spite of a duty that also appears to be excessive. It may be concluded from this:

First. That even where there is no foreign competition, domestic competition will keep down the price of the moderate and low priced fabrics.

Second. That the highest grade fabrics will be imported no matter what duty may be placed on them, and as they come under the head of "luxuries," should properly be heavily assessed to increase the revenue.

BRIEF OF THE WATERLOO WOOLEN MANUFACTURING CO.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Desiring to place before your committee a few concrete facts that may be of definite and practical value in the proposed revision of Schedule K, the Waterloo Woolen Manufacturing Co. submits herewith a detailed statement of the cost of manufacture of a 14-ounce broadcloth, one of its standard fabrics.

This statement, which appears on page 5 of this brief, shows the present cost of manufacture. The data are presented on five different bases which disclose the cost of producing this fabric from clothing, Cape (South Africa) wool admitted free of duty and from high grade (70's and 80's) clothing, Australian wool free of duty, dutiable at 20 per cent as proposed in the Underwood bill, dutiable at 29 per cent as proposed in the conference bill, and dutiable at 11 cents per pound as provided in the Payne-Aldrich Act.

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The Waterloo Woolen Manufacturing Co. has no suggestions to offer your committee in regard to the rates of duty, if any, to be levied on raw wool and for that reason the cost statement has been made up on the several bases just mentioned.

The broadcloth fabric, for which the costs of manufacture and samples are shown herewith, is a type of those used for fine uniforms and automobile linings and is made by this company from fine (70's and 80's) clothing, Australian wool. It is believed that the corresponding English sample is made from clothing, Cape (South Africa) wool. The latter is also a wool of fine quality and, in many ways, is practically as satisfactory for the manufacture of this fabric as the fine Australian wool, although its scoured price is somewhat lower. Since, however, the Cape wools shrink heavily (65 per cent to 80 per cent) in scouring, they can not be imported as cheaply as the lighter-shrinking, selected Australian wools under the present duty of 11 cents per pound on raw wool.

For obvious reasons it is impossible to secure the details of the manufacturing cost of the corresponding English fabric. But the selling price of the latter delivered in Buffalo, N. Y., duty paid, has been obtained from the H. D. Taylor Co., importers and jobbers. (See Exhibit B, p. 7 of this brief.)

In the cost statement the selling price of the English fabric delivered in Buffalo is presented in three ways: (1) Including the present duties on cloth, (2) including 40 per cent ad valorem duty proposed in the Underwood bill, and (3) including 49 per cent ad valorem duty proposed in the conference bill. A comparison of these prices with the prices (also shown in the cost statement) at which this company could afford to sell the fabric with raw wool dutiable at the rates proposed in the Underwood and conference bills gives a fair idea of the probable operation of the duties proposed in those measures.

This company does not offer any definite suggestions as to the rate or rates of duty to be levied on cloths or as to the administrative features of the act, but would call the attention of your committee to the fact—already well known by its members—that the system of duties provided in the Payne-Aldrich Act are not highly protective to the high-grade and high-priced cloths such as the one for which the accompanying cost statement is given, however highly protective they may be to the cheap and medium-priced cloths. This fact is borne out by the records of the Bureau of Statistics which show that the imports of cloths consist very largely of the high-priced grades and that on these, as a whole, the computed ad valorem duties are small as compared with those on the cheaper cloths imported.

The accuracy of the accompanying data on costs is vouched for by this company and, if desired, the data can be verified from our books at any time by your committee.

It will be noted that the English selling price in Buffalo less the duty is only 91 cents per yard, a price considerably below that at which this company could afford to sell this fabric even if made from clothing Cape wool admitted free of duty. In this connection it should be stated that the low English price is a result not only of the lower costs of production enjoyed by English manufacturers but also of the fact that foreign cloths are, as a rule, undervalued or are frequently sold at less than actual cost to dispose of surplus production. The effects of the latter two factors—undervaluation and "dumping"—are the same in their unfair operation.

Next to wool, labor is the largest item in the cost of manufacture of this fabric. In this item the English manufacturer has an important advantage, since the English scale of wages is somewhat less than one-half that prevailing in our mill. This is well illustrated by the fact that this company pays its weavers 9½ cents per yard for weaving this fabric, while the price paid in England, according to the wage scales shown at pages 715-716 of the Tariff Board's report, is only 4½ cents per yard.

The Waterloo Woolen Manufacturing Co. believes that, by reason of its excellent location, abundant cheap fuel and water, modern equipment, fixed supply of native labor, and long experience in manufacturing, it is in a position to manufacture high-grade woolen fabrics, such as the one on which costs are given herewith, as efficiently and economically as any mill in the United States.

The mill is well located in the western part of New York on the Auburn branch of the New York Central Railroad about midway between Rochester and Syracuse and on the Seneca Falls branch of the Lehigh Valley Railroad. The mill property fronts on the Seneca River, from which an abundant supply of good water is obtained at little cost, and on the Erie Canal, which makes possible an abundant supply of cheap fuel.

The mill is of medium size, operating 133 looms and 12,200 spindles and employing about 500 persons. It was established in Waterloo in 1836. The plant was completely rebuilt in 1906, when a large five-story building of modern construction was

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

added. At that time the various departments of the mill were arranged and equipment installed for the economical manufacture of broadcloths and other fine woolen fabrics.

Another advantage enjoyed by this company lies in the fact that it can draw upon a more or less fixed body of American labor, about four-fifths of the persons employed being of native birth. Children and grandchildren of many former employees are now at work in our mill.

In further explanation of the cost statement a series of notes is given in Exhibit A on page 6 of this brief. These notes are intended to define the items of cost as used herein. Exhibit B, which appears on page 7, consists of a letter dated January 11, 1913, from the H. D. Taylor Co. of Buffalo, N. Y., giving the price at which they can import a 14-ounce broadcloth of similar grade and of English manufacture. Samples of this English fabric and of our own are inclosed in Exhibit C.

Respectfully submitted.

THE WATERLOO WOOLEN MANUFACTURING CO.,
By A. M. PATTERSON, *President*.

JANUARY 27, 1913.

STATEMENT OF COST.

Name of fabric: Broadcloth.
Purposes for which used: Fine uniforms and automobile linings.
Weight per yard (finished): 14 ounces.
Width (finished): 54-56 inches.
Kind of wool used: 70's and 80's clothing Australian.
Quality of yarn: Warp, single 4½ run woolen; weft, single 4½ run woolen.
Ends of warp: 2,800.
Picks per inch: 44.
Speed of loom: 98.
Number of looms tended: 1.

	Cost per yard of 14-ounce broadcloth made from—				
	70's-80's clothing Australian wool.				Clothing Cape wool free of duty.
	Under Payne- Aldrich tariff.	Under Under- wood tariff.	Under Confer- ence bill tariff.	Free of duty.	
Cost at the mill—total.....	\$1. 732	\$1. 606	\$1. 679	\$1. 443	\$1. 259
Wool.....	1. 103	. 977	1. 050	. 814	. 630
Materials.....	. 128	. 128	. 128	. 128	. 128
Labor.....	. 351	. 351	. 351	. 351	. 351
Sorting to spinning.....	. 069	. 069	. 069	. 069	. 069
Dying.....	. 016	. 016	. 016	. 016	. 016
Weaving.....	. 161	. 161	. 161	. 161	. 161
Finishing.....	. 105	. 105	. 105	. 105	. 105
General administrative and mill expense.....	. 150	. 150	. 150	. 150	. 150
Selling expense.....	. 135	. 125	. 131	. 112	. 098
Profit.....	. 136	. 126	. 132	. 113	. 099
Net selling price of the Waterloo Woolen Manu- facturing Co.....	2. 003	1. 857	1. 942	1. 668	. 456
Selling price of similar English fabric:					
Without duty.....	. 910	. 910	. 910	. 910	. 910
With duty.....	1. 800	1. 274	1. 356	.....	.....
Amount of protection required on ad valorem basis, per cent.....	120	104	113	83	60
Amount of protection now received on ad valorem basis, per cent.....	98	.....	.....	.....	.....

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

EXHIBIT A.—Notes on cost statement.

COST AT MILL.

Wool.—Present market price for unscoured 70's to 80's clothing Australian wool is 42 cents per pound, and for scoured clothing Cape wool, 48 cents per pound. Shrinkage in scouring, 70's to 80's Australian, 50 per cent; Clothing Cape, 65 per cent to 80 per cent.

Materials.—Includes olive oil, soap, and dyestuffs. This fabric is dyed in the stock (i. e. the dyeing takes place before the wool is spun and woven). Large quantities of expensive dyestuffs are used for this fabric.

Labor.—Includes salaries paid to overseers and foremen. Sorting to spinning labor cost is the labor cost on the yarn. Weaving labor cost includes that of warp dressing and drawing in as well as that of weaving. Finishing labor cost includes that of burling and mending as well as that of the regular finishing labor.

General administrative and mill expense.—Includes salaries of officers, superintendents, and office force, taxes, insurance, water, light, power, depreciation, repairs, mill and office supplies, interest on borrowed capital, etc. The item of depreciation is as fixed by the commissioner of internal revenue for the corporation tax return.

Selling expense.—Includes expenses of office in New York City, salaries and expenses of salesmen, advertising, losses through bad debts, and loss of interest in dating bills, etc. This is figured at 6 per cent of the gross selling price, or 7.78 per cent of the cost at the mill. The latter percentage is used in computing the probable selling price of the fabric if made from raw wool free of duty, dutiable at 20 per cent, and dutiable at 29 per cent.

Profit.—A profit of 7 per cent on net sales is low, considering the risks involved, but the present profit on this fabric is slightly under 7 per cent on the net selling price. To arrive at the probable selling price of the fabric, if raw wool were free of duty or were dutiable at the rates proposed in the Underwood and conference bills, it is necessary to compute the profit on the total cost at the mill, or at the rate of 7.84 per cent.

EXHIBIT B.—Quotation of English price on 14-ounce broadcloth.

BUFFALO, N. Y., January 11, 1913.

JOHN E. J. CLARE,
Care of Patterson & Greenough,
New York City.

MY DEAR CLARE: We have your favor of the 10th instant, and are pleased to hand you herewith samples showing 14 and 20 ounce Bank's cloth.

It costs us \$1.80 to land the 14-ounce in Buffalo, \$2.50, 20-ounce.

Yours truly,

H. D. TAYLOR CO.
GEO. C. FINLEY.

P. S.—The writer expects to be in New York Thursday the 16th instant.

BRIEF OF THE AMERICAN ASSOCIATION OF WOOLEN AND WORSTED MANUFACTURERS AND OF THE CARDED WOOLEN MANUFACTURERS' ASSOCIATION.

This brief is submitted by the American Association of Woollen and Worsted Manufacturers and by the Carded Woollen Manufacturers' Association.

The former comprises 106 mills with 37 selling agents; they operate 13,990 looms in the manufacture of carded woollen and worsted cloth, and many members of the association are also combers of top and spinners of worsted yarn. The latter association has a membership of over 100 mills engaged in the manufacture of carded woollen yarns and carded woollen fabrics.

Attention is called to the fact that the membership of both associations is representative of the small and medium sized independent mills in both branches of the industry, scattered through the Atlantic and Middle Western States; in most cases the plants of these concerns are supervised by the actual owners.

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

We feel that the woolen industry as a whole occupies an unfortunate and mistaken position in the public mind. The present duties in woolen imports have been thoroughly displayed and the natural deduction has been drawn that those engaged in the industry have benefited greatly from these rates. Such, however, is not the case. There is no trust or trade agreement in the woolen business. The product is of such an individual nature that the smaller concerns are fully able to compete with the larger, and this, coupled with the fact that the mechanical equipment in the country is more than sufficient to supply the consumption, has made the business a highly competitive one. The resulting margin of profit has been small and has been further reduced by fluctuations in raw material due to panics and repeated agitation for changes in the tariff. The serious effect of these will be realized from the following summary of price changes in fine medium scoured territory wool: July, 1896, 28 cents; October, 1899, 61 cents; January, 1901, 41 cents; July, 1905, 72 cents; July, 1908, 45 cents; January, 1910, 74 cents; January, 1911, 49 cents.

European mills possess advantages in the cost of their labor, their plants, and their materials, as well as in the real, though sentimental, influence of the word "imported." As a general average it may be said that American conversion cost is twice the European cost for similar work. We base this conclusion on data submitted by our members regarding their several products: on the information gathered by them concerning foreign conditions as compared to their own operations; on the Tariff Board report, and on the published statements of Harrison Benn and Julius Forstmann.

Although this relation of American to European costs is fairly constant, the great variation in the ratio of conversion cost to cost of material makes it impossible to apply any single rate of duty with equal justice to all the items of each classification under consideration. This could be done by a schedule of compound rates, which we believe to be the most satisfactory method of assessing these duties, and we stand ready to submit such a document if desired; but we have sought to meet the necessities of the moment and what we believe to be the wishes of the committee by devising ad valorem figures for tops, yarns, and cloth.

Articles having a low ratio of conversion cost do not require as high a rate of duty in order that they may compete with foreign manufactures as those having a higher conversion ratio. A rate adequate to the average requirement would place under impossible disadvantages one-half of those engaged in the industry. In suggesting a single rate for tops, yarns, or cloth we are therefore obliged to suggest one high enough to enable the major portion of each industry to compete and at the same time to allow for fluctuations in foreign values from the present high level. Thus a given rate of duty on 60-shilling Australian tops might be adequate when these tops sell in Bradford at 68 cents, but quite insufficient for either revenue or protection when such tops sell at 35 cents. This drop actually took place between December, 1899, and December, 1900.

Subject to these qualifications we suggest the following as minimum rates under which the greater part of each branch of the industry concerned can continue to compete:

Wool.—Should a duty be imposed on wool, the rates hereafter given must be increased to cover the greater cost of raw material.

Noils and other wastes not especially provided for should not bear a higher rate of duty than may be imposed on wools.

Top waste, slubbing waste, roving waste, and ring waste should bear the same rate of duty as is suggested for tops.

Tops.—Fifteen per cent ad valorem. This rate we believe sufficient to cover the difference in cost between Europe and the United States of a 60-shilling top at 56 cents or a 40-shilling top at 32 cents. If the market quotations were 36 cents and 15 cents, respectively, as in July, 1901, it would not be competitive.

Yarns.—A rate equal to one-fourth cent per count plus the duty on the top; the sum being approximately equal to 35 per cent ad valorem.

Cloth.—Fifty-five per cent ad valorem. We make no distinction between cloths, flannels, blankets, and dress goods, because no simple classification exists.

We have considered your committee's request for estimates of imports under these suggested rates. Since there is no basis on which such estimate can be founded, a pretense of accuracy would be misleading. Therefore we do not offer any.

Two of the most important questions to be considered are the disposal by European countries of their surplus manufactures at less than their home market values, and undervaluations. As remedies for these evils we suggest:

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

(1) That section 11 of the administrative act of 1909 be enforced, and that it be amended so that when appraisals are made under it they be made after public hearings with notice to interested persons by advertisement or otherwise.

(2) That the practice of making private settlements with fraudulent importers be discontinued, that jail sentences be insisted on, and that corporations or individuals found guilty be excluded from the ports.

(3) That invoices and samples in the customhouse be opened to the public, or at least to any person who can show prima facie an interest in goods represented by them.

The last suggestion alone presents any point of novelty. Such a procedure would involve some hardship on those engaged in the business of importing, though the extent of this would be small as compared to the injury that domestic manufacturers and their operatives would sustain from undervaluation under an ad valorem duty. As a step in the direction of open fair dealing, it is directly in line with present legislative and governmental tendencies.

We call attention to the recent duty free importations of large quantities of cloth in short lengths under the guise of samples.

It is urgently suggested that changes in the duty on raw materials should take effect six months before the changes in the duties on manufactures.

January 1 and July 1 are suggested as dates for changing duties on manufactures in order that the business of the two established seasons may be least disturbed.

AMERICAN ASSOCIATION OF WOOLEN & WORSTED MANUFACTURERS,
 RICHARD A. STRONG, *President*,
 JNO. R. HINCHLIFFE,
 AUSTIN LEVY,
 ALBERT M. PATTERSON.
Tariff Committee.

CARDED WOOLEN MANUFACTURERS ASSOCIATION,
 H. J. HAMILL,
 MARK D. RING,
 H. G. NILES, Jr.
Tariff Committee.

BRIEF OF EDWARD MOIR, MARCELLUS, N. Y.

MARCELLUS, N. Y., *January 25, 1913.*

HON. O. W. UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: I desire to present for your consideration, and that of the Ways and Means Committee, the following:

Assuming that the duties on wool are to be assessed by value, what concerns me as a woolen manufacturer is the net rate of duty to be placed on imported woolen goods. A duty which will allow me to conduct my business and maintain the same rate of wages as are being paid now. I do not ask for a rate of duty that will guarantee a profit, simply a rate which experience in manufacturing teaches is necessary to be assessed on foreign goods in order that manufacturing may be conducted, leaving the question of profit to be settled by ordinary competition of business.

My investigations into the costs of manufacturing woolen goods show results quite different from the ideas heretofore presented in previous tariff bills. It has been assumed that the higher the value of goods the greater the ratio of manufacturing cost. My experience shows that the proportionate cost of labor and other charges increase as the value of the goods decrease. In the production of ordinary woolen goods I find that the value of raw material varies from 45 cents to 65 cents in \$1 worth of cloth, with corresponding fluctuations in percentages of labor and other expenses.

The varieties of woolen goods are so numerous, and the costs of manufacturing so variable, it is not possible to arrange a rate of duty based on the cost difference theory. This is a matter that can only be arrived at by considerable experience in manufacturing, and the exercise of good judgment, and the net ad valorem duty required on imported goods should be determined by our experience under the Wilson bill, which is the only bill with ad valorem duties with which the country has had experience in many years.

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I feel, too, that when it is a matter of doubt as to whether a certain rate of duty may be an adequate one or not the benefit of the doubt should be given to the home manufacturer.

There is a sentimental value attached to foreign goods which ought to be considered in fixing the rate of duty. If the rates are too low, and the difference in value between domestic and foreign goods is close, the buyer will choose the foreign goods on the theory that they are exclusive and can therefore be sold at a larger profit.

I would also call the attention of the committee to the following figures, which show the result of a too low duty on manufactured goods. Under the Canadian tariff wool is free, and the duty upon manufactured cloths is 30 per cent against Great Britain and 35 per cent against all other countries. The records of the Manufacturers' Association show that the result of this tariff has been disastrous to the industry, as the following figures indicate. The number of looms in operation in 1899 were 2,120; in 1907 there were 1,561; and in 1912, 1,154, or a total reduction in 13 years of 46 per cent. Bearing in mind that in Canada the hours of labor are longer than they are here and the rates of labor less, it is absolutely certain that anything less than 45 per cent as a minimum rate would open the door, each 1 per cent lower than that, increasingly to foreign importations, to the detriment of the home manufacturer.

I would therefore suggest that 45 per cent net would be a minimum ad valorem rate upon finished cloths as against the 50 per cent of the Wilson bill, with properly proportioned duties upon tops and yarns, and to be added to this rate the amount necessary to equalize whatever the duty on wool and by-products may require.

I would also like to call the attention of the committee to the fact that in the present Schedule K the duties intermediary between raw wool and finished cloth are out of all proportion to the duty upon cloth, and I hope, therefore, that in the new bill this will be corrected, so that each branch of the industry will have its fair proportion of duty due to its advancement in the progress of manufacture.

Yours, very truly,

EDWARD MOIR.

STATEMENT BY ROBERT BLEAKIE, HYDE PARK, MASS.

WEBSTER WOOLEN CO., OF SABATTUS, ME.,
Hyde Park, Mass., February 26, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

MY DEAR SIR: In a letter from Mr. Edward Moir, president of the Carded Woolen Manufacturers' Association, he advises that I give you the benefit of my 60 years' active life as a carded woolen manufacturer, during which time I have been a close student of all tariff changes as affecting the woolen business, and he incloses your letter to him of February 4, wherein you suggest that a brief from me on the subject would be kindly received by your committee.

I appreciate the importance of preparing a brief, and the more so because I stood as one of the champion New England manufacturers for free wool during President Cleveland's administration. At that time I was in close touch with President Cleveland and the Democratic members of the Ways and Means Committee when drafting the bill known as the Wilson bill, which gave free wool and 40 to 50 per cent protection on manufactured goods. At the time the Wilson bill became a law it opened up opportunities for woolen manufacturing in this country that the business had been deprived of since 1867, when specific duties were enacted that debarred woolen manufacturers from importing, because of their very heavy shrinkage, all the short fine-stapled heavy-shrinking wools adapted for making woolen cloth, while the light-shrinking wools adapted for worsted manufacturing, because of their light shrinking, were imported freely, paying only about one-half the tariff tax per clean pound that heavy-shrinking wools had to pay if imported, thus stimulating the worsted industry and bringing a blight upon the woolen. For these reasons, as said above, I earnestly worked for the revision of the tariff that the Wilson bill brought about.

Regarding duties on wool: This, I feel, is a matter for the sheep herder and the American public to settle. If it is thought well to put a tariff tax on wool, let it be ad valorem and give a compensatory duty to equal this tax on wool. This is, as I understand it, what you are aiming to do in the bill you are now preparing, which I can assure you is very pleasing to me.

I have carefully read the hearings before your committee, as set forth in records No. 18 and No. 19, and the mass of misinformation furnished you is simply amazing to me; much of it savors of kindergarten talk. I could at some detail take up the

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cost of manufacturing here and abroad, but to take this to fix a standard of protection would be very misleading if consideration were not given to conditions other than purely the labor cost in producing woollen goods, as it would be difficult to find any two mills whose labor cost is the same; but we have data in what has been the result of past legislation, and I will here simply refer to the Wilson bill, which gave, as said above, free wool and 40 to 50 per cent protection. As the value of woollens imported under the Wilson bill costing under 50 per cent amounted to little, we speak of the bill as giving free wool and 50 per cent of manufactured goods. I believe that the bill you are now drafting should be reasonably along those lines. With 20 per cent protection on wool, I recommend 55 per cent on goods. This would give substantially 5 per cent less protection on manufactured goods than the Wilson bill and as large a reduction as ought to be made looking to the best interests of this great industry under present conditions.

If my physical condition would have permitted, I should have liked to have gone into this matter more in detail, but must rest content with the short general statement which I have the pleasure to submit. Personally, I thoroughly indorse the brief sent you by Mr. Edward Moir, president of the Carded Woollen Manufacturers' Association.

Respectfully, yours,

ROBERT BLEAKIE.

WOOLEN GOODS FOR MEN'S WEAR.

COX & SCHREIBER,
New York, January 25, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington.

GENTLEMEN: Having had over 40 years' experience in the business of importation of woollen goods for men's wear, I would respectfully submit my views as to Schedule K, on which hearings are to be given on January 27, 1913.

The present tariff, 55 per cent ad valorem and 44 cents per pound, is admittedly too high and should be reduced. These rates go beyond protection of the American manufacturer. They are prohibitive, especially on the medium grades used by the masses of the consumers and on which the duties range from 100 to 150 per cent, according to price and weight.

Aside from the burden which these rates bring to the consumer, they are retarding the development of the industry instead of advancing it, as under such favorable conditions the majority of the manufacturers will not exert themselves beyond the necessity of competing with the home manufacturer, and thus will not enable the American manufacturer to produce goods to compete with other countries in markets outside of the United States, and which seems to me a necessity to keep the home market in a healthy condition.

The rates could be lowered without injury to the American manufacturer if he gets his raw material free or with a reduced duty, as there exists already a large margin in favor of the American manufacturer between the selling prices of same grade fabrics in home and foreign made goods.

Taking into consideration that the American manufacturer should have ample protection, the reduction of the present rates to an ad valorem rate of 49 per cent only would, in my opinion, not answer this purpose. I would be in favor of retaining a specific duty not less than 30 cents per pound plus 25 per cent ad valorem. This would give a greater protection on fabrics made by the majority of the American manufacturers and which is, as near as I can make it, a minimum of 50 per cent with an increase of 1 to 2 per cent for every additional ounce, according to price of the goods.

I would be pleased to answer any questions on which I can give you further information.

Very respectfully, yours,

ADOLPH SCHAUS.

REMARKS BY NATHAN T. FOLWELL, PHILADELPHIA, PA.

I take it for granted that it is desirable to legislate in the interest of our wage earners and industries rather than for the industries and wage earners of other countries. It must be taken into consideration that there are no trusts or combinations to control the raw material or finished products in the whole textile industry. The field is open to all. I want to call your special attention to these facts, as the American Woollen Co. has been mis-represented by the press as a trust. The large mills, such as

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the Manchester, Pacific, Atlantic, Arlington, Botany Worsted Co., Cleveland Worsted Co., Jamestown Mills, United States Worsted Co., the American Woolen Co., and many others, are absolutely independent.

My experience as a manufacturer and importer during the past 25 years enables me to speak from a practical standpoint, that the present rate of duties should be maintained on all light-weight, fine foreign fabrics in order that our manufacturers shall be able to pay the present wage scale. Competition is keen, and goods are sold on a very close margin. This has already been demonstrated by the late Tariff Commission. While it is true the duty could be lowered on some cheap heavy-weight fabrics, I do not see that the consumer would be benefited, as the goods are sold on a competitive basis regardless of the duty, and I can make the assertion that if the duty was 100 per cent higher the consumers would not have to pay one cent more for the merchandise, simply on account of competition among our own mills.

Why an industry paying out over \$500,000,000 annually to wage earners should be made a football of, to be kicked around at every congressional and presidential election, is hard for the business man to understand, and it is certainly rough on the manufacturers.

It is not generally known that most of the worsted textile machinery has been imported, and the Government has been paid 45 per cent duty on it; the mills built by American high-priced labor, and equipped with engines and boilers all on the same labor basis, which makes our overhead charges double that of England, France, and Germany. While our pay roll in our small mill is \$9,500 weekly, a similar mill in England can produce for \$4,500, a like amount of goods.

While it was freely asserted during the late campaign that no legitimate industry need have any fear of radical legislation, yet your chairman is reported as saying—

“The new bill will also be in harmony with the revision bills passed by the Democrats of the expiring Congress, and which President Taft vetoed.”

If these are your sentiments, gentlemen, why are we called? We had better stay at home and put our house in order, for, if a bill, anything like as radical as the late Underwood bills, is passed and becomes a law, it will have a demoralizing effect on the whole textile industry; wage earners, and those dependent on them, will suffer most of all. In fact, it will have a far-reaching effect on all branches of trade.

N. T. FOLWELL.

SUGGESTIONS AS TO PENDING TARIFF LEGISLATION, BY
EDGAR B. MOORE, NEW YORK CITY.

Hon. OSCAR W. UNDERWOOD,
Chairman of the Ways and Means Committee.

WILL IT PAY THE ULTIMATE CONSUMER?

In the consideration of tariff legislation as applied to wool and the manufactures of wool the parties in interest are the public (the ultimate consumer) and the wool grower and manufacturer (including the principals and all employees and every other person interested in furnishing him with buildings, machinery, soap, dyes, chemicals, and supplies).

Has the manufacturer secured undue or excessive profits under the present law? The record of the industry shows conclusively that he has not.

Three factors have prevented this, as follows:

FIRST. KEEN COMPETITION.

There are approximately 65,000 looms making woollens and worsteds, capable, without running overtime, of a yearly output of 325,000,000 broad yards, worth about \$325,000,000. The average yearly sales are estimated at \$250,000,000. The banner years, with many looms running day and night, have reached \$300,000,000, indicating that the possible production is at all times in excess of the demand, making the closest figuring and highest manufacturing efficiency necessary to market the product at any profit.

Because of heavy fixed charges, including investment, taxes, insurance, samples and supplies, it is necessary to turn off a maximum yardage to meet price competition.

Manufacturing cost increases as production is curtailed, and it is not unusual for manufacturing cost per yard to increase 25 to 50 per cent because of curtailed production.

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These figures indicate that even under favorable market conditions 25 per cent of the machinery is idle all of the time, or that all of the machinery is idle 25 per cent of the time.

SECOND. THE MUTATIONS OF FASHION.

Each radically different fabric (and there are scores of them) requires special equipment in machinery and organization.

When the market demands the kind of a fabric a mill is especially equipped to make that mill will secure a satisfactory profit while the demand holds, or until enough other mills can change their equipment to successfully compete and thus lower the price and reduce the profit margin.

When the public partially or wholly abandons a fabric the mills especially equipped to make that fabric have done one of three things—changed their equipment and fought for business on other cloths, continued to make it at a loss in the hope that it would return to favor, or liquidated the business (built up by years of effort) through bankruptcy proceedings, as indicated by the percentage of failures in every textile center in the last 15 years.

To illustrate: In the nineties, the kersey was in vogue for overcoats. Gradually its popularity waned until now the mills whose names were then well known throughout the trade have either liquidated, changed their equipment, or continued to supply the reduced demand at a meager profit or an actual loss.

The nearest approach to a staple fabric is the plain serge, on which competition has forced the selling price to a point so near to the lowest possible cost of manufacture that only mills with abundant capital and special equipment in organization and machinery can market it at any profit at all.

Because of the close communication between the different sections of our country, these radical changes in fashion are simultaneous and practically unanimous. The foreign manufacturer selling widely separated markets not in such close touch with each other and comprised of more conservative peoples escapes this difficult situation to a large degree.

These conditions explain why the industry is composed of a large percentage of small and medium-sized concerns with moderate capital and why it is impossible for any one or any number of large organizations to either absorb the business or force the small manufacturer out. The largest individual wool-manufacturing corporation controls less than one-sixth of the machinery, and the 10 largest corporations control less than one-third of the machinery, leaving two-thirds of the machinery in the hands of some 600 separate and distinct organizations.

THIRD. THE ATTITUDE OF THE PURCHASING PUBLIC TOWARD DOMESTIC FABRICS AS COMPARED WITH FOREIGN.

Cloths marked "Made in Britain," "Made in Germany," "Made in France" command a higher price and are given the preference by the American buying public over even more meritorious cloths offered as "domestic."

A large percentage of the cloths now sold to the consumer as "imported" are made here.

The American public has been led to believe that there are no actually pure-wool domestic fabrics, whereas 50 per cent of the cloth used in the manufacture of men's clothing contains no cotton.

This prevents the domestic manufacturer from securing any but the closest price for his product.

Any tariff legislation that will result in a large increase in importations will accentuate these conditions and make the position of the average manufacturer of wool untenable, if it does not largely destroy the industry, as seen in the case of Canadian manufacturers under a similar condition.

Finally, no average excessive profits can be shown to have been made in the wool-manufacturing business in the last 10 years. Competition has given the American public cloths as demanded by the mutations of fashion on a basis of a very meager return on the capital invested.

Will it pay the American public (the ultimate consumer) to destroy or seriously curtail their wool-growing and wool-manufacturing industry?

The destruction of the wool-manufacturing industry would wipe out an investment of \$200,000,000, to say nothing of the allied industries which furnish it with machinery, supplies, etc. It would stop the payment of yearly wages to American workers of between \$75,000,000 and \$100,000,000, causing, temporarily at least, disaster, loss, and

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suffering to the 200,000 operators employed and to the 1,000,000 people more or less directly dependent on them. It would seriously affect the entire business community of the sections in whose life the industry is a large factor, viz, the New England States, Pennsylvania, and portions of New York and New Jersey.

The reduction of the amount received from his product by the woolgrower would result in the decimating of his flocks of sheep, raising the price of mutton, and sympathetically increasing the price of all other meats to the consumer.

After this was accomplished and this magnificent market for manufactures of wool, amounting to \$250,000,000 yearly, was turned over to the foreign manufacturer it would so tax his ability to supply the demand (after our home wool and woollen industry had been destroyed) that the foreigner, both principal and operative, would be able to secure an advanced price, which would partially, if not entirely, wipe out the temporary saving of approximately \$1.25 per year per consumer.

Without an adequate tariff domestic woollen manufacturers can not compete with European.

Their buildings, machinery, and equipment have been bought and are owned on the present tariff basis, costing them 50 per cent more than the cost to the foreign manufacturer.

Their dyes, chemicals, and supplies are proportionately higher because of the duties levied on them, and their wages, for the same actual work performed, are 100 per cent higher, or twice as high as are paid abroad.

This contention is proved conclusively by present textile conditions in Canada, where, with practically free wool and a duty of 35 per cent on cloths, except those imported from Britain, on which the duty is 30 per cent, the woollen manufacturing industry is negligible, they having 1,250 looms with a possible product of \$5,000,000, against our 65,000 looms with a possible product of \$325,000,000.

The enactment of the present Canadian tariff resulted in the closing of 75 per cent of the woollen and worsted mills of that country.

Any tariff legislation which results in increased importations will, in proportion to their increase, cripple the American wool manufacturing industry, and will involve the ultimate consumer in the destruction of a great industry, involving the homes, happiness and position of over one million of our people, and, in consequence, affecting, more or less directly, practically every other citizen dependent on business conditions for his livelihood. The sure sign of prosperity is the full dinner pail of the laboring man. Take that away and adversity strikes home to everybody.

The Wilson bill, which proved so disastrous to the textile industry, admitted wool free and provided a duty of 40 per cent on cloth valued at less than 50 cents per pound, and of 50 per cent on cloth valued at more than 50 cents per pound.

The progress made by domestic manufacturers since that time would give them a fighting chance to hold this market under this same rate, with a compensatory duty on the actual weight of wool contained in the cloth equal to the tariff levied on the clean wool.

EDGAR B. MOORE.

THE ULTIMATE CONSUMER.

BOSTON, *January 25, 1912.*

HON. OSCAR UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: As an humble citizen and one who belongs to that unorganized but very sensitive class called "the ultimate consumer," and who can not afford, however much he might like to do so, to come to Washington in behalf of himself and other members of his class, I beg leave to submit to you by mail some matter for your consideration.

In 1901 my tailor, who has been making clothes for me for twenty odd years, made a suit of which I inclose a sample. (Exhibit 1.) This was a very satisfactory piece of goods, not only as to attractiveness of pattern, but as to wearing quality. The pattern that I inclose was cut from the lapel of the pocket of the coat after the suit had been worn to the discarding point, so that the sample is not as fresh looking as if it were an unworn piece of goods, but you can see how, after constant wear, the pattern still looks clean and durable.

Since that time I have tried in vain to duplicate this piece of goods, both in character and pattern, but I can not come anywhere near it. Of course it was imported goods, and I suspect it was some that came into the country during that period from 1894 to 1897, under the Wilson bill, when wool was free. Recently my tailor has been on a

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

hunt for something like it, and he has searched everywhere in the Boston market, and going as far as Philadelphia, where he bought the original pattern.

Somewhat skeptical, I wrote to my friend, Mr. A. Shuman, proprietor of one of the largest and best known ready-to-wear clothing houses in New England, and after my letter I went to the establishment of A. Shuman & Co. and searched their entire line of goods and was unable to come anywhere near this pattern. One of the men in their custom department, who had been with Mr. Shuman 38 years, assured me that they did not make goods of that weight now, that manufacturers 15 years ago used to make goods weighing 19 to 21 ounces per yard, but now the heaviest weight was 17 to 18 ounces per yard; and he also said, what Mr. Shuman himself told me several years ago, that even the English importations can not be of as high grade as formerly because of the very high tariff, which would make the same quality of cloth as used to be imported prohibitive in price.

I have no doubt that in some very high-priced merchant-tailoring establishments these most excellent English woollen cloths are to be found, but I am speaking of the ordinary consumer, who can scarcely afford to pay more than \$40 or \$45 for a suit made to order. The suit which I mention above, cost me, 10 years ago, \$40. I would cheerfully pay \$45, and perhaps more, if I could get the same goods.

I was shown, at Mr. Shuman's, some very good samples but, in my opinion, they were nowhere near as wearable or as heavy as this sample.

Now, I am firmly of the opinion that our woollen manufacturers of New England have no greater business desire than for free wool. Of course they are afraid of the Wyoming, Idaho, and Montana woolgrowers. I am told by woollen experts that there isn't a square mile of country in the United States, which produces wool of the peculiar soft texture of Australian wool; that, in order to make fine woollen fabrics, the Australian wool is an absolute necessity for mixing purposes, even if the fabric is not entirely made of foreign wool, and I believe that our New England manufacturers of woollen cloth would not only compete with England, but could export woollen cloth if they had free access to foreign wool.

It seems to be true that high tariff on wool has not fostered the American wool-growing industry, for there appear to be less sheep in the country to-day than there were 35 years ago, and if it is correct to say that the purpose of protection is to foster and develop American industry, it seems to have failed in the woolgrowing industry. I believe it is very clear that the maintenance of extremely high tariff duties upon wool enables the Western wool growers to do just what some of the trusts aim to do, namely, to restrict the amount produced and thus keep the price up, all the time enabled to do this behind the high tariff wall.

Now it seems to me a poor argument for continued high tariff duties upon wool and woollen fabrics, if, after all these years, our domestic manufacturers are not putting on the domestic market goods of as high quality as used to be the case.

The tailor above referred to has shown me a sample of goods that was made forty-odd years ago, and it does not require an expert to know that no such goods are made to-day. This was an American piece of goods, and I suppose it is impossible to get such a piece of goods anywhere in this country to-day. I do not know that you are interested in this letter, and if it exhausts your patience, I hope you will pardon me for the intrusion.

Yours, very respectfully,

SAMUEL W. MENDUM,

Ultimate Consumer, Member of a Nonprotected Calling.

STATEMENT OF W. A. SCHNEIDER, NEW YORK, N. Y.

NEW YORK, January 2, 1913.

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: I have been in the woollen cloth importing business for about 20 years and wish to state that the present tariff law has been most effective in shutting out importations of woollen cloths, excepting a few specialties.

While, theoretically, I believe in free trade or a moderate tariff for revenue only, practically I believe it would be folly to make, at this time, any radical reductions in existing rates.

I would suggest, as a beginning, that the duty on raw wool, as per section 369 of Schedule K, be reduced one-third and that the duty on cloths, as per section 378 of Schedule K, be reduced one-half as to specific duty with an ad valorem duty of 40 per cent or, preferably, a straight ad valorem duty of 60 per cent,

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

This reduction would not, I believe, unduly stimulate importations, yet sufficiently to yield a large revenue to the Government without seriously affecting our domestic manufacturers and at the same time giving the consumer better value for his money.
Respectfully submitted.

W. A. SCHNEIDER.

STATEMENT OF W. E. POULSON, NEW YORK, N. Y.

CHICAGO, ILL., *January 29, 1913.*

Mr. O. W. UNDERWOOD.

DEAR SIR: I have been much amused at the testimony of the high-tariff robbers, and call your attention to an official report of our consul, J. Schoenhoff, at Tunstall, England, May 6, 1888, showing clearly 25 years ago that labor cost was less in America than in England. He said: "It will therefore be seen that the earnings of English weavers at the present time in these cotton mills are nearly the same as the American. The labor cost, however, by the piece, cut, or yard is considerably above."

The cost of spinning was 3.5 in Lancashire, England, to 3.2 in Lowell, Mass., and the total cost, English, 9.586 to 8.551 in America. In the manufacture of all wool dress goods it stood in England 38 to 33 in America, or 5 cents less. But the wool cost 38 cents more here on account of the tariff. He also states in his report, June 5, 1888: "If we had the wool at the same cost of English, we could produce at 64.31 cents what it costs in England 69.90 to produce." In the cost of worsteds, chevots, all-wool kerseys, etc., there is about the same comparison.

The facts are, in a great majority of our industries there has been no need of a tariff to protect labor, for labor protects itself against foreign competition by its greater efficiency, and although the price of wages is higher in this country than in other countries, the cost of labor here is the lowest in the world and needs no protection; and if our manufacturers can get their raw material at the same price the foreigners can, they can beat the world in total cost and not reduce wages one cent; in fact, can increase them and undersell other countries.

Yours, respectfully,

W. E. POULSON.

[Inclosures.]

[Chicago Tribune, Dec. 14, 1882.]

National Association of Agriculture, second day proceedings. Hon. John B. Grinnell, of Iowa, introduced Mr. Joseph Medill, of Chicago, who said:

"When in England last summer, I was astonished in traveling over that island, from Manchester to Plymouth, in not meeting one Englishman who was in favor of reducing the present American tariff. Formerly they were all anxious to have our tariff reduced. It was said they sent gold over here to bribe Congress to reduce our tariff. I was charged with getting some of that gold myself for saying the tariff ought to be reduced. But I found in every town I visited, and every man with whom I talked, in newspaper offices, in the cars, in the hotels, in the shops, at social parties, the Englishman made one universal reply to my inquiry to this effect: 'We care nothing about your tariff; we don't want it reduced, we regard it more as a protection to us than to you. Your high tariff and dear manufactures keep you out of all the other ports of the world, and we have a monopoly of them; but if you make a tariff like ours, your goods would be cheap, you would invade us, and compete with us in every port for the sale of your fabrics. We could not put any more of our goods into your country than we do now, and you would put our goods out of a hundred ports where we now have absolute control. You are a country of overwhelming natural resources, but you have artificially hedged yourselves out of the markets of the world and we hope you will continue to do it.'"

[Daniel O'Connell, Covent Garden, 1843.]

But what is the meaning of protection? Protection means an additional 6d. for each loaf; that is the Irish of it. If he had not the protection, the loaf would sell for 1s.; but if he has protection, it will sell for 1s. 6d. Protection is the English for 6d., and what is worse it is the English for an extorted 6d.

The real meaning of protection, therefore, is robbery—robbery of the poor by the rich.

Yet by the swindling scheme of protection, as it is called—they tax the bread, not for the good of the state, in which you might all participate—not for the protection against a foreign enemy, or to keep domestic peace—but for the benefit of one particu-

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

lar class. All the rest of the community are taxed, that that tax may not go into the purse of the public, but that it may go into the pockets of private individuals. Why, really, it is too bad that you should be called sensible people and bear this. I, of course, mean you no disrespect, but there is a thickheadedness about it that I can not understand.

MEMORANDUM SUBMITTED BY GEORGE BORGFELDT & CO.

JANUARY 28, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: As importers under Schedule K, we respectfully submit the attached suggestions for your consideration in connection with them.

Respectfully,

GEO. BORGFELDT & Co.
CURT G. PFEIFFER, *Vice President.*

Schedule K of Payne bill.

This paragraph should apply to articles made wholly or in "chief" value of wool and not in part of wool. The provision of articles in part of wool is open to abuse. The article should be wholly, or in chief value of wool before the appropriate rate is applied. Now, an article 95 per cent in value of some other material pays the wool duty, though but 5 per cent wool.

GEO. BORGFELDT & Co.,
Per C. G. PFEIFFER.

BRIEF OF BELLINGHAM WOOLEN CO., NORTH BELLINGHAM, MASS., ET AL.

To the Honorable Ways and Means Committee of the Congress of the United States:

The undersigned respectfully present the following for your consideration in connection with the revision of Schedule K under the proposed tariff act.

First. That we represent numerous independent woolen mills manufacturing cloth in active competition with each other, but united in appealing to Congress to so revise Schedule K in any new tariff legislation that our capital now invested may be conserved and also that the wages paid to the operatives in the industry which we represent may not be reduced.

Second. That while we recognize the justice of a tariff being so framed that it will not tend to create monopoly or engender excessive profits to capital invested in any industry, we at the same time consider it of equal importance that the duties under any tariff be not so reduced as to place that industry in jeopardy.

Third. That Schedule K is one of the most complicated and intricate in the whole tariff and the woolen manufacturing industry is dependent upon all but three schedules in the whole tariff act.

Fourth. There is at the present time a vast investment in the mills of this country. In their equipment they have been brought to high perfection and are able to manufacture more cloth than is necessary to meet the needs of the people of this country. It is only just that the industry be sufficiently protected to permit a reasonable return on this capital invested and without requiring a reduction in wages, which are now far in excess of the wages paid in the mills of other countries with which they will be brought into competition.

Fifth. That the vast number of small towns in New England where the woolen industry is the only source of income for its inhabitants should not be jeopardized by having its business taken away and transferred to some foreign country on account of the material lowering of Schedule K.

Sixth. That for all practical purposes cloth made in this country is as good quality as that of foreign countries where it is a conceded fact that a greater amount of adulterants are used.

Seventh. That the so-called Wilson bill wrought havoc with our industry, and as a result nearly every mill in the country was obliged to close. Many manufacturers

PARAGRAPH 378—WOOLEN AND WORSTED CLOTH.

were absolutely ruined. This was due to the vast importation of foreign goods permitted under that tariff. We abhor the possibility of lower wages to meet foreign competition, and thus bringing labor conditions in this country on a parity with those of foreign countries. Considering the appalling conditions that existed under the Wilson bill, we feel confident that should the duties finally adopted be the same as under the Underwood bill, that has now twice passed the House of Representatives, namely, 40 per cent on manufactured cloth and 20 per cent on raw materials, the business which we represent is in great danger of being ruined.

Eighth. In view of the facts set forth in the preceding paragraphs, the only reason that can be advanced for adopting a low tariff is that it should be for the revenue of the Government. This method is unjust, as it really places upon the consumer a double burden. He pays the duty on the goods brought into this country, and by reason of the importation of those very goods the Government is depriving the laborers of an amount equal to the cost of their manufacture in this country.

Ninth. That the construction and cost of manufacturing cloth in this country varies greatly in different mills, and this variation would be much greater among foreign mills, and thereby the opportunity for undervaluation greatly increased. We contend that while an ad valorem duty may be feasible on raw materials (but with great danger of undervaluation), it would be impossible to accurately or justly determine the duty on manufactured cloth by means of an ad valorem duty only. The fact that it is practically impossible to find two cloth experts that will agree as to the exact value to be placed on a piece of cloth shows conclusively the impossibility of a custom official being able to detect undervaluation.

Tenth. That the lower grades of cloth carry a larger percentage of labor cost than the more expensive grades and require at least an equal amount of protection.

Eleventh. That while some mills can manufacture cheaper than others on account of local conditions and variety of cloth manufactured, that to compete with foreign mills we must have a duty accurately assessed of at least 55 per cent above whatever duty is adopted on raw materials.

Twelfth. We therefore request that whatever duty is adopted it be so assessed as to prevent undervaluation, and urge that to accomplish this end a specific duty be adopted.

BELLINGHAM WOOLEN CO.
(And 18 others).

BRIEF OF THE IRISH INDUSTRIAL ASSOCIATION OF NEW YORK CITY, N. Y., CONCERNING TARIFF ON WOOLENS, ETC.

NEW YORK, January 30, 1913.

The COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The Irish Industrial Association of New York City, N. Y., a commercial body of American citizens of importers and dealers, representing important interests in foreign and domestic woolen cloths in the United States of America, respectfully submits to the consideration of this honorable committee, for adoption, the recommendation respecting duties on cloths, woolen or worsted, coming under Schedule K (par. 378).

That the present duty on cloths, woolen or worsted, valued not more than 40 cents per pound, is 33 cents per pound and 50 per cent.

Valued more than 40 cents and not more than 70 cents per pound, 44 cents per pound and 50 per cent.

All other manufactures wholly or in part of wool: Valued not more than 40 cents per pound, 33 cents per pound and 50 per cent.

Valued more than 40 cents and not more than 70 cents per pound, 44 cents per pound and 50 per cent.

We submit that the above rates of duty are excessive and that they should be substantially reduced, as it does not seem just both to the dealers and consumers; that a high duty of this sort naturally prohibits their importation; it gives opportunity for the creation of monopoly, and thus prevents competition, which results in the subjection of importers and consumers of woolen cloths to pay whatever price is demanded by the domestic manufacturers; and therefore we think that such an exorbitant high duty should be greatly reduced, on the ground of public policy, as the people who ultimately suffer under the present duty are the consumers and dealers, who constitute 95 per cent of the mass of American population.

PARAGRAPH 378—TAPESTRIES.

We represent important spinners, whose output of cloth goods, such as frieze and blankets, medium-priced suitings, and coarse, heavy woolen shirts, and woollens underclothes, will greatly cheapen the cost of living for the American workingman and the members of his family if a reduction of the tariff to the extent of 5 to 10 per cent will let our goods come in and will not seriously endanger the net profits of United States manufacturers.

In conclusion, there is no question that the opinion of the general public, including the majority members of the respective legislation of the United States, that the entire Schedule K should be revised downward, to the extent that it should reduce the duty on raw wool to 20 per cent ad valorem, which would bring the duties on woollens averaging about 33 per cent ad valorem, which amounts to a reduction of 40 per cent in the rates of the Payne tariff law, and will not endanger the net profits of United States manufacturers.

Respectfully submitted.

IRISH INDUSTRIAL ASSOCIATION OF NEW YORK.

Submitted by J. M. Sullivan, Emilio Yaselli, and H. Winship Wheatley, attorneys.

MEMORANDUM ON WOOLENS, ETC.

ST. PAUL, MINN., *January 21, 1913.*

HON. FREDERICK C. STEVENS,
Washington, D. C.

MY DEAR MR. STEVENS: We have noticed the various tariff matters up before Congress, and when it comes to the lines of white goods, cotton goods, silk goods, and woollens, we would suggest the following: For instance, if the reduction is 20 per cent, or practically that, it ought to be divided into four years, each of 5 per cent, so that the loss does not come too severe at any one time. If, for instance, it is 40 per cent, then it should be 10 per cent a year.

In this way the merchants of the United States will not feel the reduction, and can regulate their purchases and their stocks accordingly.

I trust you will convey our expression to Mr. Underwood or the other members of the committee.

Thanking you in advance for your kindness in this matter, I remain,

Yours, very truly,

MANNHEIMER BROS.,
Per B. L. GOODKIND.

TAPESTRIES.

TESTIMONY OF MR. WILLIAM M. BLAKE, ON BEHALF OF THE ORINOKA MILL, STEAD & MILLER CO., GEORGE BROOK & SON CO., ROBERT LEWIS CO., THE ARBEKO MILL CO., A. THEODORE ABBOTT & CO., JOHN MOORE SONS & CO., AND MOSS ROSE MANUFACTURING CO., OF PHILADELPHIA.

Mr. BLAKE. In the matter of the revision of wool schedule, the specified tapestries and other jacquard figured upholstery goods, the parties I represent respectfully request that a paragraph be inserted in the wool schedule reading substantially as follows:

Tapestries or other jacquard figured upholstery goods, composed wholly or in part of wool, in the piece or otherwise, 75 per cent ad valorem.

Heretofore these goods are mentioned specifically only in the cotton schedule.

But tapestries of wool, which represent the art of weaving in its very highest branch and which are essentially luxuries, used by the wealthy for purely decorative purposes, are being extensively imported into this country and should pay a revenue in keeping with the character of the article.

PARAGRAPH 378—TAPESTRIES.

They are now classified as woolen cloths, under paragraph 378 of the act of 1909, and their value in excess of 70 cents a pound pays a specific duty of 44 cents a pound and 55 per cent ad valorem. A piece of woolen tapestry, recently imported, costing 16.50 francs per meter, less 5 and 1 per cent, weighing 2 pounds to the yard (50 inches wide) paid a duty equal to $84\frac{1}{2}$ per cent ad valorem. If the wool bill, which passed the House of Representatives April 12, 1912, had become a law, these goods would have come in under paragraph 5 thereof, providing for cloths, knit fabrics, felts, and so forth, paying a duty of 40 per cent ad valorem; a rate that is less than provided in the same bill for such ordinary cloths as flannels, valued at over 50 cents per pound; also bunting and goods of a similar description, which were rated to pay a duty of 45 per cent ad valorem.

A reference to the sample of American wool tapestry submitted herewith, marked No. 376, is sufficient evidence that these goods should not be classified with cloth, flannel, or bunting, but should pay a much higher rate of duty.

Before a single yard was woven \$470 was paid for the sketch, Jacquard design and cards. A loom operated by a single weaver produces but 6 yards a day; if more than one loom should be required on the same design, a duplicate set of cards, costing \$100, is necessary. The labor cost is nearly 60 per cent of the net cost at the mill.

No mention was made of wool tapestries or other wool upholstery goods in the report of the Tariff Board on manufactures of wool, but the cost of three wool tapestries was given by the board in its report on cotton manufactures in Table 141, volume 2, page 459. It will be noted under the details given therein the very small margin between the total cost and the mill selling price.

We trust that the committee will give this request very careful consideration and any further or additional information or samples required will be cheerfully furnished.

The CHAIRMAN. Those goods come in under the present law?

Mr. BLAKE. Yes, sir.

The CHAIRMAN. Those goods come in under the same classification that they come in on under the bill we proposed last winter—that is, what is known as the basket clause?

Mr. BLAKE. Knit goods and so on.

The CHAIRMAN. There are a great many other goods that come in under the same classification?

Mr. BLAKE. Yes, sir.

The CHAIRMAN. Have you proposed the same classification for this class of goods?

Mr. BLAKE. This is a separate classification.

The CHAIRMAN. Do you distinguish in your brief what you think that classification ought to be?

Mr. BLAKE. Yes, sir; it is here.

The CHAIRMAN. How do you state it?

Mr. BLAKE. Tapestries, or other jacquard figured upholstery goods, composed wholly or partly of wool, in the piece or otherwise.

The CHAIRMAN. Do you think that will cover it?

Mr. BLAKE. I think so; yes, sir.

PARAGRAPH 378—PRESS CLOTH.

The CHAIRMAN. What is the amount of importation of that class of goods as described in your brief?

Mr. BLAKE. That can not be told, Mr. Chairman, for the reason that the customhouse statistics do not segregate them.

The CHAIRMAN. I know that.

Mr. BLAKE. There are several other kinds of goods in that paragraph.

The CHAIRMAN. That is the reason I asked you, because it falls in the basket clause, and there is no way for us to get it exactly out of the reports.

Mr. BLAKE. No, sir.

The CHAIRMAN. But that is a very material question to this committee in fixing this rate, what is the amount of production of that class of goods in this country?

Mr. BLAKE. I don't know, Mr. Chairman. You see, I am not familiar with that end of it, I was simply requested to come here and make this statement to your committee.

The CHAIRMAN. I suggest that you furnish the committee some additional information.

Suppose you see if you can ascertain those two facts—the amount of importation and the amount of American consumption of those goods, and then write us a letter.

Mr. BLAKE. I have some more samples. They are all in the same class.

The CHAIRMAN. I do not think it is necessary to submit them.

Mr. BLAKE. I will leave them. One is a sample of the American manufactured article.

The CHAIRMAN. Are there any questions? [No response.] You will be excused, Mr. Blake.

PRESS CLOTH.

TESTIMONY OF CHARLES E. PERKINS, OF BROOKLYN, N. Y.,
REPRESENTING J. T. PERKINS CO.

Mr. PERKINS. Mr. Chairman, I would like the privilege of demonstrating the impossibility of importing press cloth the same as the silk bolting cloth is, if you will permit me.

The CHAIRMAN. Proceed in your own way.

Mr. PERKINS. I am wearing an overcoat made of press cloth. We are the largest manufacturers of press cloth in this country—J. T. Perkins Co.—and this coat was made out of a regular cloth, called our "A2" cloth, that is used by the Refuge Cotton Oil Co., of Vicksburg, and three other mills in the Arkansas Cotton Mill Co., owned by the American Cotton Oil Co., and you will see that it is quite impossible to so designate the cloth, as the silk cloth is designated, to keep it from being used by the clothing manufacturer, should it be brought in free or at a nominal duty. I also have samples, if you will allow me to show them, of a dress made of a light press cloth, made for the American Sugar Refining Co. Press cloth is made by the worsted process, and it is used by the chocolate manufacturers, manufacturers of stearic acid, manufacturers of mustard, linseed oil manufacturers,

PARAGRAPH 378—PRESS CLOTH.

and also by the cottonseed oil manufacturers, and they use it under different pressures, and consequently they have to have a different character of cloth. This dress, or skirt, has been worn until it is almost worn out, and that was made not for the purpose of exhibition, but was made of a cloth that we manufactured for the American Sugar Refining Co.

I also have samples of goods made in England and Hungary and goods made here, which I should be very glad to put in the possession of the committee to examine at their leisure.

The CHAIRMAN. Suppose you hold them up there, where the whole committee can see them, and explain them.

Mr. PERKINS. There is some made in Austria. There you see is a light-weight cloth used by people who require light pressure. There is a heavy cloth used by the people who press the cottonseed oil. Here is some made of entirely white wool, fine white wool, English wool, made in England.

The CHAIRMAN. I thought all press cloth was made out of camel's hair.

Mr. PERKINS. No, sir. Here are our own samples. There is a sample made out of white worsted wool. Here is a sample made out of cotton. Here is a sample made out of gray wool, made by ourselves. Here is one made out of mohair; made not for exhibition merely, but for actual use. This is cut from goods made for customers.

The CHAIRMAN. Is that made out of mohair there used for clothing?

Mr. PERKINS. That could be used for clothing.

The CHAIRMAN. What is it used for?

Mr. PERKINS. That is used by such concerns as the American Sugar Refining Co. and concerns that use our light degree of pressure. There is also one made of alpaca. But I suppose that to-day 50 per cent of all the press cloth used in this country is made of camel's hair. The quantity made from sheep's wool, gray wool, has increased very considerably in the last two years, and we have made this year more than for a number of years past.

Mr. PETERS. Do you not run camel's hair and wool together in the yarn?

Mr. PERKINS. No, sir; we do not mix camel's hair with anything. Our cloth is absolutely pure camel's hair, absolutely.

Mr. PETERS. Camel's hair yarn?

Mr. PERKINS. Yes, sir; camel's hair yarn. The customhouse records are open to all you gentlemen, and you can see our importations of absolutely pure camel's hair.

Mr. PETERS. My question was not a criticism of the cloth; I was trying to find out the fact.

Mr. PERKINS. It is absolutely pure camel's hair. We do not mix camel's hair with anything else. We have mixed different characters of wool.

Mr. FORDNEY. Is camel's hair mixed by any manufacturer in the production of any article? I ask for information.

Mr. PERKINS. I do not know that I am able to state that fact, because we do not mix it ourselves. I can only state what we do ourselves. But the camel's hair cloth we make is absolutely made of Russian camel's hair and largely from the Ural Mountain districts.

PARAGRAPH 378—PRESS CLOTH.

Mr. FORDNEY. My memory is dim on the question, but my information is that in some instances camel's hair has been mixed with some other raw materials in making some kinds of goods. I do not know what it is.

Mr. PERKINS. I think it has been done by other manufacturers.

Mr. PETERS. It is stated in the report of the Tariff Board somewhere.

Mr. PERKINS. I do not think it is done to-day. We have never mixed it since I have been in the business. It has always been pure camel's hair.

Mr. HILL. Do you know anything about the process for making fabric out of cattle hair and domestic goat hair, which is being exploited or was exploited and perfected in Belgium? Do you make anything of that kind?

Mr. PERKINS. We do not make it out of domestic goat hair. We make some cloth out of the hair of Russian and Turkish goats.

The effort may be made to induce your honorable committee to eliminate from the provisions of the wool schedule, known as Schedule K, all press cloth made of camel's hair and sheep's wool. I therefore beg leave to take a few moments of your valuable time to demonstrate what losses to the Government may accrue and also call your attention to the sworn statement which I made to chairman of the Ways and Means Committee of the 60th Congress, dated December 30, 1908, and published in tariff hearings No. 47.

The cloth known as press cloth is used to cover cotton seed, flaxseed, and a number of other substances while it is being pressed, usually in hydraulic presses, for the purpose of extracting the oil. It is also used, and in that case made of a light weight cloth, where the pressure is not so great as is necessary to extract the oil from cotton seed. In most of the oil works it is the supply of the smallest cost.

The gentlemen who appeared before you this morning gave you the idea that it was a very big cost.

In the manufacture of cottonseed oil, it varies in cost to the ton of seed crushed according to the experience of the hands employed in the mills and the condition of the seed, but the average is between 20 cents and 25 cents, while the cost of the seed at times has been as high as \$36 per ton, labor about \$3.25 per ton, bags 73 cents per ton, fuel 75 cents per ton.

That, however, varies in different sections. In the chairman's section they get the coal so cheap that it does not cost them quite so much as that.

The raw material used in many cases is all cotton, in others all sheep's wool, and still others all camel's hair, which is frequently called camel's wool, and is included in Schedule K as wool of the third class. During the last three years a much larger percentage of cloth made of sheep's wool has been used than formerly, but camel's hair has the preference in many of the mills. When made of camel's wool, sheep's wool, alpaca, or mohair—and we have made it of all the four—the process of spinning the yarn is known as the English process of worsted spinning, the same as is used in making worsted overcoating, cloakings, men's and women's suitings, etc.

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We show you samples of different styles of cloth which are used for press cloth, and you will quickly see how impossible it would be to have the cloths so made as not to interfere with cloth made for other purposes by putting on a brand or other designating mark.

I would like to say here that the cloth used by the cotton-seed oil people largely runs from $11\frac{1}{2}$ to $13\frac{3}{4}$ inches, and is a very heavy cloth. The cloth used by the linseed oil people is a cloth that is of lighter weight and runs from 15 to 17 inches in width. The cloth used by the stearic acid people is almost invariably from 36 to 40 inches in width, and we have made for special customers some as wide as 2 inches, and one customer bought it as high as 84 inches. So you see that if this is thrown out of Schedule K, a cloth can be made much finer than what we show you here and imported as press cloth, because it might be used for pressing and could be dyed the same as that coat was dyed and used for clothing purposes.

The CHAIRMAN. There seems to be in the tariff bill two designations of press cloth, one in Schedule K and one in Schedule N. How do you differentiate between those?

Mr. PERKINS. The schedule N case was brought up in this way: One of the gentlemen, living in Augusta, Ga., claimed that anything made of camel's hair should be brought in at 20 cents per square yard as hair-press cloth, and he said that no southern judge would decide against him. We said "Well, all right. We will argue it in any southern court where you want to argue it." So an importation was made by that party. Through the influence of that party we went to New Orleans, and it was brought up in the circuit court of the United States there, and the judge found that the provisions regarding alpaca, mohair and camel's hair ruled that out entirely, and he decided in our favor.

Mr. HARRISON. Your friend made a mistake in not picking out Charleston or Jacksonville. There is no cotton grown down there in Louisiana, is there? (Laughter.)

Mr. PERKINS. Not so much as formerly. Then they were not quite satisfied with that, so they wanted to carry it up further. We said: "All right," and they carried it up to the circuit court of appeals, which is next to the Supreme Court of the United States, and were beaten there. It was demonstrated before the honorable judges of both those courts that that hair-press cloth was a cloth made of horse hair, upon which there was no duty paid whatever, whereas the manufacturers in this country of camel's hair paid a specific duty which was equal to over 30 per cent.

The CHAIRMAN. As I understand, under that decision of the court, it threw this particular press cloth that is used for cotton goods in Schedule N, did it not?

Mr. PERKINS. Yes, with hair-press cloth.

The CHAIRMAN. What I want to know is, not the decision, but where do you differentiate between the press cloth that you find in Schedule K and that in Schedule N? Where is the line demarcation?

Mr. PERKINS. That is differentiated in our own business. Mr. Hill asked a moment ago if we made any cloth out of goat hair. We

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make a cloth out of goat hair, and we have some competition on that because occasionally some is imported at that 20 cents per square yard, and that is made out of a hair that is nondutiable, a goat hair, that we sell to-day for 35 to 40 cents a pound, where we get 65 cents a pound for our camel's hair.

The CHAIRMAN. The first cloth you were talking about comes in Schedule K, does it not?

Mr. PERKINS. Yes, the camel's hair cloth.

The CHAIRMAN. The cloth that is designated in Schedule N is entirely camel's hair, is it not?

Mr. PERKINS. No, sir; it is not. Schedule N is horse hair, or undutiable goat hair.

The CHAIRMAN. I see.

Mr. PERKINS. There is a manufacturer of the article in New Orleans making it entirely—I presume entirely—of horse hair, although he may use some other kinds of hair. Some of our customers like camel's hair, and some like goat hair. We have some competition from abroad, because that comes in under Schedule N.

The CHAIRMAN. All the camel's hair press cloth comes under Schedule K?

Mr. PERKINS. Yes, sir. Should press cloth made of sheep's wool or camel's hair be allowed to come into the country at less duty than other cloths made of the same material, it would not be long before hundreds of thousands of yards would be imported and dyed for men's overcoats, women's cloaks and dresses, and men's suits, and the result to the Government would be similar to the famous hat-band cases in which the frauds amounted to many thousands of dollars, goods called hat bands being imported and used for other purposes. To illustrate, I am attaching a sample of men's wear goods made entirely of sheep's wool, and a piece of light-weight press cloth made for one of our customers, which has been dyed. I also submit an overcoat and a dress made of cloth which was originally made for press cloth. Now when you realize that it will be very easy to make these goods a little finer, yet have them still adaptable for press-cloth purposes, you can imagine what will be the result.

As before stated, hundreds of thousands of yards will be invoiced as press cloth and after arrival be dyed and used for men's and women's wear. Many of the users of press cloth may say, we use 13 $\frac{3}{4}$ -inch goods and they could not be used as described. The fact remains, however, that we have made press cloth from 2 inches to 84 inches in width and from 1 pound to 8 pounds per square yard, and have made during the past season thousands of yards 36 inches or wider.

The Government is now receiving in duties about \$300,000 on camel's hair imported. It is true that the duty received on the cloth has been only a small amount, because the price charged the oil mills for press cloth has been so low that not only has it been impossible to import it, but four or five concerns making it have gone out of the business.

In consequence of the fact that the cotton crop during the past two years has aggregated more than 25 per cent larger than usual, the supply of camel's-hair cloth manufactured has not been quite equal to

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the demand. But certain cotton-seed crushers have continued for a number of years to agitate the subject of abolishing the duty, and while this has continued no one would buy new and expensive machinery for the manufacture of the article. This has been the chief reason for the shortage. We are the largest manufacturers of camel's-hair press cloth, and we also make it of cotton and of sheep's wool. We have been in the business since 1876. Since our incorporation in 1892 not a share of our stock has been owned by any of our customers and we are not in combination with any other manufacturer as to price or territory to be supplied. There are, we believe, manufacturers of the article in Massachusetts, New York, Pennsylvania, New Jersey, South Carolina, and Texas. We do not know what our competitors are charging. We have never made overtures to buy out any other manufacturers of press cloth, though we have had one or more concerns offer their machinery at 50 cents on the dollar to us. We have never reduced the price with the view of driving anyone out of the business, nor have we advanced the price of our product in consequence of anyone going out of the business.

The price to-day of the best Russian camel's wool out of which we make our press cloth is about 26 cents, duty paid. There is 35 to 40 per cent of dirt and grease; there is about 21 per cent of noil, which is worth about 30 cents per pound. We obtain about 41 pounds of cloth out of 100 pounds of camel's hair. When commission to agents and other incidental expenses are taken into consideration, nothing more than a living profit can be estimated; our price for the cloth being 65 cents against the price in England of about 49 cents.

We, however, are not appearing before you for the purpose of requesting that no change should take place in the rate of duty, but are before you for the purpose of illustrating what will take place should our product be placed in any other schedule than the one governing the product of other worsted manufacturers and to refute the assertion that has been made that we are making more than a legitimate profit.

**TESTIMONY OF JOHN S. RADFORD, REPRESENTING
ORIENTAL TEXTILE MILLS.**

Mr. RADFORD. Mr. Chairman and gentlemen of the committee, a question was just asked of Mr. Perkins in regard to hair press cloth. Under paragraph 445 that is a press cloth made of horsehair and cows' tails. That is made in New Orleans by two firms. The raw material from which that is made is under paragraph 583, which is imported free. That was tried out before the federal district court and the circuit court of appeals under the style of United States against Oberly & Henry.

Then that cloth is taxed at 20 cents per square yard, made of the same material as crinoline cloth, with which chairs and sofas are upholstered and haircloth used for other purposes.

Camel's-hair cloth is made of Russian camel's hair, and the factory I represent is running in Texas.

I appear before you as I knew that this question would be brought up, by a letter that was circulated by the publicity bureau of the Interstate Cottonseed Crushers' Association.

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Mr. HARRISON. Under which paragraph of Schedule K does camel's-hair press cloth come in?

Mr. RADFORD. The raw material under paragraph 363.

Mr. HARRISON. That is classes 2 and 3, having reference to raw wool?

Mr. RADFORD. Yes, sir, and wools of the third class.

Mr. HARRISON. Where does the cloth itself come in?

Mr. RADFORD. Paragraph 378.

Mr. HARRISON. The basket clause?

Mr. RADFORD. No, sir.

The CHAIRMAN. Cloth, knit fabrics, felt not weaved.

Mr. RADFORD. And not otherwise provided for.

Mr. HARRISON. What rate does it pay under that?

Mr. RADFORD. The finished product or the raw material?

Mr. HARRISON. The finished product.

Mr. RADFORD. The finished product is three times the duty assessed against wools of the first class and 50 per cent.

Mr. HARRISON. And the effect of putting it in paragraph 445 would be to make it pay 20 cents a square yard, which Mr. Culberson testified would equal about 4 per cent ad valorem?

Mr. RADFORD. About 4 cents per pound.

Mr. HARRISON. He said it was worth \$5.60 a square yard, and 20 per cent a square yard is a little less than 4 per cent ad valorem.

Mr. RADFORD. No, sir; it is a little more than that. Hair press cloth is very heavy. Camel's hair is a combing wool and worked by the Bradford worsted process. You can not run horsehair or cow hair through a worsted comb. If you did it would tear the teeth all to pieces. It is worked by worsted machinery. It is worked like all other worsteds.

This is the letter that caused me to come to Washington, gotten out by the bureau of publicity of the Interstate Cottonseed Crushers' Association, charging that camel's-hair press cloth is absolutely necessary in the manufacture of cotton-seed product. [Reading.]

Second. That the manufacture of camel's-hair press cloth is practically a monopoly, there being at most not more than two or three concerns engaged in the business, and that the charge has been made that even these few concerns are under one and the same ownership or control, and that a part of this ownership or control is vested in one or more of the larger concerns engaged in the manufacture of cottonseed products.

Third. That there is no economical substitute for camel's hair as a press cloth material, and that camel's hair being all imported there is no competition with any home-produced material.

Fourth. That the manufacturers of camel's-hair press cloth, appreciating these facts, have taken advantage of them and the monopoly which the present tariff gives them, and have for years steadily increased the price and deteriorated the quality of their product, and that thereby there is for the benefit of these two or three manufacturers imposed a heavy burden on the thousand or more cotton oil mills of the country, and, as the producer must finally pay the tax, upon every grower and handler of cotton in the South.

That caused me to submit a brief to the Ways and Means Committee, which I now desire to present to you.

While hearings are in progress before the Ways and Means Committee looking to a revision of the present tariff, it is rumored that some of the consumers of camel's-hair and sheep's-wool press cloth may endeavor to eliminate all press cloth from Schedule K, so the American

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manufacturer thereof will not be afforded the same protection as is afforded under the provisions of that schedule to other worsted and woolen manufacturers. True, such action on the part of Congress might be pleasing to some engaged in the great oil-crushing industry of our country, but in such event what of the interests of the American manufacturer of press cloth? It is now proposed by Congress to enact a tariff so as to provide revenues commensurate with the measure of governmental expenses; then it is well to consider the following facts, viz:

First. The manufacturers of camel's-hair and wool press cloth pay into the Treasury about \$300,000 in duties per annum. The seed crop of the country is growing in magnitude by leaps and bounds, and within the next 10 years it is predicted that the crop will probably be as large again, and in keeping with this predicted expansion the press cloth manufacturers do not seek to escape any part of their responsibility.

Primarily, the tariff, in addition to raising the necessary revenues for the purpose mentioned, its framers had in mind an additional purpose, that of consistently encouraging and protecting American manufacturers; and with faith in this policy of Government we have made large investments, believing the same protection would be given us as was afforded other manufacturers of worsteds and woolens, and clinging to this faith, I beg leave to submit this brief and attach hereto a copy of a former brief, duly sworn to, and which was submitted to the last Ways and Means Committee under date of January 16, 1909. These documents are intended to briefly explain our attitude as an American factory in keeping faith with the loftiest American business ideals and the relation of our business to Schedule K.

Second. The Oriental Textile Mills of Houston Heights, Tex., is owned exclusively by citizens of the county and State in which the factory is located. This factory, nor any of its stockholders have any connection with any other press-cloth factory nor do they own any interest in any other process-cloth factory directly or indirectly; neither is it dictated to nor dominated by any other such factory. We manufacture worsted yarns by the Bradford worsted process out of camel's hair and sheep's wool and weave these into fabrics of different widths and thinness suitable for and to fit the different oil presses of the country. We can manufacture it into any width or thickness; into cloths suitable for ladies' dress goods or men's suitings out of either camel's hair or sheep's wool, which, when dyed, could be put on the market and sold for these last-mentioned purposes. Therefore, if either the cloth, yarns, or top were admitted to this country from abroad at a less duty than other worsted or woolen materials it would be the means of upsetting the whole of Schedule K in the way of fraudulently depriving the Government of millions of dollars in duties.

Third. Our factory, alone, has invested in this business nearly a half million dollars, and our operatives, nearly all local people, have been trained at great expense, many of them with patient industry, have given as much as 12 years of their lives to the making of themselves proficient and skilled in the lines of work, and we have something like a hundred families largely dependent upon our factory for a livelihood. A number of them have been provident enough to save

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sufficient means with which to build themselves homes about the factory, believing they would be undisturbed in the peaceful pursuit of their new line of work for the balance of their lives. We pay our operatives good wages, and in keeping with the present higher cost of living, averaging about three times the equivalent of the scale as paid by the European manufacturers of the same product. We pay to the Government such an amount on raw material imported from abroad as to equal about 75 per cent of the duties paid into the Houston customhouse, enabling this port to make a showing in economical administration the least in Texas if not the least in the whole Southwest, thus supplying a large net surplus to the general United States Treasury fund.

Fourth. We believe the Oriental Textile Mills is the only worsted factory south of Baltimore, and after years of struggling with adverse conditions in the adjustment of this new industry to a new section of our country we have, as pioneers, demonstrated that worsted milling can be done successfully in the South. With possibly one exception, we believe we are selling press cloth at a less price than any other American manufacturer, and have never taken undue advantage of the tariff, as can be shown by our records and as is shown by our present selling price of 66 cents per pound. Since we have been in the business our selling price has been worked out on a reasonable and consistent basis, always taking into consideration the cost of raw material, the cost of labor, and other fixed expenses, endeavoring to net only a fair and reasonable margin of profit, and if we did otherwise many worsted factories in the country would put in a few looms and work up press cloth during dull seasons. Consequently, it can be proved that the press-cloth manufacturers have all along sold the finished cloth at a price on about the basis of American worsted yarns, and all assertions to the contrary, charging a monopoly, etc., are very misleading and should not be considered for a moment by your honorable committee. For instance, the present American price of camel's hair delivered at American ports is about 26 cents per pound duty paid; of this camel's hair it takes about two and one-eighth pounds to make one pound of press cloth. Out of a pound of camel's hair, after losing about 35 per cent in dirt and moisture shrinkage, we get about 20 per cent in noil, which nets about 24 cents per pound. We get about 2 per cent of hard spinning waste, which nets about 9 cents per pound, and it costs us about 12 cents per pound to manufacture and sell the goods. So, with these figures before you, you can readily figure the profit on press cloth manufactured out of camel's hair when the cloth is sold at 65 and 66 cents per pound. If these convincing proofs tend to show any practices of monopoly on the part of the manufacturers, after taking into consideration that it would be absolutely impossible to deteriorate our quality when the United States customhouse records will show conclusively that our factory is purchasing only the very best Russian camel's hair obtainable, then we are ready to sell out and engage in some other more profitable and comforting occupation. We have said our factory is not dictated to by any other factory in the business; we will add to this that we have never known a business where such sharp and guarded competition exists as does exist in the manufacture and sale of press cloth.

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Fifth. The cost of the oil mills of press cloth is one of the least item of expense; an investigation shows it usually averages in a well-managed mill at from 10 to 30 cents per ton of seed crushed, whereas, labor costs \$3.25 per ton, bags about 73 cents per ton, and fuel about 75 cents per ton, and why the small item of press-cloth cost has been singled out for an attack before your honorable committee is beyond the comprehension of all reason and justice.

Sixth. The foregoing, taken in connection with our former brief attached hereto, briefly outlines the facts such as are applicable to the manufacturer of camel-hair and woolen press cloth, which is only one branch of American worsteds. This cloth is made of nothing more or less than European combing wools, possessing all the physiological properties of all other kinds of worsted raw material, so classified by the tariff and on which duties are collected accordingly by the Government.

Seventh. I should be pleased to see in the revision of the tariff a consistent reduction made on the raw material and the finished product kept in line with other American worsteds, and so as to safeguard American labor on the present humane scale of American wages as compared with the pauper wage scale of Europe. Any reduction in the raw material will promptly result in a relative cut price to the consumer of the finished product, which would be in perfect harmony with the same fair methods governing this factory in the past.

Mr. FORDNEY. You say at the price you are getting you do not take advantage of the tariff rates, and so on?

Mr. RADFORD. No, sir.

Mr. FORDNEY. What price does the imported article that comes in competition with yours sell at in our markets now? What advantage have you over them, taking into consideration your home cost of production and the cost of production abroad?

Mr. RADFORD. I think we could sell it at something like a dollar a pound under the present tariff, and I think some has been imported at that price—I heard Mr. Culberson say about 272,000 pounds.

Mr. FORDNEY. What price do you get for it now?

Mr. RADFORD. Sixty-six cents a pound.

Mr. FORDNEY. Sixty-six cents a pound?

Mr. RADFORD. Yes, sir.

Mr. FORDNEY. So the tariff cuts no figure, as far as that is concerned, to the consumer?

Mr. RADFORD. No, sir.

Mr. FORDNEY. You are not taking advantage of the tariff?

Mr. RADFORD. None whatever; neither have we ever done so, because if we did so every worsted mill in the country would buy looms and weave press cloth from camel's hair. It is not strictly a matter of conscience, you see.

Mr. FORDNEY. You could not stand free trade?

Mr. RADFORD. No, sir; not by any means.

The CHAIRMAN. There is very little importation now in comparison with the American production?

Mr. RADFORD. No, sir; I did not know how much until I heard the extent of it mentioned by Mr. Culberson as 272,000 pounds.

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The CHAIRMAN. That is very small, is it not?

Mr. RADFORD. Yes, sir; I should say so.

The CHAIRMAN. The duty, in fairness, means a reasonable reduction?

Mr. RADFORD. Yes, sir; I think we could stand it.

Mr. FORDNEY. Your competition at home is keen?

Mr. RADFORD. Very keen; yes, sir.

Mr. FORDNEY. That regulates the price, your home competition?

Mr. RADFORD. I think principally, sir, from the fear that other worsted mills would, during dull seasons, put in looms and weave press cloths of camel's hair themselves. There are some weavers of camel's-hair yarns, some of our competitors, and I have a statement from one of them who states he is paying now from 60 to 62 cents for yarn. It costs him 5 to 7 cents a pound to weave yarn into cloth. That would be 67 to 69 cents a pound, and I am selling the finished product at 66 cents a pound. He sells it at 70.

Mr. FORDNEY. No matter whether the tariff were raised, left where it is, or lowered, so long as it is not lowered to the danger point, your industry is all right?

Mr. RADFORD. That is the point; yes, sir. I hope to see the raw material lowered, for this reason: You take in wools of the third class, and if we purchased it at 12 cents a pound or less, which was done during several seasons since I have been in business, we pay 4 cents per pound duty. The moment it goes over 12 cents a pound, a fraction over, we have to pay nearly double the duty, or 7 cents a pound.

If you will permit me, I would like to state that if there was a specific duty of 4 cents a pound fixed upon wools of the third class, out of which we manufacture press cloths, it would at once result in a reduction of 5 to 6 cents a pound by our factory to the consumer.

Mr. FORDNEY. If a specific duty, you say?

Mr. RADFORD. Yes, sir. We pay 4 cents a pound, the duty that we have paid at times when the camel's hair was purchased at the point of origin in Russia at less than 12 cents per pound. Now we are paying 7 cents a pound duty, because it runs some over that figure in original cost.

Mr. FORDNEY. In other words, if you could get your raw material at a lower price, you could lower your price to the consumer?

Mr. RADFORD. We would promptly lower the price of the finished product.

Now, Mr. Chairman, there is a cottonseed-oil manufacturer, running the largest cottonseed-oil mill in the world, who is present. I brought him from Texas with me. I appealed to him to come and state to you the actual cost of the use of press cloth in oil mills, and he will follow me, Mr. Dawson.

I would like you to question him, because he can answer your questions as a consumer of press cloth, and as an owner of a large oil mill.

For some reason unknown to us, since we have gotten a factory down South, press cloth has been singled out for this attack. It costs less than any other supply which the oil crushers use, and which they are forced to purchase in order to run their business, as stated by them.

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This gentleman is well prepared to testify to you as to what that cost is. In order not to take advantage of you I desire to state he owns a small amount of stock in our factory, some \$8,000, whereas he has something like a half million dollars invested in his oil mill. I went to him and appealed to him to come along, so that you gentlemen could question him from both sides of the subject, from the standpoint of an oil crusher and as having owned this small amount of stock in our factory for a number of years. As I say, he is thoroughly familiar with the manufacture of press cloth in that I have been very intimate with him for years.

Mr. HILL. Camel's hair makes the best press cloth that is made, does it not?

Mr. RADFORD. Yes, sir.

Mr. HILL. The danger is it would be used for other purposes than press cloth?

Mr. RADFORD. Yes, sir.

Mr. HILL. Supposing an arrangement was made by which you could have a rebate of duty on proving the amount of camel's hair that had gone into press cloths; would there be any advantage to the final consumer? The cost of press cloths would be reduced proportionately, would it not?

Mr. RADFORD. Oh, yes; it has always followed.

Mr. HILL. And you would not have any objection to such a plan?

Mr. RADFORD. None whatever.

Mr. HILL. A rebate on the domestic product where it was proved the material had gone into press cloth?

Mr. RADFORD. Yes, sir. Wherein we need the protection is this. As I stated in my brief, we pay our help much more than they pay in the East and in England. I have made some investigations along this line. We, of course, can not manufacture press cloth nearly as cheaply, as we pay more for our labor, and we pay a good price for fuel, and it costs us a great deal to build factories, as we have to pay the freight on our machinery down there. Consequently there are some disadvantages under which we labor.

Mr. FORDNEY. Under that arrangement of free trade in camel's hair that is put into press cloth, press cloth made of camel's hair would come into competition with all kinds of press cloth made of the other raw materials that are on the protective list?

Mr. RADFORD. Yes.

Mr. FORDNEY. And it would be hardly fair to other industries furnishing raw material for press cloth, would it?

Mr. RADFORD. No, sir; it would not be fair to them, because out of camel's hair you can make as fine fabrics as you can out of sheep's wool. When dyed it takes on a beautiful luster. We have made some cloth similar to that which was exhibited here by Mr. Perkins, in a dress and overcoat, and it makes a very beautiful fabric and a very beautiful garment. Camel's-hair rugs, the oriental rugs, are made of camel's hair, and they are very fine rugs.

The CHAIRMAN. Did you say you paid 12 cents a pound?

Mr. RADFORD. No, sir. For the raw material I pay much more than 12 cents a pound. When I first went into the business I paid from 13 to 16 cents a pound, duty paid. That included 4 cents a pound duty.

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The CHAIRMAN. I mean what is your import price now?

Mr. RADFORD. About 26½ cents per pound, duty included.

The CHAIRMAN. Twenty-six and one-half cents?

Mr. RADFORD. Duty paid.

The CHAIRMAN. We put in our bill as it passed the House last year 20 per cent ad valorem tax.

Mr. RADFORD. Yes.

The CHAIRMAN. That makes a tax of about 5 cents a pound.

Mr. RADFORD. It is a little less, figuring on present first cost in Russia.

The CHAIRMAN. You say you could make a reduction accordingly without injury to your business?

Mr. RADFORD. Yes, sir; on the raw material.

Mr. FORDNEY. Is that 26 cents you are paying now the normal price?

Mr. RADFORD. That is as high as I have ever seen it. But a few years ago it went to that same price. It is going up every year.

Let me explain just one thing about camel's hair. Camel's hair is better for making press cloth than any other fiber because the walls of the fiber are a little thicker. This press cloth is subjected to a pressure of 3,500 to 5,000 pounds a square inch, with very hot meal in it, just as hot as it can be. The walls of sheep's wool are burned out a little sooner than camel's hair because the walls of the fiber are thicker. Then it is not so subject to spontaneous combustion—that is, this oil-soaked cloth is not—as the sheep's wool.

That is the reason why it is preferable and more suitable for making press cloth.

The former brief of Mr. Radford, referred to in his preceding statement, is as follows:

HOUSTON, TEX., *January 16, 1909.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

GENTLEMEN OF THE COMMITTEE: Our attention is called to certain published statements claimed to have been made by Mr. J. W. Allison, of Ennis, Tex., representing the Cotton Seed Crushers' Association before the Ways and Means Committee of the House in an endeavor to secure a repeal, or such modification of the duty on camel's-hair press cloth as would make its manufacture in this country impossible without a loss. In refutation of Mr. Allison's statements, we beg you to give the following facts, to the truth of which oath is made, your serious attention before taking any action in the matter. We ask this, because the gentlemen appeared before you after the day set apart for textile hearings; and the time for all hearings having expired before we knew our industry had been attacked, which leaves us but the one alternative, that of answering through a written statement of facts, as follows:

First. It should not be overlooked that Mr. Allison and the association referred to are engaged in cottonseed oil crushing, therefore, consumers of camel's-hair press cloth and are basing their statements upon claimed beliefs and suppositions which we assert are unwarranted by the actual facts, and we are prepared to disprove them.

Second. Camel's hair is a wool, possessing the physiological properties of wool, a combing wool, and worked by the identical processes and machinery as is sheep's wool. It competes with sheep's wool in the markets of the world and is manufactured into yarns and cloth to compete with sheep's wool yarn, cloth, clothing, rugs, etc. If camel's-hair press cloth is admitted at a lower duty, the present woolen schedule would be entirely disarranged, because this press cloth is manufactured into various weights and widths to meet different conditions, consequently could be brought here, dyed, and sold for clothing purposes, or brought in loosely woven, out of loosely twisted roving (called yarn), converted back into roving, and then spun into fine yarns out of which very fine fabrics could be made. It would, doubtless, throw the door open for all kinds of frauds upon the Government.

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We are reminded here of the breach which gave rise to the Hatband Case, causing the Government so much trouble and expense for so many years, and which would become forgotten in its insignificance as compared with that brought about by such rash action as Mr. Allison proposes.

Third. The statement that camel's hair is the only fabric out of which press cloth is made is entirely incorrect, there being in use, and manufactured in the United States, press cloth of sheep's wool, which is preferred by some to that of camel's wool, and we have made and sold lots of it. Horsehair press cloth is, and has been since we have been in business, manufactured in the city of New Orleans, La., and sold to the cottonseed-oil mills right along, and preferred by quite a number to any other; is sold at a price generally exceeding, never less within our knowledge, than camel's-hair cloth, though horsehair is on the free list, does not possess the physiological properties of a wool, is worked, we are told, by hand machinery specially made for the purpose, and is, without a doubt, the "hair press cloth" referred to in paragraph 431 in the tariff. It was so decided by the United States General Appraisers and the Federal courts up to the Supreme Court, and is grouped in said paragraph with all other horsehair fabrics, such as hair seating crinoline cloth, etc. Horsehair press cloth is manufactured abroad, as well as here, necessarily in heavy weights, and horsehair being admitted free there is just enough duty fixed on the imported article at 20 cents per square yard to protect American labor against the miserable conditions in Europe. Horsehair press cloth is freely offered to and used by the cottonseed-oil mills; therefore we will assume Mr. Allison overlooked telling you this at the hearing accorded him. We are attaching hereto an article on "Dyeing of horsehair and haircloth," published in the January, 1909, number of Textile World Record, published in Boston, Mass., in proof of the proposition that horsehair only is understood and referred to when the word "hair" is used, and that haircloth is always understood to mean horsehair cloth when made mention of, and, naturally, for the same reason, horsehair press cloth when the term "hair press cloth" was grouped in paragraph 431.

Fourth. We are paying at this time about 18½ cents per pound for Russian camel's hair delivered in our warehouse, and we are forced to purchase practically a year's supply at a time. We are enabled to convert only about 42 per cent to 44 per cent of this camel's hair into press cloth; there is about 40 per cent dead loss in dirt, vegetable matter, etc., and the balance in flyings, noil, and thread waste. We now pay 4 cents per pound duty on the camel's hair in its original condition; the last noil sold netted us about 12 cents per pound and thread waste about 8 cents per pound; it costs about 14 cents per pound to manufacture. Our manufacture of camel's-hair press cloth nets us, after the cost of packing, conditioning, and agent's selling commission, about 57 cents per pound on a present invoicing price of 60 cents and 61 cents per pound. Therefore, you have actual facts and figures by which to determine how much a pound of American-manufactured camel's-hair press cloth represents in revenue to the Government and as to whether or not there is anything in the statement that the American manufacturer is taking advantage of the present tariff to act in bad faith with the consumer with regard to fixing upon him a burden of undue profit. The raw material and by-product market is of easy access, and any well-posted honorable worsted manufacturer can make you correct figures from the above.

Fifth. Mr. Allison's statement may have left you to believe the American camel's-hair press cloth market did not fluctuate, whereas during the eight years we have been in business we have sold our products at 51, 52, 55, 56, 60, 61, and last year (when camel's hair cost us about 25 cents per pound, inclusive of 7 cents per pound duty to the Government) 65 and 66 cents per pound. The money panic of last year, causing all markets to decline, brought camel's hair down, and consequently camel's-hair press cloth down 5 cents per pound. These facts are matters of general knowledge to all interested; so it is a matter of general knowledge and of record that all markets for several years, up to the panic of 1907, had been on the advance, inclusive of the wool market. Then as a matter of reason the camel's-hair press cloth market had necessarily been advancing to meet conditions. The cloth has always consistently followed the raw material market and not been influenced by anything else at any time, so far as we know. In the face of these facts it would be comforting to have had Mr. Allison figure out his "fair and liberal protection" to the American manufacturer and at the same time a consistent attitude for the Government in framing such a tariff as he proposes.

We do not know of any such price as 62 cents per pound. We would be pleased to sell any crusher at 61 cents, and as to the terms of payment stated we never make a draft against an invoice short of 30 days from date of sale except in cases where the purchaser is not in good credit standing, and then we ship sight draft attached to bill

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of lading. This latter is of rare occurrence, whereas, on the other hand, we are often called upon and do carry patrons for months at a time, and sometimes from one season to another.

Under paragraph 431, as we figure it, and our estimate is carefully made, the camel's-hair press cloth consumed in Texas, if imported, would net the Government about \$12,000 to \$15,000 in duties per annum, whereas our factory alone pays to the Government in duties from \$35,000 to \$55,000 per annum, and Texas is by far the largest press-cloth consuming State.

Sixth. With regard to the statement that it costs the cottonseed oil mills 50 cents per ton of seed crushed for press cloth, we are confident an investigation will disclose a cost ranging from 10 cents to 30 cents, with an average of about 20 cents. This is regulated by the handling and local conditions.

Mr. Allison states an ordinary interior mill will use three or four thousand dollars' worth of press cloth a year, whereas we are sure an investigation will show that the ordinary interior mill will not average exceeding one-third of the amount claimed.

Seventh. Mr. Allison states to you there exists a monopoly or combination of interests in the manufacture of American camel's-hair press cloth. We state to you under oath that we are a corporation doing business under a Texas charter, and every share of our stock is held by citizens of this city and State, none of whom is interested in any way with any other press-cloth factory, nor is anyone interested in any other press-cloth factory in any way interested in ours. There does not exist any agreement as to price, division of territory, nor limit of production, and if either was the case and the unwarranted statement referred to correct, under the laws of Texas we would be subject to a heavy fine, the personal liberty of our officers jeopardized, and our charter be canceled.

We have always noticed that a change in price followed the camel's-hair market, up or down, and our experience is such, almost invariably, that lots of cloth has been sold to the oil mills by competitors at the new price before knowledge of it reached us.

We have always made it a rule to meet our competitors in price and we have often asked 1 cent per pound in advance of theirs. To have asked a higher figure would have lost the business, and at the beginning we lost money in meeting their prices, and then for a year or so we endeavored, with poor success, to sell our best grade at 5 cents per pound higher than competitors, but since that time we have successfully met the price by manufacturing on the most economical basis. It is a matter of fact that several camel's-hair press-cloth factories have either liquidated, failed, or been closed out and dismantled since we have been in the business, all for a lack of profit, and our first years were most unhappy.

We do not like to cut our price because the margin of profit will not admit of a cut, which is to be seen from the figures given. A cut in price could be taken out of the quality, but such a practice would quickly lose the business, for competition is so keen we are, at all times, endeavoring to excel competitive goods.

We notice, with due concern, the statement with reference to the superiority of the imported cloth, whereas we are confident the oil mills of the Republic of Mexico (under the free-trade policy) will tell you our press cloth is of very superior quality to the European goods, and we have sold them largely at a price netting us slightly more than that paid by the American mills, adding the drawback recovered.

Eighth. Mr. Allison charges it is a common occurrence for the different factories engaged in the production of press cloth to have the same selling agents. This is specifically denied so far as we know, except in one instance, the facts in such instance being that the Associated Manufacturers of cotton-seed products, a corporation organized under the laws of Texas (we have heard said to handle and sell certain cottonseed products and for the purchase and sale of mill supplies), having Mr. J. W. Allison, of Ennis, Tex., for president and Mr. W. L. Yopp, of Dallas, Tex., for general manager, the latter the selling agent for one of the press-cloth manufacturers in competition with us. Mr. Yopp called up the manager of the Oriental Textile Mills by telephone and stated that some of his stockholders preferred to use the cloth manufactured by us, and that if a commission of 3 cents per pound was allowed his company he would guarantee the sale of 100 rolls or about 40,000 pounds of press cloth, which proposition was agreed to. As stated to us shortly afterwards by Mr. Yopp, our Eastern competitor heard of his offering our goods to the trade, and demanded an explanation. Mr. Yopp thereupon asked to be released from his agreement, which request was acceded to cheerfully because we could sell and did sell the same press cloth to a better and more profitable advantage. We are prepared, if desired, to show the correspondence in substantiation of the above. No other instance of one agent representing two competing press-cloth concerns is known to us.

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Ninth. We have made large investments in a plant which is of modern equipment, construction, and extensive proportions, all predicated upon a well-founded faith in our Government and the American policy of the protective tariff, but these would be largely lost and more than a hundred skilled operatives in our employ thrown out of work if we should be discriminated against so as to be forced to meet any of the unjust plans suggested by Mr. Allison.

Tenth. You, gentlemen, now have the statements of Mr. Allison on the one hand and the manufacturers sworn statement of facts, figures, and accessible markets on the other, by which to reach correct conclusions. Therefore, it is but natural for us to feel secure in the result of your findings, and that the settled policy of the American Government is to be perpetuated without discrimination, especially when the spirit of that policy has been seen to have been respected, and been proven not abused.

The statements referred to were made before you December 14, 1908, and we believe your No. 33.

Very respectfully,

JNO. S. RADFORD,
Treasurer Oriental Textile Mills.

Subscribed and sworn to before a notary public.

The following papers were filed at a later date:

ORIENTAL TEXTILE MILLS.
Houston, Tex., January 4, 1912.

Hon. JOHN M. MOORE, M. C.,
Washington, D. C.

DEAR SIR: I hear Mr. J. W. Allison, of Ennis, Tex., has made an appeal to Congress through Senator Culberson to abrogate the tariff on camel's-hair press cloth for this season, and that, through Senator Culberson, Chairman Underwood has promised him a hearing.

You will remember Mr. Allison has made it his fight for some years to get around the tariff on camel's-hair press cloth, and this is but another attempt on his part, after having exhausted all other means to accomplish his purpose. The cottonseed oil mills have been a little close run for camel's-hair press cloth this season, for one reason that Mr. Allison has made it his business for the past seven years to bound the life out of the American press cloth manufacturer, if possible, and an investigation will disclose that he has done it for no good cause or reason. At first he was the staunch supporter of "the press-cloth suit," which cost the Treasury Department a sum of money to defend as well as the manufacturers. Then, when the Payne-Aldrich bill was before the Ways and Means Committee, he tried to have press cloth brought in free, and, failing in these attempts, he is now endeavoring to get around the tariff in the newly conceived way referred to above. He has been the main instigator in passing resolutions at oil-mill conventions for the last number of years, until the press-cloth manufacturer did not know where he stood nor what his finish would be; and there being a shortage of camel's-hair press cloth is largely due to his own handiwork, because his unwarranted fight upon the manufacturer has caused the latter to feel depressed in spirit, allowing his plant to become depleted of efficiency, and when the country made the biggest crop in its history the first thing Mr. Allison does is swoop down upon Congress with the plea that there wasn't enough press cloth to meet the demands. But mills all over the South have been making up the deficiency of supply by using cotton press-cloth, which, as will be seen from the inclosed letters, is a good thing for the cotton grower and the cotton mills the country over. The letters here inclosed were not written at our solicitation; copies of them were only sent us from men who knew the true situation and would not stand for it, but addressed them to their Congressmen voluntarily. I think I am safe in saying that the oil mills generally are not in sympathy in the fight of Mr. Allison, and an investigation would disclose as much, and all will take a long breath of relief when he lets up on this unwarranted fight. The oil mill of Mr. Allison has been supplied by this factory during the present season, and I think I would be safe in saying he hasn't been forced to close down for press cloth a single day, though we have been dealing with the most belligerent labor conditions imaginable.

The press-cloth manufacturer is operating to-day on a margin of profit not sufficient to properly pay his help in keeping with the rapid advance of wages in other lines, and two of the manufacturers are selling camel's-hair press cloth at a price less than the worsted yarn market. Others are higher, though these latter are only working on a fair margin of profit. Since we have been in the business several camel's-hair press cloth manufacturers have either failed in business or been forced out of it for lack of profit, which will be seen from a copy of a letter inclosed you herewith from Mr. B. F.

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Taylor, who wrote us asking what was the matter with the general press cloth surplus, and we wrote him the facts as they were, and you are inclosed herewith his reply. Mr. Taylor is one of the foremost seed crushers of the country, as well as one who was forced to retire from the manufacture of press cloth for the very reasons stated in his letter—he could not make a profit at the price at which it was sold. If the Ways and Means Committee should consider Mr. Allison seriously, he could not get foreign goods in before the close of the season; and I hope you will see that the camel's-hair press cloth manufacturers are also given a hearing, and they will tell the whole thing, to the complete undoing of Mr. Allison and his plans. There will be no shortage of supply of camel's-hair press cloth if Mr. Allison will but let the manufacturer alone, so as to let him know where he stands, so he can furnish the supply; whereas if he was allowed to import press cloth temporarily it would mean the flooding of the country with the product for future requirements for years to come, working all sorts of frauds upon the Government and Schedule K generally, and stop the manufacture of cotton press cloth completely. I have no idea his proposition will be entertained seriously, but it might be well that Mr. Culberson and Mr. Underwood know the real facts in the case and of the absurd fight and purposes of Mr. Allison.

Thanking you in advance, I beg to remain, yours, very truly,

JNO. S. RADFORD.

[Inclosure.]

COLUMBIA, S. C., December 9, 1911.

Mr. JNO. S. RADFORD,

Oriental Textile Mills, Houston, Tex.

DEAR MR. RADFORD: I thank you very much for your's of December 5, and I was not aware of the fact that labor troubles were giving you so much trouble. The situation here is very quiet, and no trouble at all about labor. The only thing that has ever bothered us in the press cloth business is the fact that we could not make any money, as the prices charged for the cloth were lower than we could possibly manufacture the goods. We have been able, however, this year to get rid of all of our rag tags and bob tails at almost any kind of price we cared to ask for them, and Perkins has been one of our largest buyers.

I have always thought that the agitation against press cloth manufacturers was outrageous and inopportune, and, as you know, I have done everything that I could to block it and to stop it. I suppose, of course, that our friend Allison will think now more than ever before that the press cloth manufacturers are in an unholy conspiracy to "skin" him in particular and the rest of the cottonseed oil people in general.

Yours very truly,

B. F. TAYLOR.

MEMPHIS, TENN., December 19, 1911.

HON. K. D. MCKELLAR, M. C.,

Washington, D. C.

DEAR SIR: We observe in press dispatches to-day that J. W. Allison, Ennis, Tex., has requested, through Mr. Burleson, that the duty on camel's-hair press cloth be removed, owing to an unusual condition existing just at the present time in the South among the oil mills, and therefore I ask that you give this matter thorough consideration before any definite action is taken.

In the first place there has been numerous press-cloth factories started in the South, but through antagonism of certain oil mill men to these factories they have not been successful, and the result is that one or two of them have recently failed, and this proves beyond the question of doubt that they are not asking an unreasonable price for the press cloth. The remaining factories this season have had a strike upon their hands, and the result is a temporary shortage in this article.

Of course, to reduce the tariff would mean not only defeating the purpose of the strike, but would also probably mean bankrupting of the remaining factories.

We have observed this present condition, and have sent to New York and have arranged for about four or five cotton mills to immediately begin making a cotton-press cloth. Some of this cotton-press cloth is now made and is being shipped out by express, and it is highly desirable before any action is taken by the Tariff Board to see the advisability of the mills using cotton-press cloth instead of camel's-hair cloth. Should this cotton-press cloth prove a good substitute, then it needs every kind of protection as it will mean a large consumption of cotton, and at any rate it seems that this cotton-

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press cloth could at least tide over the present situation until matters were adjusted in the press-cloth factories.

One of the largest press-cloth factories in the country is at Houston, Tex., and the capital is entirely subscribed by Southern people, and it would certainly be a great blow to this industry if they were deprived of the benefit of the protective tariff.

I wish to ask that you give this matter full investigation, and if I can serve to furnish any information, I will not only be glad to do so by mail, but to come on to Washington.

Yours, very truly,

HUMPHREYS GODWIN CO.

(A communication identical with the above and addressed to United States Senator Luke Lee was filed with the committee.)

**TESTIMONY OF JAMES D. DAWSON, JR., REPRESENTING THE
FIDELITY COTTON OIL & FELT CO.**

The witness was duly sworn by the chairman.

Mr. DAWSON. Mr. Chairman, the question that I expected to speak upon (I have no brief) does not seem to me germane to this subject, because it was the relation of the tariff as to the cost of press cloth per ton of seed crushed. It does not appear to me as at all germane to the subject that you gentlemen are questioning the witnesses upon, and unless you wish to ask me some questions I will not take up your time.

The CHAIRMAN. There are gentlemen here asking us to put press cloth on the free list for the purpose of advancing an industry in this country. We would be very glad to have you state what relation this press cloth bears to that industry. You are a practical man in business?

Mr. DAWSON. Yes, sir. My experience for a long number of years with a large number of mills has been that the cost of press cloth is one of the most inconsiderable items of expense. It depends largely upon the capability of the manager in charge of the mill, the condition of his machinery, the condition of his seed, his method of manufacturing that seed, his method of cooking it, the heat applied to it, the temperature, so that the question is so varied and covers such a wide scope that I fear I might take up too much of your time if I attempted to go ahead and explain it in detail.

So far as I am personally concerned, the cost of press cloth to me in the plant I operate is such a small item I pass it over because of so many other items of expense that are of much greater importance, some of them under the tariff, such items for instance as the jute question, the sack question, which are very much more important to me than the cost of press cloth.

The question of free or lower duties on oleaginous seeds is very much more important to me than the cost of press cloth. Indeed, I do not consider the cost of press cloth per ton of seed is of sufficient importance to attract any attention in any well managed oil mill.

The CHAIRMAN. What is the capacity of your mill?

Mr. DAWSON. Our mill is capable of crushing between 250 and 300 tons of cottonseed a day.

The CHAIRMAN. How much do you crush?

Mr. DAWSON. We crush about 200 to 250.

The CHAIRMAN. How much press cloth do you use in crushing that?

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Mr. DAWSON. It costs me about 15 cents a ton.

The CHAIRMAN. Fifteen cents a ton for press cloth?

Mr. DAWSON. Yes, sir. That is the unit of our expense, the per ton of seed crushed.

The CHAIRMAN. What is the value of a ton of seed crushed?

Mr. DAWSON. The gross realization?

The CHAIRMAN. What is the value? You spend 15 cents for press cloth to crush a ton of seed?

Mr. DAWSON. Yes.

The CHAIRMAN. What do you realize on that ton of seed?

Mr. DAWSON. This year in that section of the country it is probably from twenty-five to twenty-eight dollars a ton. That is, the gross realization from it.

The CHAIRMAN. What is your net profit this year?

Mr. DAWSON. My net profit I am sorry to say, this year is nothing.

The CHAIRMAN. Ordinarily it would be what?

Mr. DAWSON. I am perfectly content with a dollar a ton on my seed because of the large volume of seed I crush. If I crushed smaller volume I would not be so content.

BRIEF OF THE SUGDEN PRESS BAGGING CO.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We understand that an effort may be made by the cottonseed crushers to persuade your honorable committee to eliminate press cloth made of camel's hair and sheep's wool from Schedule K. If this was accomplished it would be disastrous to the Government as well as to the manufacturers of press cloth, as many woven fabrics could be imported under the name of press cloth which would be not only suitable for press cloth but also for wearing apparel and other uses. It would be impossible to separate press cloth from Schedule K without making it possible to perpetrate frauds, thus undermining the whole woolen schedule. Press cloth is used mostly for cottonseed and linseed oil presses, and lighter weights for filter presses, and the cost of same for the manufacture of cottonseed oil is only in the neighborhood of 25 cents per ton of seed crushed, while the cost of seed at times has been as high as \$36 per ton.

A resolution was passed by the Interstate Cottonseed Crushers' Association at their meeting in Memphis, in which they petitioned that in the revision of Schedule K, which is the woolen schedule, that camel's hair and woolen press cloth, and the material from which it is made, be allowed to enter the United States free of duty; but would not ask that the manufactured goods be allowed to enter free of duty, unless the raw material be allowed to come in free of duty also; as otherwise the American manufacturers would be put out of business entirely. It was also stated by them that it is to the credit of these manufacturers that they have not been exorbitant in their prices under this tariff.

You can readily see from this, they did not believe it advisable to separate press cloth from Schedule K.

The Sugden Press Bagging Co. was started about the year 1870, and was incorporated in 1904. The stock is owned by three individuals, none of whom are interested in any oil mills, or any concern using press cloth.

We have no agreements with competitors, and do not know what they are charging for their product.

We believe, at the present time, press cloth is manufactured in the States of New York, Texas, Massachusetts, South Carolina, New Jersey, and Pennsylvania.

Respectfully submitted.

DONALD M. CAMERON,
Treasurer of the Sugden Press Bagging Co.

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STATEMENTS REGARDING TARIFF ON PRESS CLOTHS.

AMERICAN PRESS CLOTH CO.,
Columbia, S. C., January 13, 1913.

To the WAYS AND MEANS COMMITTEE,

House of Representatives, United States Congress, Washington, D. C.

GENTLEMEN: This company is a small manufacturer of camels' hair and woolen press cloth for use in cotton oil mills and linsced oil mills. It was organized in 1905, and started working in December of that year. The plant consisted of four looms, necessary twisting and doubling machines, and other appurtenances. The capital stock of the company is \$41,900. It has operated some every year since its organization, and at the present time, under its sworn statement, now shows a net loss for the period of operation of \$7,619.85. The business has only shown a profit two years out of the seven operated. The company has never paid a dividend. Our expenses on 119,766 pounds manufactured during the past season were as follows:

Repairs.....	\$312.87
Operating expense.....	594.18
Office expense.....	703.62
Labor.....	5,171.16
International exchange and discount.....	222.71
Salaries.....	583.32
	<hr/>
Total.....	7,587.86

We call particular attention to the fact that our salaries are practically nominal, and by no means in proportion to the responsibility and the amount of work involved. Our bookkeeping is done for nothing and our stenographic work as well.

The cost of manufacture as per above expenses is 6½ cents per pound. We sell press cloth at 64.8 cents per pound, average; deducting the expenses from this, it would leave 58½ cents for cost of yarn and profit. At the present time our contract for yarn is at 55 cents f. o. b. Philadelphia, so that we have an apparent profit of 3½ cents per pound on the basis of this contract, which was made in October, 1912.

As we import no camel's hair ourselves, we are dependent upon the spinners for our supply of raw material. We, however, do receive quotations from time to time on camel's hair, and the last one which we have in hand offered 7 tons of mill sorted manes at 9¾ pence Liverpool. We figure that the expense of bankers, commissions, and other charges will add about three-fourths cents to the price of the manes. The duty on camel's hair costing from the point of shipment more than an equivalent of 12 cents is 7 cents. Therefore, on the basis of the above quotation, we would have:

	Cents.
Cost of hair.....	19.25
Duty.....	7
Exchange and other items.....	.75
	<hr/>

27

In order to have a sufficient supply on hand it is necessary to buy a month ahead of time. Consequently, the storage and interest would have to be added, which would amount to about three-fourths cent.

The shrinkage in dirt and waste material in camel's hair runs from 35 to 45 per cent. The amount of noils gotten out of the hair is usually 21 per cent. It is estimated by the spinners that they get about 41 pounds of yarn out of 100 pounds of stock, but the noils, of course, will have to come in to reduce the expense. Just what these are bringing I am unable to advise, but the information can be very readily obtained from the Wool Exchange.

According to this, on the above quotation the yarn would cost, allowing 10 cents for spinning, approximately 66 cents per pound, and from this should be deducted the value of the noils. If noils are valued at 6 cents per pound it would reduce the cost of the yarn to 54 cents. We do not know what the actual cost of washing, carding, and spinning is, but we have had the hair treated on commission and the charge has been 10 cents per pound.

We respectfully urge that whatever be the duty on the raw material, that the duty on the manufactured article ought to be sufficient to cover the difference in cost of manufacture, placing a few cents additional duty to protect the American manufac-

PARAGRAPH 378—PRESS CLOTH.

turers. We are not in position to state definitely what this ought to be, as we are not spinners and do not know the details of this part of the business, but we do know that the weaving process in this country will cost at least 7 or 8 cents in a factory where salaries are paid commensurate to the amount of work and responsibility involved.

We will further add that the stockholders and officers of this company are all Democrats and believe in free trade, except that we realize that a revenue for the Government is desirable and we believe that where such a revenue is levied it ought to be applied to the upbuilding of American industries and the maintenance of those already in existence. The press cloth manufacturers have never taken advantage of the tariff as it now stands. They could have made charges for their goods that would have netted them as high as 40 per cent, but they have not done so, which is evidence to our mind that the tariff was not arranged in accordance with our ideas, but evidently for the purpose of excluding entirely competition from abroad. If the manufacturers of press cloth are allowed a tariff that would net them 2 cents per pound profit, we believe it would result in competition from abroad, and at the same time would permit the American manufacturers to exist.

We call attention to the fact that the hair that we use competes with wool, and there may be other industries that would require a higher tariff than the one in which we are particularly interested; what the bearing is upon these other manufacturers we do not know, but we realize the importance of careful consideration on their account.

Yours, very truly,

AMERICAN PRESS CLOTH CO.,
By B. F. TAYLOR, *General Manager.*

PRESS CLOTH.

NEW YORK, *December 11, 1911.*

HON. WILLIAM SULZER,
Congressman, Washington, D. C.

HONORABLE SIR: I wish to call your attention to a great iniquity existing and acting against a great industry employing at least 100,000 men and exporting many millions worth of their product.

Paragraph 445 of the tariff act of August 5, 1909, reads as follows: "and hair press cloth twenty cents per square yard." It does not state what kind of hair, whether horsehair, camel hair, or any other hair, still only horsehair press cloth is admitted at the above rate. Unfortunately horsehair press cloth is not strong enough and can not be used by oil and chemical factories. Camel press cloth is the only one which can be used and this has been taxed 33 cents per pound and 50 per cent ad valorem. This seems not to have been the intention of Congress, which looking at press cloth as necessary tool for oil and chemical factories put the duty at 20 cents per square yard, thereby protecting the American workmen without harming the factories. It is the same as silk bolting cloth, which being a necessary tool for flour mills, is admitted free. Press cloth comes in strips 72 inches long and 12 to 13 inches wide and can not be used for any other purpose. Protests against this classification have been lodged in vain and the classification as manufacture of wool not specially provided for was affirmed by the United States circuit court of appeals in T. D. 29352. The 20 cents per square yard covers amply the difference in wages but camel-hair press cloth adjusted at 33 cents per pound and 50 per cent ad valorem, which is equal to 160 per cent ad valorem made importation of it impossible. The result is that three or four manufacturers making this cloth here and employing at the utmost 500 men levy a tax of at least \$500,000 yearly on the oil and chemical factories of the United States and hinder them to expand their export business. I most earnestly entreat you to investigate this matter and finding the facts stated by me to be correct to do all in your power to have this iniquity remedied when the new tariff is framed. It is one of those little jokers hidden in the wool tariff which does not yield a single cent revenue to the Government, nor does it give protection to wool producing farmers, but simply allows few manufacturers to export a great amount every year from the oil and other factories. Should be pleased to hear your opinion about this matter and what you would suggest that should be done in order to have this great injustice done away with.

Yours, most respectfully,

ISIDOR STERN.

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COLUMBIA MILLS Co., *Columbia, S. C.*

DEAR SIRs. Every successful manufacturer is constantly striving to save in his cost and consequently increase his profits. The lower the manufacturing cost, the larger the margin of profit.

You can save money in the cost of your press cloth by using cotton press cloth instead of camel's hair cloth. The cotton cloth naturally does not last as long as the camel's hair cloth, but by actual test has proven cheaper per ton of seed crushed.

Camel's hair is now quoted at 65 cents per pound or \$1.95 per yard. Our special kingkotton press cloth is 62 cents per yard, or less than half the cost of the camel's hair, and lasts more than half as long, which of course means a saving in cost of seed crushed to the user. This cloth is put up in rolls of 200 yards (about) and can be shipped promptly. It weighs 30 ounces to the yard, 13 $\frac{1}{4}$ inches wide, and has proven thoroughly satisfactory to those who have used it.

We solicit your inquiries and feel sure we can interest you.

Very truly, yours,

COLUMBIA MILLS COMPANY.

STATEMENT SUBMITTED BY J. J. CARBERY, CINCINNATI, OHIO.

THE JOHN J. CARBERY Co.,
Cincinnati, Ohio, January 15, 1913.

HON. ALFRED G. ALLEN, *Washington, D. C.*

FRIEND ALLEN: I am inclosing herewith a piece of American-made mohair coat lining, 32 inches wide, weighing 5 ounces to the running yard, the price of which is 45 cents, subject to a discount of 8 per cent for cash. The manufacturer of this claims that the cost of same on the other side would be 15 pence per yard, dutiable under the Payne bill at 44 cents per pound and 55 per cent ad valorem. This, of course, is prohibitory; for 15 pence equals 30 cents in our money, the goods weighing 5 ounces to the yard would be in weight duty 13.75, to which would be added the ad valorem duty of 55 per cent, making 16.50, and totaling 60 $\frac{1}{2}$ cents net. Adding 8 per cent to this, making it subject to the same discount as the American goods, would mean a cost of 65.05 per yard, which as said before is prohibitory, and of course no goods of this kind are imported, and therefore no revenue received.

But the "darkey in the woodpile," unknowingly exposed by the American manufacturer to me, is this, that if instead of 44 cents a pound and 55 per cent ad valorem, which is figured above, amounts on goods costing 15 pence and weighing 5 $\frac{1}{4}$ ounces to the yard and measuring 32 inches in width, is over 100 per cent, that a reduction to a plain 50 per cent ad valorem would still keep out the foreign goods.

I don't want to be too tedious or to bore you in the least, but figuring this same cloth at 15 pence, equaling 30 cents in our money, and paying 50 per cent ad valorem, would make same cost 45 cents net. Now, adding 8 per cent to this, to equal the discount allowed on the American fabric, would advance the goods by that item alone to almost 48 $\frac{1}{2}$ cents, and in all fairness a house could add to this for ocean and rail transportation and cost of doing business an additional 5 per cent, which would make the total cost about 51 cents; so a 50 per cent tariff on such goods (coat linings, as sample) would not afford the Government any revenue at all.

I, of course, don't know what the committee is going to propose, but I am submitting this to you to establish the fact that a reduction from 100 per cent and over to 50 per cent in this particular cloth still spells prohibition of importation, and consequently no revenue.

You know where the writer stands on these matters, and I am writing to you as a tariff-for-revenue Democrat, that as far as coat linings are concerned in Schedule K 33 per cent of a custom tax would be sufficient enough protection for American manufacturers.

The writer takes it for granted that you are glad to receive this information, and if the gentleman on the Ways and Means committee who has this matter in charge has not this information this statement may be a matter of enlightenment to him. Mr. Representative C. V. Fornes, of New York, is fully acquainted with the bearing that the Payne bill has upon foreign woolens, but he may be, like some Republicans and some Democrats, a protectionist in spite of any presented facts.

Would it be amiss for the committee to have before it some of the importers of these goods who are really acquainted with the facts?

PARAGRAPH 378—PRESS CLOTH.

Of course, there might be this hesitancy, on the part of such persons, that they would not care about imparting full information for fear of being deprived of goods by American manufacturers for so doing.

Wishing you and yours all possible good things and hoping that I have not bored you, I am,

Yours, truly,

JNO. J. CARBERY.

BRIEF OF THE BUCKEYE COTTON OIL CO., CINCINNATI, OHIO.

CINCINNATI, *December 18, 1912.*

HON. ALFRED G. ALLEN,
House of Representatives, Washington, D. C.

DEAR SIR: We are large users of camel's-hair press cloth in our crude-oil mills and would like very much to see the duty on same taken off.

Camel's-hair press cloth is practically a necessity in the pressing of cotton seed; there is no satisfactory substitute for it. The manufacture of this material in this country is practically in the monopoly of two or three people and prices on account of the duty are held at a ridiculously high figure.

When you have an opportunity we would be glad if you would do what you can to have this duty removed.

I have wired Mr. Brown to-day, who is in Washington, asking him to speak to you about this matter, it having been overlooked before he left Cincinnati.

Yours, truly,

D. M. WARDWELL.

BRIEF OF THE SELMA OIL, ICE & FERTILIZER CO., SELMA, ALA.

SELMA, ALA., *January 29, 1913.*

HON. OSCAR W. UNDERWOOD,
Washington, D. C.

DEAR SIR: I wish to confirm the following telegram sent you yesterday regarding camel's-hair press cloth:

"We urge you to favor duty be removed from camel's-hair press cloth and put on free list or material reduction in duty. It now costs us 30 cents per ton cotton seed crushed. Other cloths experimental and little used. Camel's-hair press cloth not used for wearing apparel."

I want to urge that you use your influence to have the duty on this cloth removed, as it is certainly a hardship on the oil-mill industry. It does not interfere with other cloths, as it is not used for wearing apparel. Various experiments with other cloths have been made, and none are satisfactory except camel's hair.

Yours, very truly,

R. W. BARNES, *President.*

BRIEF OF THE SCANDINAVIA BELTING CO., NEW YORK, N. Y.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.:

Brief in relation to press cloth, and in support of its proper classification, under paragraph 445, with a duty of 10 cents per pound; also in relation to camel's-hair belting, and in support of a new paragraph, under Schedule K, entitled "Belting for machinery only," with a duty thereon of 20 to 25 per cent ad valorem.

It is respectfully submitted that camel's-hair press cloth is manufactured of cotton and camel's hair, of which camel's hair is the component part, and is used extensively in the various oil-crushing and oil-producing industries. Instead of being an article of luxury, its peculiar nature and the purpose for which it is so well adapted, makes it a prime necessity in the production of vegetable oils, and it should be classified as a mechanical textile, with a duty so low as to afford healthy competition and enable the oil crushers to buy in an open market where they might secure the benefits of high quality and fair prices.

PARAGRAPH 378—PRESS CLOTH.

The question at issue is not alone one of rate. It is whether camel's-hair press cloth is not entitled to be considered hair press cloth, the same as other hair press cloth, or whether it shall be discriminated against and continue to be classified as a manufacture of wool not otherwise specified.

Paragraph 445 of the law of 1909 says:

"Hair cloth, known as crinoline cloth, 8 cents per square yard; hair cloth, known as hair seating and hair press cloth, 20 cents per square yard."

We claim that camel's-hair press cloth is hair press cloth and dutiable as such, and it would appear that the wording of the above paragraph is so plain as to preclude any other construction. But if the framers of the law intended to bring camel's-hair cloth within its provisions their purpose was defeated by the arbitrary ruling that hair press cloth shall come within the provisions of paragraph 378 as a manufacture of wool not otherwise specified and dutiable at about 44 cents per pound and 50 to 55 per cent ad valorem.

Therefore we urge that this paragraph be so amended as to provide beyond any further question that camel's-hair press cloth shall be classified with other hair press cloth under paragraph 445 and shall not be included within the terms of paragraph 378.

Having given camel's-hair press cloth a proper classification, we further request that as a mechanical textile of necessity and great importance to the cottonseed and other oil-producing industries it be subject to a reasonable duty and not a tax so prohibitive as to force the seed and oil crushers to use articles of admittedly inferior quality. It must be conceded that the foreign camel's-hair product is of a much higher quality than the domestic product, yet the latter is forced on the user at higher prices, and he is prohibited by the present rate from taking any advantage of the better foreign article.

While the prices on these goods fluctuate, it can be seen that during the present tariff period the price has advanced from about 60 cents per pound to approximately 66 cents per pound, yet the wholesale price of the foreign article, f. o. b. foreign port, is only about 45 cents per pound, which, under the present construction, bringing it under paragraph 378, is to be subjected to 44 cents and 50 per cent ad valorem, making the total cost of the imported camel's-hair press cloth approximately \$1.11 per pound wholesale, excluding freight. When this price is compared with the present price of 66 cents per pound for the domestic product, it can be seen that the prevailing rates are prohibitive and not competitive.

Under the above provisions the importations are practically nothing, but with a reduced rate, based on about 10 cents per pound, the imported article could be landed in port at about 56 or 57 cents per pound, to which should be added freight and other charges, making the wholesale prices just sufficiently under the present rate as to produce healthy competition in the trade.

The result of this competition would be an immediate increase in the imports of camel's-hair press cloth, and we believe this increase would be of such importance as to produce a revenue to the Government of from \$50,000 to \$150,000 annually.

We have, therefore, to request:

First, a classification of camel's-hair press cloth under provisions similar to paragraph 445 of the law of 1909.

Second, a competitive rate of 10 cents per pound instead of the prohibitive duties of paragraph 378.

We shall now discuss camel's-hair belting, which is also manufactured of cotton and camel's hair, and classified under Schedule K and paragraph 383 as an "article of clothing," with a prohibitive duty of 50 cents per pound and 60 per cent ad valorem. This is purely a "mechanical textile" and should be so classified. It is not an article of clothing, but a machinery belting, which by no process of reasoning could be defined as dress goods, nor by any process of manufacture turned into clothing.

Camel's-hair belting is largely used abroad, but little imported into this country, owing to the heavy and prohibitive rate to which it is subject by being classified and made dutiable under paragraph 383.

It is superior in wearing qualities to other kinds of belting, and, if more largely used, would result in a decreased cost in many factories now using inferior products. But, owing to the prohibitive rate of duty, the foreign-made camel's-hair belting is not available to the domestic users of machinery belting, and, while its cost abroad is low to the European user, this price is so increased by the high duty that the foreign article can not compete with American-made belting.

We would urge that the committee provide a new paragraph under Schedule K, entitled "Belting for machinery only," and in order to obtain competition make the rate on such belting 20 per cent ad valorem.

PARAGRAPH 379—BLANKETS.

This rate would not injure the present American manufacturers of camel's-hair belting, and is only sufficient to permit the entry of the foreign article, which, being now excluded, affords no revenue whatever to the Government. On the other hand, a competitive tariff rate would develop the importation of the foreign belting to an estimated value of from two to three million dollars and at the rate indicated produce a revenue of four to six hundred thousand dollars annually.

We have, therefore, to request:

First. The creation of a new paragraph under Schedule K, entitled "Belting for machinery only," so that such a necessary article of ordinary use in factories may not be classed as an article of clothing.

Second. That the present prohibitive rates thereon be reduced, and that a strictly competitive rate of 20 per cent ad valorem be applied.

SCANDINAVIA BELTING CO.,
By HERBERT F. L. ALLEN,
Washington, D. C.

TELEGRAM OF OZARK OIL CO., OZARK, ALA.

OZARK, ALA., *January 29, 1913.*

OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

We respectfully urge your influence and efforts in having camel's-hair press cloth put on free list or duty on same materially reduced. The present cost of this commodity makes it a very high item our working cost. Other cloths only experimental. Little used and not generally satisfactory. Camel's-hair press cloth not used for wearing apparel.

OZARK OIL Co.

PARAGRAPH 379.

On blankets, and flannels for underwear composed wholly or in part of wool, valued at not more than forty cents per pound, the duty per pound shall be the same as the duty imposed by this section on two pounds of unwashed wool of the first class, and in addition thereto thirty per centum ad valorem; valued at more than forty cents and not more than fifty cents per pound, the duty per pound shall be three times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto thirty-five per centum ad valorem. On blankets composed wholly or in part of wool, valued at more than fifty cents per pound, the duty per pound shall be three times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto forty per centum ad valorem. Flannels composed wholly or in part of wool, valued at above fifty cents per pound, shall be classified and pay the same duty as women's and children's dress goods, coat linings, Italian cloths, and goods of similar character and description provided by this section: Provided, That on blankets over three yards in length the same duties shall be paid as on cloths.

BLANKETS.

BRIEF OF THE CHATHAM MANUFACTURING CO., WINSTON-SALEM, N. C.

WINSTON-SALEM, N. C., *January 31, 1913.*

HON. OSCAR UNDERWOOD,
House of Representatives, Washington, D. C.

MY DEAR MR. UNDERWOOD. I did not know enough about the conditions of your committee hearings to know that an appearance before the committee had to be fixed by previous arrangement.

You very kindly told me when I met you in the café that you thought I might be able to be heard at the end of the list, but I felt that the long time accorded the wool schedule had become tiresome to the committee, and did not feel like making further imposition.

PARAGRAPHS 380-381—DRESS GOODS.

As a blanket manufacturer I was very anxious to get our position before you, and having failed, I take the liberty of making a slight explanation, and will prove the same by bringing our books or balance sheet, or any other information you may desire.

The present duty on wool and on blankets is entirely too high from my viewpoint as a Democrat, standing on the platform and also as an American citizen. I think the country could stand free wool, but you want a revenue and I am perfectly willing to have you fix the duty at whatever you see fit. The present duty on blankets is equivalent to two or three times that on unwashed wool, and from 30 to 40 per cent additional.

I have figured the cost of manufacture in America and Europe very closely, and I believe we can make 25 cents per pair on blankets if you will give us 30 per cent more duty on blankets than on wool. If you think that is too high we might be able to do with 25 per cent, but I do not think we could operate our American mills on any less than that.

Your bill of March 21, 1912, made a difference of 10 and 25 per cent. The House and Senate bill of April 1 and July 25 made a difference of 20 per cent, and the bill vetoed by President Taft on August 9, 1912, gave us a difference of only 9 per cent.

We want the duty on noils to be one-half the duty on wool, or less. If noils were made free we could give the American people wool blankets at a price they are now paying for the best grades of cotton blankets. As I understand it there are practically none imported now.

The blanket industry is quite different from that of cloths and knit goods, but if you have any doubt as to the correctness of any my statements I should like to be allowed to verify them.

With assurances of high esteem, I am, yours, truly,

H. G. CHATHAM.

PARAGRAPH 380.

On women's and children's dress goods, coat linings, Italian cloths, and goods of similar description and character of which the warp consists wholly of cotton or other vegetable material with the remainder of the fabric composed wholly or in part of wool, valued at not exceeding fifteen cents per square yard, the duty shall be seven cents per square yard; valued at more than fifteen cents per square yard, the duty shall be eight cents per square yard; and in addition thereto on all the foregoing valued at not above seventy cents per pound, fifty per centum ad valorem; valued above seventy cents per pound, fifty-five per centum ad valorem: Provided, That all the foregoing, weighing over four ounces per square yard, the rates of duty shall be five per centum less than those imposed by this schedule on cloths.

See National Association of Wool Manufacturers, page 4195.

PARAGRAPH 381.

On women's and children's dress goods, coat linings, Italian cloths, bunting, and goods of similar description or character composed wholly or in part of wool, and not specially provided for in this section, the duty shall be eleven cents per square yard; and in addition thereto on all the foregoing valued at not above seventy cents per pound, fifty per centum ad valorem; valued above seventy cents per pound, fifty-five per centum ad valorem: Provided, That on all the foregoing, weighing over four ounces per square yard, the duty shall be the same as imposed by this schedule on cloths.

See National Association of Wool Manufacturers, page 4195.

DRESS GOODS.

TESTIMONY OF ROBERT PLUYM, REPRESENTING THE NATIONAL LADIES' TAILORS AND DRESSMAKERS ASSOCIATION.

The witness was duly sworn by the chairman.

Mr. PLUYM: Mr. Chairman and Gentlemen, I appear before you representing, in my capacity of president, the National Ladies' Tailors and Dressmakers Association. I reside here in Washington, and my business is here; but the association includes in its member-

PARAGRAPHS 380-381—DRESS GOODS.

ship many of those in all sections of the country who are engaged in the business of making to order the better class of gowns worn by women whose circumstances permit them to call upon the services of a tailor or dressmaker when they require a new gown. The garments made by a majority of those composing our membership may be described as afternoon gowns, ball gowns, reception gowns, evening wraps, lace gowns, and fine lingerie. These articles will at once be recognized, we think, as purely luxuries. The number of women in this country who can afford to go to a ladies' tailoring or dressmaking establishment for the purpose of having made a gown of the kind I have enumerated, for which she will be charged anywhere from \$75 to \$400, is comparatively small in proportion to the total number of women in this country, and the field upon which we can draw for our business is accordingly very restricted. It is, however, being constantly widened under present tariff laws, and our industry is becoming each year broader in scope and the competition keener because of new additions to our ranks.

The American husband is well known to be the most indulgent in the world. He likes to see his wife and daughter well and stylishly dressed, and he is willing to pay a fair price for having their garments made when he is able to do so. Our work is constantly growing more skillful and satisfactory to our customers. Still, the industry is a comparatively young one. Fifteen years ago there were very few high-class ladies' tailors or dressmakers in this country. Now there are over 4,000 of all kinds in New York alone, of which at least 500 do work that may be called high class. Other large cities now have a proportionate number of such establishments, so that it will be seen that it is for a class of business of considerable proportions and of increasing volume that I speak as president of the National Ladies' Tailors and Dressmakers Association.

Our customers are largely confined to those living in our larger cities, as the dressmaker of the small town is not as a rule interested in the duties on imported gowns, as she is seldom called upon to make a gown which would compete with the foreign models. The class of business men and women, therefore, for whom I appear may be classed as "custom ladies' tailors and dressmakers," and the products of their establishments should certainly be classed as luxuries, upon which, we understand, it is the intention of your committee to place the higher duties for the purpose of raising the desired amount of revenue. With this purpose, if we are correct in believing it to be such, we are in hearty accord, and it is our opinion that the gowns of the better class made in London, Paris, Berlin, Vienna, and other European centers of fashion should be made to stand their full share of the task of raising revenue, as they have done for many years past.

This should be all the more the case as no man can point the accusing finger at us and say we have a "trust." Each ladies' tailor or dressmaker in this country is conducting his or her own business, be it great or small, and fighting his or her battle for a living. There is no great combination controlling our operations upon which we can rely for help in times of financial stress. If the individual tailor or dressmaker does not get sufficient custom to

PARAGRAPHS 380-381—DRESS GOODS.

make a living he goes out of business, and, in all probability, becomes an employee instead of a proprietor; though usually there is no room for further employees.

So we desire to impress upon your committee two facts at the start:

First, that we are dealing, in this statement, with articles which we believe should be classed as luxuries.

Second, that no trust, or any sort of combination, is interested, through us, in seeing the duties retained on the articles we make.

We have an organization purely voluntary in character, to which many of those in our line of business belong; but it is merely intended as a means of bringing its members together at stated times for mutual benefit, social intercourse, or for educational purposes.

The object of this brief, submitted on behalf of the National Ladies' Tailors and Dressmakers Association, is, therefore, to ask your committee to retain the duties of the present tariff law on the finer grades of women's wearing apparel imported, in part, under paragraph 382 of Schedule K.

We are, of course, also interested in importations under similar paragraphs of Schedules I, J, and L and what we have to submit in this brief on Schedule K, will apply, with equal force, to those importations of the finer grades of gowns or other garments that would fall under the other schedules mentioned. We address ourselves just as much to those schedules as to the one now under consideration, and ask the permission of the committee to file, for printing in the hearings on those other schedules, a short statement of our views and suggestions as to the items in those schedules in which we are interested.

Mr. HILL. What do you think about those rates? Should they be left, from your viewpoint, just as they are—all those four paragraphs?

Mr. PLUM. Yes. We also make the further suggestions here, and if you will permit me to read the balance of my brief I think you will find that the suggestions will apply to these various paragraphs, to be added to or made a schedule by themselves.

The paragraphs under which the garments we make are imported are, as we interpret the present law:

No. 324, in Schedule I, covering wearing apparel of cotton, paying a duty now of 50 per cent ad valorem;

No. 349, in Schedule J, covering wearing apparel containing flax, hemp, etc., now paying a duty of 60 per cent ad valorem;

No. 382, in Schedule K, covering wearing apparel of wool, now paying a duty of 44 cents a pound and 60 per cent ad valorem.

No. 402, in Schedule L, covering wearing apparel of silk, now paying a duty of 60 per cent ad valorem; and

No. 709, exempting the personal effects of persons arriving in the United States to the value of \$100 from duty. We would like to see this paragraph remain unchanged, as the limit is a reasonable and proper one, and the customs officials are quite liberal in their administration of this paragraph.

Mr. PETERS. You are probably right. As the law is to-day, if the articles do not accompany the person they can not come in at all; that is, if the trunk of a traveler should be left behind and not be on

PARAGRAPHS 380-381—DRESS GOODS.

the same boat, it can not come in under that exemption. Do you think the law should remain in that way?

Mr. PLUYM. I do not know about the other practice, but the way the law reads here, people coming into the United States should not be allowed to bring in more than \$100 worth, and we wish to have this exemption of duty remain up to \$100.

Mr. PETERS. And you also think that provision should remain which requires the goods to accompany the person into the country?

Mr. PLUYM. Which provision? I did not quite understand that.

Mr. PETERS. The provision of the law as it is to-day only allows that exemption where the goods are actually with the person coming into this country. If by any chance they are left behind, then he would have to pay a duty on them.

Mr. PLUYM. Yes, sir; because they very often leave things behind intentionally, and so do people engaged in the trade, or their ladies, and my opinion is that they ought to pay a duty on those things that are left behind, because you could not tell whether they were left behind purposely or unintentionally.

Mr. PETERS. You could tell whether a person brought in \$100 exemption on that?

Mr. PLUYM. Oh, yes; we could tell that.

Mr. PETERS. They could not continue to claim \$100 on any indefinite number of importations.

Mr. PLUYM. There might be a family traveling with six or seven ladies in the party, and several maids, and of course each one is entitled to \$100 worth, and that makes quite an item. If they should leave a trunk behind, they can fill it with wearing apparel.

Mr. PETERS. It does not make any more of an item whether they leave it behind or bring it in afterwards?

Mr. PLUYM. I have not given this matter any consideration, and I would not like to comment on that subject. I am not prepared to discuss this matter, because I have not given it much thought. I would like to continue reading my brief, with your permission.

The CHAIRMAN. Very well.

Mr. PLUYM. The American ladies' tailor and dressmaker respectfully urge upon your committee the desirability of retaining the duties of the present tariff law upon at least the grades of importations under the paragraphs mentioned that are plainly entitled to be put in the class of "luxuries," viz: The gowns of the well-to-do women.

Most of these gowns when imported, are trimmed with laces, beaded, etc., lined with silk and other materials, which have always been classed as luxuries, and are subjected to the highest rates. The ladies' tailor or dressmaker who makes the better class of gowns uses these high-grade trimmings and cheerfully pays the high duty involved in their purchase; but he believes that he should be as well treated so far as the finished gown is concerned, and that the foreign tailors should not be permitted to send their foreign-made gowns into this country at a rate of duty that would enable them to largely displace the American tailor or dressmaker in the American market. We claim that the finished garment should be rated proportionately as high as the various trimmings and accessories used upon it.

If this is not done, and these imported gowns are let in under low rates, there can be no doubt that the business of the ladies' tailor or

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dressmaker will go almost entirely to foreign centers of fashion, so far as the better grade of work is concerned, for in these foreign centers the originals of styles can be obtained instead of duplications from models imported from such centers. The celebrated gown makers of Paris, such as Worth, Paquin, Doucet, Dracol, and others, are held forth, and have been for years, in the advertisements of our ladies' tailors as the arbiters of all fashion in women's wear, and for many years have thus received free advertising worth millions of dollars to them, for led by such representations, which were true in all respects, our women of means have flocked to these foreign establishments to have their gowns made, and thus our American tailors and dressmakers have helped to make millionaires of at least 25 of the leading French ladies' tailors, who have formed a "Syndicate" to maintain prices, whereas it is impossible to name one in America who has accumulated even \$100,000.

There is no plutocratic class among us. Our business is one involving a comparatively small profit. Take, for instance, a gown costing \$100. The material in such a gown will usually cost about \$40; the labor involved in the making about \$40 leaving but \$20 for gross profit, out of which \$10 should be deducted for all expenses other than labor involved in the conduct of the business, which would leave a net profit of \$10 or 10 per cent.

Bradstreet's Agency reports that only about 6 per cent of those who start in business succeed, about 94 per cent failing. We respectfully submit that unless we can be allowed to make 10 per cent, a very reasonable profit, we will probably have to join the 94 per cent, and allow the foreign tailor or dressmaker to make the gowns worn by our American women.

The profit of the French tailor is much larger. In Paris the average wage paid for skilled labor on women's garments is 16 to 18 cents per hour. In New York the same labor is paid about 54 cents per hour. Yet, an afternoon visiting gown that would bring \$100 to \$200 in Paris, would sell for between \$100 and \$150 in New York. This difference in price in favor of Paris is the result of the unique character of the conditions prevailing in our business. Paris, for example, has for generations been the source of fashions for women, and our women have all been anxious to possess the original Paris "creation." Hence they have gone there in great numbers to buy their gowns and paid much more for them, because of the great reputation gained by the Paris house. In other words our American women have been paying these foreign dressmakers and tailors about a third more than they would have to pay for the same gown in this country, this third representing a charge made by the famous tailor or dressmaker for his label. The charm of the label is so great that there is even a traffic in them between this and other countries, principally France. They are imported by some unprincipled makers, who sew them into the gowns they produce, and such gowns are sold to our American women as imported from the celebrated French house—a palpable imposition and fraud. I recently brought this matter to the attention of the Treasury Department, and received the following reply:

SIR: The department is in receipt of your letter of the first ultimo, requesting to be informed whether woven labels bearing the name of foreign dressmakers are being imported into the United States.

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In reply, I have to advise you that the collector of New York reports that labels of this description are imported at the port through the parcel post and that importations of such labels are frequently made and are for importers whose business is restricted to the garment label business.

In connection with your statement that the public is being deceived by the use of these labels on American made garments I have to state that the department is aware of no Federal statute under which their importation could be prevented. The collector at New York suggests that in his opinion section 438 of the New York penal code, which makes it a misdemeanor to put upon an article of merchandise any false description or other indication respecting the kind, number, quality, weight, or measure of such article or any part thereof, or the place or country where it was manufactured or produced, etc., might be invoked to prevent their use in that State.

Respectfully,

F. M. HALSTEAD,
Chief, Division of Customs.

Evidently there is need for a Federal statute prohibiting this practice, and we propose to follow the matter up and endeavor to secure such an enactment.

Of necessity, in order to get business, our American ladies' tailors and dressmakers have been buying their dress models of the foreign house, and advertising them as from the well known maker. As a result of this advertising, and the syndicate referred to, the higher prices of the foreign houses are possible. Our products can not, therefore, be compared with the staple articles of commerce, but should be judged by the same standards as articles of fashion and art, or other luxuries, the prices of which are governed, not by the ordinary law of supply and demand, but by the peculiar conditions surrounding each particular case. This tendency of our women to buy their gowns abroad is gradually being checked, and our styles are commencing to be more recognized the world over.

Mr. PETERS. The sum and substance of your brief is that you propose a higher scale of rates for the costlier women's dress goods running through these four schedules?

Mr. PLUYM. I beg pardon. We do not ask a higher rate; we simply want to retain the tariff as it is now.

Mr. PETERS. But if the present rate should be reduced on the cost of goods, you want this rate retained?

Mr. PLUYM. Exactly.

Mr. PETERS. Under separate classification?

Mr. PLUYM. Either as a separate schedule or else add it as a paragraph to these various schedules, but at the same rate that they have now—60 per cent, I think, is the rate.

Mr. PETERS. I notice on page 16 a suggestion as to the form of classification. Would not that be easily evaded by the importation of gowns in a slightly unfinished condition?

Mr. PLUYM. Why, no. These gowns, as a rule are imported in a finished condition, because there are so many details and, as a rule, it is the finishing touches that make the gown a complete gown, and if those finishing touches are left out the gown would not be complete and it would not have the value that it would have with those finishing touches.

Mr. PETERS. There would be none imported in any other condition, in any event.

Mr. PLUYM. Hardly, except robes. They are being imported now, such as lace robes, and any other lace gown which is made up, for

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instance, and then assembled; it is a mere matter of putting them together. What I am referring to here generally, is silk dresses, cloth dresses, velvet dresses and so forth, ball gowns. Some of them are partly lace and some of them are partly velvet or partly silk, but there are some robes imported, as you suggested which are partly finished now, which are, as a rule, lace gowns or embroidered gowns, simply certain parts of it being embroidered, but they are sold and classified as robes.

It is our contention that this great country, which leads the world in so many things, will, before many years, lead also in styles, as it should.

So it will be seen that while the expenses of the foreign ladies' tailor or dressmaker are lower than ours, he can, because of peculiar and exceptional conditions, secure a much greater profit. It would seem only right and proper, therefore, that the privilege of paying the tax should continue to be accorded to his customers.

We repeat, however, that our argument is directed only to the higher class of importations, and not to those for the use of the average citizen, who buys ready-made garments of the cheaper grades. We will not venture a suggestion as to the proper duty to be levied upon the commoner grade of importations under the paragraphs in which we are interested. If the committee does not feel disposed to maintain present rates upon all wearing apparel of wool under paragraph 382, or on wearing apparel under the other schedules we have referred to—wearing apparel, that is to say, intended for people of ordinary means—we recommend that recognition be given as luxuries to the product of the foreign ladies' tailors and dressmakers, by formulating a new schedule for women's wearing apparel, or at least a new paragraph under each of schedules E, J, K, and L, to cover those articles that can clearly be classed as luxuries. Such paragraphs should cover women's wearing apparel, when composed chiefly of the substance treated of in the schedule, and when valued, in the case of a complete gown, at \$50 or more; in the case of a separate skirt at \$30 or more, in the case of a separate coat at \$40 or more, and in the case of riding habits at \$30 or more. In order to carry out our idea we submit herewith paragraphs which we suggest should be incorporated in schedules I, J, K, and L, and sincerely hope that the committee will agree with our contention that this would be a fair and proper solution of the matter.

The rates should in all cases be on the ad valorem basis. Such a method would simplify the work of the appraisers and bring in more revenue to the Government. The appraiser under the present system must necessarily guess at the valuation of the various component parts of a gown. For example, the correct valuation of a velvet gown lined with silk and trimmed with lace, jet, furs, or other articles on which the duties vary, must be largely left to the judgment of the appraiser if he suspects that the gown is undervalued. He can not expect to be shown an itemized bill for each particular kind of trimming, and must estimate an average duty, very often to the disadvantage of the Government. Our plan would certainly make the work of the appraiser easy and more accurate.

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It is at once apparent that imported gowns of the value above specified abroad would be essentially in the nature of luxuries and should be subjected to a revenue duty somewhat higher than that placed on the materials of which they are composed, viz, silks, velvets combined with wool, and broadcloths and woolen cloths, usually trimmed with laces, beaded trimmings, braids, etc., most of which trimmings will probably carry the highest rates of duty in the tariff, to cover the additional cost of making these materials into a finished gown. We submit that such a course would be distinctly in line with the democratic doctrine, or policy, of levying the tax on the one best able to pay it, thus letting the well-to-do consumer pay the tax on imports.

It should not be lost sight of also that we are ourselves importers to some extent, and as such pay considerable sums into the custom-house each year. We import wearing apparel, principally models of gowns, wraps, etc., of high grade for copying purposes. But our labor is all at work in this country, and is highly paid.

We are striving to break the hold of the foreign tailor and dressmaker on our styles and our market, and with the continuance of the present tariff rates we believe we can succeed. Prominent women of this country are interested in a movement under the name of American fashions for American women, and are lending us their hearty cooperation in our effort to encourage the growth of a sentiment in favor of letting American ladies' tailors and dressmakers set the styles for American women and carry out such ideas in the garments made for them. This is a patriotic movement that should be encouraged by our lawmakers. It is sought to gradually make New York, as our metropolis, the center of American fashions and educate our women of means up to the knowledge that it is unnecessary for them to go to Paris, London, or Vienna in order to get a gown made in the latest style; but that in New York, or, for that matter, any other large city of our country, ladies' tailors and dressmakers can be found who can give them the same material and superior workmanship and, what is more important, the same or better effects, for less money.

There is no need to point out to your committee that such a movement, if successful, would mean much to this country, by keeping hundreds of thousands of dollars here that are now spent abroad by women who, partly through our own advertising it is true, have been led to believe that only in Paris, London or Vienna can real original styles be found and who accordingly go there and spend their money. There will, of course, always be a large number of women of means traveling abroad, who will buy costly garments made by our foreign competitors, and there will always be duties collected from them, so there will be no danger that this source of revenue will cease. The passenger lists of trans-Atlantic vessels are larger each year, and the women who will go abroad will continue to buy gowns abroad and duties will not decrease greatly, if at all, in amount if present rates are maintained. But as our population and wealth increase it is only fair that we should hope that our business in this country will likewise grow and flourish in proportion, and that we will get an increasing share of the business as our skill and prestige for style-making become more and more recognized by our women. We can do this

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if your committee will continue the present rate, and this we ask you to do, at least on the better grade of importations under the various paragraphs we have referred to.

If, therefore, the committee reduces the duty on ordinary wearing apparel, under paragraph 324, in Schedule I, we suggest that the following, or a similar paragraph, be added:

Articles of women's wearing apparel as described in the foregoing paragraph, when valued at \$50 or more in the case of a complete gown; at \$30 or more in the case of a separate skirt; at \$40 or more in the case of a separate coat, and at \$30 or more in the case of a riding habit, shall pay a duty of 50 per cent ad valorem.

Insert same paragraph after paragraph 349, Schedule J, rate 60 per cent.

Insert same paragraph after paragraph 382, Schedule K, rate four times the duty on one pound of unwashed wool of the first class and 60 per cent ad valorem. In case the committee eliminates the specific duty on unwashed wool, we suggest that the ad valorem rate be increased proportionately.

Insert same paragraph after paragraph 402, Schedule L, rate 60 per cent.

That the wearing apparel imported is of sufficient volume and importance to deserve a schedule by itself, in which women's wearing apparel of the higher grades should form a paragraph, is shown by the volume of imports for consumption for the years 1910, 1911, and 1912, as given below:

SCHEDULE I (READY-MADE CLOTHING OF COTTON).

Year.	Values.	Duties collected.
1910.....	\$1,838,356.72	\$919,178.43
1911.....	1,883,194.03	941,597.10
1912.....	1,871,477.20	935,738.79

SCHEDULE J (FIBER READY-MADE CLOTHING).

Year.	Values.	Duties collected.
1910.....	\$229,405.73	\$137,643.44
1911.....	200,904.60	120,542.78
1912.....	241,908.45	145,145.06

SCHEDULE K (WOOLEN READY-MADE CLOTHING).

Year.	Pounds.	Values.	Duties collected.
1910.....	860,412.87	\$1,776,236.34	\$1,444,296.87
1911.....	926,616.02	2,257,374.13	1,762,093.68
1912.....	974,189.72	2,190,301.60	1,742,687.42

SCHEDULE L (SILK READY-MADE CLOTHING).

Year.	Values.	Duties collected.
1910.....	\$4,399,846.39	\$2,639,907.83
1911.....	5,230,782.18	3,138,469.31
1912.....	3,896,199.13	2,337,719.47

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If the committee desires any additional statistics or facts with reference to any of the matters touched upon in this brief, we will be glad to file a supplemental brief covering such points as may be indicated. Having just returned from a trip abroad I have not had the time to go into all the phases of the schedules in which we are interested as fully as might be done; but I desire to thank the committee, on behalf of our association, for giving me this opportunity of presenting our views, even in this brief manner; and hope they may be deemed worthy of consideration.

The CHAIRMAN. Your time has expired. Are there any further questions, gentlemen?

Mr. PLUYM. I have but a very little more to say, Mr. Chairman.

The CHAIRMAN. I know, but you have already run over your time, to some extent, anyhow.

Mr. PLUYM. Very well.

The witness also filed the following papers:

AMERICAN RETAILERS HAVE ASSURED A WARM WELCOME FOR THE FLOOD OF FOREIGN GOODS THAT WOULD FOLLOW RADICAL TARIFF REDUCTIONS ON WOMEN'S WEARING APPAREL.

[From Women's Wear, Oct. 18, 1912.]

Let us concede that Paris fashions are still first in the hearts of many American women.

And that foreign goods are often better than the American.

It would be strange, indeed, if it were not so, considering the public insistence of so many Americans that it is, and for ever will be so, for conditions are generally as we make them.

At any rate the present foreign fashion firstness being for the sake of argument admitted, let us then inquire if that condition must necessarily be permanent, and if anything may be done whereby American creative and productive ability in the women's wear industries may have fuller opportunity of expanding to the national standard if it is able to do so.

American effort is not so unaccustomed to being first, not so accustomed to being reputed largely imitative in industry or otherwise. That is rather the Chinese reputation.

But in their merchandizing methods the Chinese don't care much for reputation or price. In their modern merchandise they are open copyists, and they get the prices of copyists. In that, or that reputation, acquiescence, shortsightedness, or indifference—whatever one prefers to call it—we are rather like the Chinese.

And because we are lazy or indifferent in building up and protecting our home reputation in fashions and fashion merchandise, foreigners continue to usurp it, just as they go in and grab the Chinese territory, because the Chinese have neglected to build up their power of resistance.

In the direction of improvement, let us inquire why foreign fashions and fashion goods should still be so conspicuously preferred by American merchants in their advertising to the women, considering the development and progress of the American women's wear industries.

Although Paris is still great, she is no longer exclusively great. Even the majority of those who consider almost sacrilegious any question of continued Paris firstness in all matters of dress, nowadays point out the wonderful progress of American fashion creators and producers, especially in the last few years. They seem to concede that Paris to-day depends appreciably upon American suggestion; that the bulk of the original Paris fashions are quite unsuitable for American women without more or less radical modification; that the American designers are the cleverest adapters in the world and that Paris also simply adapts, and moreover that the successful creation of distinct American styles is a rapidly expanding condition.

If these claims of development regarding American fashions are justified, have the American fabrics and other materials that go, or should go into these fashion kept pace with our fashion development? The majority opinion seems to be that we do produce the bulk of these latter goods, but not at all the bulk of the quality.

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Still it is the growing contention that neither in fashions nor in fashion fabrics and materials as a whole is it to-day necessary or just, for American merchants to boost foreign goods and their makers to American women in the exaggerated way they do—as if we, ourselves, produced nothing at all worthy of similar open recognition.

It is urged that as long as American retailers give Paris fashions such public preference, just so long will all other foreign fashion merchandise be favored in the minds of American women. For it is impossible to prefer foreign fashions without preferring foreign goods. And in fact the leading American advertisers promote foreign fashions and fabrics, and other merchandise, with equal enthusiasm, as will be seen by the extracts from only a month's publicity by half a dozen big retail stores. These extracts will be found collected in a double page cut in this section.

From this viewpoint, if even we urge the superiority of foreign fashions alone, we simultaneously suggest the equal superiority of foreign fashion goods, silks, dress goods and other women's wear merchandise. The influence of foreign fashion publicity can not but unfavorably affect the whole substance of American women's wear and fabric industries, if not in bulk than in quality and the reputation of ideas, novelties, the finest goods, that encourages and assures the maintenance of eventually higher standards of product and price.

Perhaps we do to-day really make a lot of these finer things, but we do not get the credit for them, nor do we make much appreciable effort to get such credit.

American creators and producers must recognize that meanwhile American stores doing a tremendous business, are playing up their foreign stuff more and more. Why? Evidently it pays them to do so. Therefore, other retailers will argue, "Let us do so likewise." Thus, the foreign stuff grows ever stronger in reputation, price and sale and the merchandise of our producers ever weaker in reputation, sale and price.

Of course, the less we produce, the less work for our own people and the less money they will have to spend in our own stores. But the average retail mind doesn't bother about that possibility. The retailers live in the present. Each day with most of them is a bargain day. The less reputation the American makers have, the more bargains for the retailers. The future is distinctly up to the producer.

And yet, it has happened before, if the tariff should again be reduced and we pursue the same foreign-boosting policy, it is difficult to see, considering the stilts we are on in this country, how there will be much left for American producers, and the people they employ, and in turn for the American retailers.

But if our fashions, and our fashion goods, really have style and merit, we must build up and maintain recognition of that style and value, and meanwhile, apart from the question of comparative merit, "Paris" and "imported" still convey all the glamor of a mighty reputation and of much enthusiastic American endorsement. Whether or not they have all the best goods, the foreign producers still get all the best publicity to the wearers. And just wishing and talking will not remedy that condition, supposing we really want it remedied. If they do not get what they want, the American merchants will have to go after it.

Of course, the bulk of each leading American store's advertising is occupied by the usual seasonal domestic merchandise. By far the greater part of their stocks is American. But the keynote of the publicity opening each season is with the pivotal stores overwhelmingly foreign. The imported goods get the preference of space and display and eulogy, and thus each season is again earmarked Paris and foreign.

In these basic seasons it is usually made clear to the public by these stores that much of the merchandise is naturally American, but if you want "something classy," that something had better be from Paris, or from Germany, or from London, but not from America. When the season is well underway, this foreign publicity is naturally abated, but at no time do native ideas and merchandise get promotion of the sort so freely accorded the foreign.

And so often the statement of foreign source appears to be a sheer misrepresentation. Only a few weeks ago one of the most conspicuous retail foreign goods boosters in a way apologized for the statement of a French silk and wool charmeuse at \$1.98 being French, on the ground that they couldn't get it made here. In its form this was unusual. The regular department store course would have been to glory in the supposition that this fabric was French—to apologize, rather, if it were not French. And yet, of course, this store made the alleged French source quite clear, as usual, only they did it more cleverly, more tactfully than usual. They simply added the alleged patriotic intent to the ad of a French cloth.

Now, some leading American mill should have taken up that charge of American incompetence and have demonstrated to this retailer that it could produce that fabric

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for them, of the quality and at the price desired, and have tried to get the store to treat American goods more honestly. American producers should not take a laissez faire policy in this question, but they invariably do. They are satisfied to produce the bulk and sell it—at bulk prices.

As a matter of fact, at the suggestion of Women's Wear, a leading American mill did secure a sample of the fabric referred to, and found no difficulty at all in producing these goods, which it was asserted by the retailer only a French mill could make. The fabric was quite similar to goods which this American mill had produced already, and offered no complications in manufacture. Moreover the sales department of this mill reported that the alleged French goods were not as desirable as similar fabrics which the American mill was already producing and the sales department did not recommend the manufacture of these goods which the retailer had eulogized as French and impossible for an American mill to make at that price.

A second fabric concerning which this mill was questioned as a fabric which it had been asserted could not be wrinkled and which could not be secured in this country, the American mill also secured a sample of and asked for a report on it from its sales department, which report was in part as follows:

"The cotton goods referred to have been produced in large quantities in this country. There is no difference in the principle of producing the silk goods. The article, while it requires special spinning of yarn, could be easily produced if any demand should be shown for it."

This is undoubtedly the frequent condition.

The American buyers who go to Paris expect to pay what the Paris creators and makers exact for study and art, beyond the price of mere materials and work. But it is admitted that practically every buyer in this country keeps pounding and pounding the American manufacturers to produce a copy or an original for the least possible money. The entire premium in this country is downward and not upward, toward trading down instead of trading up, away from instead of toward originality, individuality and consequently higher standards of creation, production and prices.

How can native talent be developed if it gets so little encouragement?

Under the circumstances it is fortunate for the American producers that most of the American women can't afford the really imported fashions and merchandise. But the foreign goods boosting probably does often make women insist on at least an imitation of the imported. This naturally forces incalculable counterfeiting on the part of American producers, the demoralizing production of much merchandise at a price.

As a rule we pay the foreigners willing for "atmosphere," "inspiration," but too often the buyers hardly want to pay our own producers for essential time and material.

And then they howl at the results.

The American originator can enforce credit and reputation for patented dress idea of ingenuity rather than style. The law protects him in that.

But because of the comparative youth of this great country, because of the ancient fashion name and glamor and real merit too of much Paris goods, and because above all of the way in which American retailers persistently force the foreign idea down the throats of American women an American creator can not to-day get credit and reputation and just price in his own country for any original fashion or for the best in fashion merchandise.

Either he himself labels his fashion ideas "Paris" or the retailers do so.

Here is an extract from a recent interview by Women's Wear with one of the leading Fifth Avenue, New York, specialty shops:

The head of this retail house said: "The saleswoman selected a hat harmonizing with the customer's coloring and figure and with a reproduction of a Paris costume she had just bought. The customer liked the hat and lifted it off to further examine it. She saw the name of this American shop on the label. 'Oh, I want a Paris hat—nothing else will content me with this charming Paris gown,' she said. Picking up a small 'plug' hat with a Paris label in it, the woman said, 'Here, this will be just right. I'm not used to it, but you may trust the French in matters of taste.' And she discarded the hat which in every point suited the conditions of her gown and bought a hat no French modiste would have designed for that gown.

Could there be a more striking instance of the power that has been built up in this country for a mere French label, which often is a lie, of the frequent absurdity, ignorance, and injustice to American fashions in that habit, and of the difficulty confronting American creators in getting reputation for their ideas? If the American retailer often can not sell his own fashions under his own name, how then can he sell as such the fashions of an American creator about whom, under the present conditions, the women can know nothing?

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And so often the only way is to sell the American fashions as "Paris" or not to sell them at all, or to sell them "at a price."

This condition is not very inducive to study and origination on the part of American designers.

It does not appear to need any additional fostering.

It is true that in the most elaborate costumes American designers have probably not yet got into their full stride; and yet, on the other hand, it is asserted that the French costumers are not what they used to be—that they have become commercialized, mere tradesmen, producing all they can for the sake of profit and to keep their big organizations going—"that the glory of Paris in the matter of dress is in its history, not in its present."

Reputation is largely a matter of repetition, and the foreign goods have enjoyed much repetition of American eulogy. But still to-day if the American creator or producer insists on just recognition and its fair reward, he must go to Paris, and we will then gladly buy the ideas of this American brain at Paris prices and boost his reputation free of charge.

It does seem that in all the vast field of American fashion industry there must, from time to time, be some genius. Paris can really have no more monopoly of brains than of fashion ideas. Just as brains are unpatentable, so are the sources of fashion inspiration all over the world, including Paris, equally possible to all.

The American protective tariff gave our own merchandise industries an opportunity to get started and established. But is not the tariff in effect more or less offset by unlimited boosting on the part of American stores of foreign fashions and products? Is not the tariff proportionately offset by the consumption here of foreign products, and which is consequent on our own promotion of such foreign products?

Is not the cost of living enhanced by the promotion and sale of high-priced foreign goods?

The imports to this country for the 12 months ending with June, 1912, in certain important women's wear lines amounted to \$243,591,876, as follows:

Laces, embroideries, etc.:

Cotton.....	\$37, 184, 161	
Silk.....	3, 297, 051	
Linen.....	4, 214, 993	
Total.....		\$44, 696, 205
Manufactures of cotton, including all cotton clothing and other wearing apparel; stockings, other knit goods, handkerchiefs, cotton cloths, plushes, etc.....		65, 152, 785
All kinds of feathers, natural and artificial.....		8, 480, 029
Manufactures of flax, linen, etc.....		59, 659, 843
Furs, dressed on the skin.....		8, 533, 029
Fur hats, bonnets, and hoods.....		885, 943
Hats, bonnets, and hoods, and materials for.....		9, 686, 464
Gloves.....		7, 804, 597
Manufactures of artificial silk.....	\$2, 647, 493	
Silk clothing and other wearing apparel.....	4, 248, 491	
Silk ribbons.....	595, 946	
Silks, velvets, plushes, and other pile fabrics.....	2, 325, 614	
Other manufactures.....	11, 723, 129	
Total.....		21, 540, 673
Total manufactures of wool, including the women's wear lines.....		14, 912, 619
Dress goods, women's and childrens:		
Of silk.....	\$6, 764, 791	
Of wool.....	3, 279, 198	
Total.....		10, 043, 989
Grand total.....		243, 591, 876

One student of the question estimates that \$25,000,000 goes each year to Paris and France alone for American women's clothes.

It is an interesting fact that the leading retail factors in the boosting of foreign fashions and goods strongly urge the maintenance of the high American protective tariff.

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This is the attitude of practically all of the big department stores, especially in New York.

It will be recalled that the Tariff Board stated in many instances that by far the biggest cost and biggest profit borne by the consumer was imposed by the retailer.

Surely it can not be that the big department stores want to maintain the high tariff so that they may retain a price level on the basis of the prices of imported goods which so many of them exploit as against American goods.

If the women, their customers, want the Paris touch, the foreign goods, why do not the American retailers who urge this also now urge that the tariff be cut so that the American women can get all the imported goods they want?

But in that event the big American women's wear industries, and the many thousands of people they employ at high wages, might be embarrassed by the influx of the foreign goods the stores have boosted, and a lot of American people might then not have the money to buy any goods, either domestic or foreign. This would not suit the American retailers, nor that the removal or serious reduction of the tariff would probably interfere with the sale of domestic goods at high prices as foreign.

Meanwhile the countries from which we usually import, and whose styles and goods we so generously advertise, are more and more closely protecting their own industries.

Even "free-trade" England is planning assiduously to shut out our automobiles, typewriters, cash registers, and other American products.

Germany is planning to squeeze out the Standard Oil Co.

Perhaps it would be helpful if the American creators and producers were to organize and secure the passage of a Federal law penalizing the misrepresentation of American merchandise as "imported."

New York stores are probably the greatest sinners in this respect, and the existent State law may be sufficient there if it were enforced. But organization of the creators and makers would probably be necessary to bring this about. Only organized selfish interest can enforce such a law.

Necessary compliance with State or Federal law against such misrepresentation, and the consequently increased and open promotion of American styles and merchandise, would probably help the American public to appreciate the domestic products according to their fair merit. If the American goods are right, such a law would show the retailers that it is unnecessary to maintain any "imported" deceit. Under such conditions, if the American styles and adaptations are found really acceptable to the American women, the retailers might naturally discontinue the expense of buying and promoting the foreign fashions and adaptations.

But any movement to promote American styles for American women which does not recognize or can not abate the tremendous contrary influence of certain big American retail advertisers, can make very little headway.

If one looks over the extracts in this issue from the season's opening advertising of some of the leading American stores, it seems idle to deny this condition.

While this tremendous boosting of foreign goods continues, the promoters of American fashions and fashion goods for American women will probably continue to be more or less of a joke.

New York is to the United States of America what Paris once necessarily was, or still is, to New York. And New York says to the women of that city and to the rest of this country, "Paris is first—our own styles and our own merchandise are not in it with Paris—with the imported."

Apart from the question of comparative merit, this condition and its tremendous influence seem to be undeniable. This is, first of all, what those who urge American fashions and fashion goods are "up against."

No matter what the merit of American fashions and fashion goods may be to-day, or ever be, while our own leading stores and newspapers boost Paris and imported styles and goods to American women as they do, it is useless to urge the women to "show a distinct and earnest inclination to buy hats and dresses of American design, and thus show a practical willingness to patronize home industries instead of products with a French label."

They won't do it. It wouldn't be in human nature. It wouldn't be common sense on their part.

No matter what the merit of foreign fashions and fashion goods, from a national viewpoint, it is really about as unintelligent for American producers and retailers to boost the foreign products in this way as it would be for them to steadily advertise their own home competitors, to the exclusion of their own businesses. Some day the public may appreciate this.

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This method of merchandising certainly verges on snobbery and sycophancy. In so exaggerated a form, it is almost un-American, almost playing on a weakness of women which has been cultivated and enhanced by peculiar conditions.

It is the fact that a few dignified American stores do very little of this sort of advertising. No doubt they have the goods, but about the limit of their publicity in this way is an announcement that their foreign importations are now ready. They don't urge people that the foreign goods are the best, the only. Though perhaps they do prefer the foreign goods in their merchandising, from these stores the American goods get more of an even deal because people don't go there with their minds set on some foreign article that has been played up in a word picture.

Besides, this Paris boosting is now being terribly overdone. It really isn't exclusive, any more than the thousand-copied Paris styles are exclusive.

And lots of women are "getting on" to this fact of foreign model duplication. The trade reports for the last month have been of great difficulty on the part of specialty shops to get rid of the foreign fashions because the big department stores and all the smaller fry who imitate them have copied these things to death, just as they all try to copy the big advertisers in their Paris "gush."

The women can't be really so crazy to grab a foreign model judging by the prices all the big stores and specialty shops are now offering in the effort to get rid of them.

And it is true that Paris has got the credit of any vulgarity in latter-day styles. Probably smart women would not be deterred by this risqué quality if it were exclusive. But they don't like to share it with callow shopgirls, and questionable women.

And the Roman Church has criticized these extreme fashions severely.

No one denies the beauty of many Paris styles and the value of much foreign merchandise. But when New York has passed on and adapted these things to suit the ideas of their American patrons, they are then New York, not Paris, not foreign. New York is the greatest market in the world for women's clothes, and the label of a representative New York store should be sufficient for its customers. It probably would be so, but for these stores' own incessant Paris boosting.

It is a pretty fair chance that a lot of high-class American women are really sick of this Paris publicity "mush"—for that is almost what it has degenerated into with the effort among the big stores to go each other one better on the foreign idea.

It would make a splendid spring campaign, for one of the leading first-class department stores—the new touch—the American idea—the New York idea.

On the occasion of a dinner tendered to John Wanamaker by the most prominent merchants of New York, and public personages, November 17, 1911, Mr. Wanamaker expressed himself in part as follows regarding a few of the guiding principles he would suggest:

"To embrace among other things a study of the causes of the high cost of commodities and to suggest means to reduce various forms of taxation that add to the cost of doing business and therefore to the cost of goods.

"To reduce the tariff to a point to revive the dying spirit of inventors, designers, and workmen of American enterprise which the high manufacturers' tariff has hindered."

Perhaps it would be easy for a merchant of Mr. Wanamaker's highly esteemed patriotic and civic virtues to simultaneously protect the tariff, reduce the cost of living, increase American prosperity, and "revive the dying spirit of American inventors, designers, and workmen" in the American women's wear industries by lending all the force and influence of his wonderful personality and the great genius of his store publicity organization to a movement in promotion of real American genius and really worthy American goods. It does not seem that boosting foreign goods will reduce the cost of living or encourage the development of American fashion and fashion goods, art, and standards.

Suppose Wanamaker's, Gimbel's, Loeser's, Abraham & Straus, Strawbridge & Clothier, and a few of the other big and conspicuous promoters of foreign goods played up American goods as they do the foreign.

Suppose they were supported by some of the more conservative houses, such as Marshall Field & Co., Altman's, Jordan, Marsh Co., and McCreery's, etc.

In three or four years there might be a very different tale to tell. There might be higher standards and more prosperity among the American women's wear industries and their thousands of employees, and so among all American stores.

Would it not be possible for the big American stores to cease conspicuously advertising the foreign goods as such, and to simply sell them side by side with the American styles and goods on merit and under the store's own name, or at least to say which is American, and not to sell American goods as imported and put French labels on goods that are not French?

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That is, not to give the Paris goods preference of place and publicity and promotion. To let merit decide, to fairly know if American fashions and merchandise really do not or can not come up to their opportunity, if it be fairly afforded them.

Really hideous French styles should, under such conditions, fall flat, and good styles, French or American, sell on merit. This is all that could fairly be asked. Put the real French and real American side by side in the stores; don't lie about them, and let the best win.

With the rapid and wonderful development of this country, it is not improbable that understanding and change of present-day methods and standards will come. Already there have been appreciations in this direction.

There might not then be—as for the 12 months ending June, 1912, a year of depression—imports to this country of women's wear fashions and fabrics, and materials amounting to \$243,594,876.

At any rate, it does not seem absurd, or treasonable to Paris, etc., for American business men to consider this question in behalf of American interests.

"PARIS" LABELS—TRADE-MARKS OF LEADING PARISIAN MODISTES AND COUTURIERS WHICH CAN BE SUPPLIED IN NEW YORK AT A MINUTE'S NOTICE FOR USE ON DOMESTIC-MADE "IMPORTATIONS."

The frequent lie and cheat of Paris labels was strikingly demonstrated yesterday when Alexandre M. Grean turned over to Women's Wear a collection of Parisian labels which he had just purchased from a man who makes a business of selling these fraudulent guaranties of alleged French "art" and "exclusiveness" to such American manufacturers or retailers as are unscrupulous enough to use them.

All of the great modistes and couturiers of Paris seem to be represented in the list of labels which can be furnished by this concern and probably others, to manufacturers "at a minute's notice."

WHY MR. GREAN BOUGHT THE LABELS.

Alexandre M. Grean, who is Grean, ladies' tailor and dressmaker, 26 East Thirty-third Street, New York, purchased the collection of labels which are reproduced in a cut on this page for the sole purpose of turning them over to Women's Wear as proof that an assertion made by Mr. Grean some time ago to the effect that French labels actually are sold in this city was in no way an exaggeration.

"I want to make quite plain why I am exposing this fraud," said Mr. Grean to a Women's Wear representative. "People say 'You are trying to knock Paris,' but I am trying to do nothing of the kind. I want Paris to remain Paris, and I want the great modistes there to prosper and I want Vienna, and Berlin, and London all to prosper, but I also want New York to be fairly recognized."

"I bought these labels," Mr. Grean continued, "from a man who came in here to sell me some labels for my use with my own name on them, and when I told him I did not need any he said: 'Well, if you won't buy any of these I have some here that you will buy.' And then he produced these alleged French labels, and I bought them to show to Women's Wear."

"Here is a list," Mr. Grean added, "of the Paris labels which can be supplied by this enterprising concern 'at a minute's notice,'" and Mr. Grean supplied the following list:

The labels that can be supplied.—Paquin, Callot, Francis, Drecoll, Beer, Doucet, Radnitz, Agnes, Worth, Templier Randeau, Cheruit, Perdeoux, Douillet, Martial & Armand, Bernard, Jenny, Maurice, Georgette, Lewis, Reboux, Roger, Carlier, Meyer, Talbot, Virot, Blum, Alphonsine, Marie Louise, Louison, Heitz Boyer, Maria Guy, Lanvin, Julia Beaucourt, Royant, Mangin, Maurice.

Belts.—Beer, Worth, Doucet, Agnes, Callot, Doeuillet, Cheruit, Drecoll.

"Some two years ago," Mr. Grean explained further, "at the time of the meeting of the National Association of Ladies' Tailors and Dressmakers in the Hotel Astor, I made the statement that such labels as these could be purchased here in New York City. That statement was quoted in the New York World, and, while nothing much was done about it, there was a lot of talk throughout the trade, some of the trade publications criticising my statement severely. Women's Wear was the only paper which did not misquote me. A number of cloth manufacturers even went so far as to intimate that it was quite untrue. Now, however, with these labels there can be no further question of it, and I feel that when I expose this cheat, this fraud by which dishonest manufacturers are enabled to make garments here in New York and give

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them a Paris label, I am doing a favor to the honest importers who find models of value in Paris and are willing to pay the high United States tariff duties and transportation charges to bring in foreign garments.

"It is also doing Paris a favor when I supply such evidences of the way in which men here are trafficking on the reputations of her greatest couturiers and modistes.

"I have nothing against Paris," Mr. Grean continued. "If American women really do prefer Parisian clothes when they see them, and know what they are getting, well and good—but I do want to see New York garments known and fairly sold as New York creations and not hidden under a spurious Paris label.

"I do not care to make known the name of the man from whom I purchased these labels," Mr. Grean said in conclusion, "because he is only one of a number who are doing this thing, and I see no reason for making a scapegoat of him. The labels, however, speak for themselves."

Some of the prominent couturiers of Paris have from time to time made efforts to suppress this practice, because, while it does give them and Paris a great deal of more or less valuable advertising, it also necessarily cheapens and injures the reputation of these Parisian houses.

BRIEF OF THE FRENCH CHAMBER OF COMMERCE.

[PARAGRAPHS 380-381.]

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.:

The importers of woolen goods ask a reduction in the present rate of duty upon women's and children's dress goods, coat linings, Italian cloths, buntings, and goods of similar description or character, covered by paragraphs 380-381 of the present act.

The rate upon these goods is prohibitive, ranging from 7 cents and 50 per cent. ad valorem per square yard to 11 cents and 50 per cent. ad valorem.

The goods covered by these paragraphs are those mostly in use by poor people or people in moderate circumstances, and not by the wealthy classes, but the above duties advance the cost of all these goods more than 100 per cent above foreign market value.

Is it any wonder that the manufacturers of woollens in this country have grown enormously rich, protected by a duty which gave them double the price for their products that the same goods bring in the markets of the world, but is it not a wonder that the millions who have been so exploited by this unjust and oppressive law have submitted to the same without uprising?

In this country woolen clothes are needed for the warmth they supply, at least during a good portion of the year. Under the excessive duty upon woolen cloths the poor man and the poor woman can not afford genuine woollens, and as a result they are forced to buy for themselves and their little children a "shoddy" garment, perhaps one-half, but more likely one-quarter woolen, and shiver through the cold weather with that. Only the rich can adequately protect themselves, since the required clothing is too expensive for any but the rich.

That these statements are not extravagant, but are borne out by the actual figures and facts, we submit herewith two sheets (on file) with actual samples of the foreign-made woolen cloths suitable for women's wear, showing the actual goods, their weight per yard, their width, the cost price in the country where made—in this case France—the amount of duty charged upon the same, both specific and ad valorem, the freight, and other expenses, and finally the cost of the goods laid down in New York.

It will be noted that the goods costing \$1.05 per meter abroad cost \$2.22 per meter in New York, or a duty of about 111 per cent; that goods costing \$1.05 per meter abroad cost in New York \$2.38, or an advance of 107 per cent; goods costing \$1.25 per meter abroad cost in New York \$2.69, an advance of over 115 per cent; goods costing \$1.20 per meter abroad cost in New York \$2.60, being an advance of over 116 per cent; goods costing \$1.22 per meter abroad cost in New York \$2.68, or nearly 120 per cent advance; goods costing \$1.95 per meter abroad cost in New York \$4.25, being an advance of 112 per cent; goods costing \$3.05 per meter abroad cost in New York \$6.25, which is an advance of 104 per cent; goods costing \$2.85 per meter abroad cost in New York \$5.60, an advance of 96 per cent; goods costing \$2.65 per meter abroad cost in New York \$5.45, being an advance of 106 per cent; goods which cost \$2.20 per meter abroad cost in New York \$4.75, an advance of 116 per cent.

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These examples might be multiplied a hundredfold, and in every case it would be found that the protection of the present act is approximately 100 per cent.

This is not protection; it is prohibition. It tends to combination, trusts, and extortion; it leads to unrest, irritation, anger, and revolution.

The people have rights, but the rights of the masses have been lost sight of in the scramble for wealth, so that exploitation and not protection, combination rather than competition, has been the rule.

In November the people called upon the Democratic Party to correct these evils, and it is your duty to listen to that call.

We ask such a reduction on these exorbitant rates as shall grant relief.

All of which is respectfully submitted.

FRENCH CHAMBER OF COMMERCE,
HENRY GOURD, *President*.

Filed by Francis E. Hamilton, counsel, 32 Broadway, New York, and Hotel New Willard, Washington.

BRIEF OF HARRY D. SPEARMAN, EVANSTON, ILL.

EVANSTON, ILL., *January 30, 1913.*

HON. OSCAR W. UNDERWOOD,

House of Representatives, Washington, D. C.

MY DEAR SIR: I notice that various woolen "experts," manufacturers, and interested tariff barons are presenting their views to your honorable committee this week on the proposed woolen schedule.

I myself am merely one of some 40,000,000 or 50,000,000 obscure consumers whose voices are never raised in your committee room in protest against this legalized woolen-tariff robbery. These consumers are too busy scratching for the money to pay their bills to the protected manufacturers to present themselves before your committee in Washington. But I beg leave briefly to call your particular attention to a few facts that I give you herewith.

In the spring of 1912 I ordered from Messrs. McBirney & Co., 14 Aston's Quay, Dublin, Ireland, 52½ yards of Irish homespuns, suitable for men's suitings and ladies' dresses. I had you inclosed the invoice for the same (not printed). The 18 yards of Irish hopsac are ladies' dress goods, the balance for men's suits. Samples of these goods are inclosed (on file).

I also inclose the bill (not printed) from R. F. Downey & Co., customhouse brokers, 45 Pearl Street, New York City, which will show you the actual duty and forwarding charges I had to pay on these goods, \$45.72.

I call your attention to the fact that this invoice of cloth amounts to about \$35, or a trifle less, £7 6d., while the actual duty levied on this cloth was \$37.62. The New York customhouse charges amounted to \$3.60, a trifle over 10 per cent on the value of the cloth, while the forwarding charges were \$4.50.

Now, let us sum up this matter in a few words. On an invoice of inexpensive cloths that should be within the reach of every poor man, I paid actual customhouse duties of over 100 per cent. I paid customhouse fees of a trifle over 10 per cent. You will also keep in mind that the forwarding charges of this little invoice amounted to \$4.50, making a cost in the way of customhouse dues and forwarding charges of over 20 per cent on this invoice.

In conclusion, it is hardly an exaggeration to say that if no tariff duty whatever were imposed on these goods, the various customhouse and forwarding charges (over 20 per cent) would afford adequate protection to the American manufacturer. Keep the document as long as it will be of any use to you, but be kind enough to return to me when you are through with it.

With the highest consideration and regard, I am, sir,

Very respectfully, your friend,

HARRY D. SPEARMAN.

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PARAGRAPH 382.

On clothing, ready-made, and articles of wearing apparel of every description, including shawls whether knitted or woven, and knitted articles of every description made up or manufactured wholly or in part, felts not woven, and not specially provided for in this section, composed wholly or in part of wool, the duty per pound shall be four times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto sixty per centum ad valorem.

WEARING APPAREL, ETC.

TESTIMONY OF WILLIAM GOLDMAN.

The witness was duly sworn by the chairman of the committee.

Mr. GOLDMAN. The industry engaged in the production of men's and boy's clothing is by far the largest of the industries affected by the duty on wool and its products. The manufacturers of clothing are concerned in the tariff both as consumers of cloth and as producers of wearing apparel. The duty on cloth, the raw material of the industry, determines in a large measure their cost of production and the price to the consumer; the rate on clothing decides the extent to which the American manufacturer can supply the domestic market.

Ready-made clothing ranks among the 10 leading manufacturing industries of the country. Over 5,500 establishments are engaged in it. The number of employees may be estimated at more than 300,000, and the annual output is now in excess of \$500,000,000. The National Association of Clothiers, appearing here through its committee, represents an organization of the leading manufacturers in the trade throughout the country.

In approaching the question of duties on cloth and clothing, we have kept in mind the underlying purpose of tariff reform, namely, to bring about the greatest possible reduction to the consumer consistent with considerations of revenue and competition. In accord with this view, the National Association of Clothiers protested against the reenactment of the Dingley rates in the Payne-Aldrich tariff, and placed itself on record in favor of revision downward.

Our purpose in appearing here is to place before the Committee on Ways and Means full data to enable its members to determine the justness of the rates in the Underwood bill, and to formulate a proper duty for ready-made clothing. This action on our part is the more necessary for the reason that the Ways and Means Committee has never had presented to it adequate information on comparative costs and conditions in the clothing industry here and abroad, upon which a competitive tariff could be based. The report of the Tariff Board does not present any data on the cost of manufacturing clothing in foreign countries or on the difference in wages or in the general expense of conversion. Believing these elements to be essential for the determination of a just rate on clothing, the data are herewith submitted for the use of the committee.

It is our view that the same principles which apply in fixing the rate for cloth govern also in the determination of the duty on clothing. The principle followed by the Ways and Means Committee

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has been to study the costs of production here and abroad, to allow compensation for the duty on material used, and to impose a duty to cover differences in foreign and domestic costs of conversion, after making due allowance for importation expenses and other factors adverse to the foreign producer. In deciding the rate on clothing, this method of procedure was abandoned, evidently for the reason that the Ways and Means Committee, as shown by its own reports, had not at its disposal the necessary data on relative conversion costs in the United States and in other countries.

For this reason we have found it necessary to make a study of wages in the clothing industry in the United States, Great Britain, Germany, and Austria. The data, gathered from official sources, demonstrate that the conversion cost in the United States is between 100 and 200 per cent greater than the foreign cost. As compared with Great Britain, where the compensation for labor is higher than elsewhere in Europe, our wages in the clothing industry are two and a quarter times as great. For Germany the difference is greater. The margin between the domestic and foreign conversion cost in clothing is thus fully as great, if not greater, than in the manufacture of cloth. This difference must be borne in mind in the formulation of a duty which will be competitive as between the American clothier and his European rival enjoying a far lower conversion cost.

With the difference in labor cost and general conversion expense established, the basis is laid for a determination of proper rates on clothing. We are not, however, in a position to suggest definite rates before the duty on cloth is fixed.

Consideration of the duty on cloth involves the rate on wool and its preliminary stages of manufacture. These have been studied in the light of the underlying principle that the tariff should be so framed as to bring the greatest possible reduction to consumers of wool and its products consistent with consideration of revenue and competition. As an expression of this policy, we heartily indorse the rate of 20 per cent named in the Underwood bill for raw wool.

Desirable as free wool is we believe the step to be too revolutionary. A change from the present rate of 11 cents per pound for wool in the grease, equivalent to 45 per cent ad valorem, to free wool would invite reaction to higher duties and defeat permanent tariff reform. We do not believe the American woolgrower could prosper without some degree of protection, until his flocks are more extensively made up of the mutton type of sheep, in connection with which wool costs nothing to produce. Furthermore, the fiscal needs of the country do not permit so large a source of revenue as raw wool now is to be abandoned.

While we favor a rate of 20 per cent, we are opposed to any higher duty. Wool, through its products, is a commodity of such wide and increasing use that the tax imposed through it on all classes should be made as light as possible. Moreover, a large part of our clip is made up of wools that do not enter into competition with foreign wools, and always sell below the price at which foreign wools could be imported to displace them. For this part of our clip the reduction of the duty will have no material effect on the price to the American producer. Our consideration for the woolgrower should therefore not permit us to lose our chief opportunity for real tariff reform, the

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reduction of the cost of the vast quantity of wool now imported by about one-fifth of the present price.

Under the rate proposed the consumer will benefit not only through a lower cost for wools now imported but also because ad valorem rates will admit to our markets many varieties of heavy shrinking wools at present excluded by the operation of specific duties.

The duty on cloth is of more immediate concern to the clothier. We have, therefore, given close attention to the conditions of production here and abroad, the differences in conversion expense, and the effect of fluctuations in the price of raw wool on the relative cost of production in the United States and foreign countries. A fuller discussion is contained in the statement submitted herewith. Our conclusion is that with a rate of 20 per cent on raw wool a duty of 55 per cent is required to bring about competition on even terms between the American and foreign manufacturers of cloth.

Bearing in mind that it is possible to bring certain foreign cloths into competition with American fabrics now, in spite of present rates, and that, even at higher prices, there is a demand for imported goods on account of their distinctive styles, it is evident that the rate named will mean considerable increased importation.

The duty named for ready-made clothing in the Underwood bill is 45 per cent. Taken in conjunction with a rate of 40 per cent on cloth, it is utterly inadequate. It takes little account of the large difference in the conversion cost for clothing here and abroad. With the present development of the industry the conversion cost is as important to the clothier as his material cost. We have departed far from the conditions existing when the Wilson tariff was in effect. At that time the production of the industry was limited in amount, the clothing cheap in construction, requiring little skill in designing and little labor in making. There was then no inducement to foreign competition, for better grades of clothing were almost entirely left to the custom tailor.

To-day the industry has reached the highest development of tailoring. The production of ready-made clothing has been adapted to meet the needs of all classes. It has called into its service the best talent for designing and supervision. It has built up a modern factory system on a large scale. More labor and labor of a higher order than ever before is employed in the production of a garment. All this means a far higher conversion cost, and it is this higher cost of conversion involved which lays the industry open to competition of foreign clothing centers, where wages are lower and conversion expenses in general correspondingly less.

Moreover, other countries have developed their ready-made clothing so as to approach more nearly American standards. There has also been a tendency to meet our styles. There are, therefore, fewer obstacles to competition in our markets from foreign manufacturers than ever before. This is proved by the fact that in the last few years there has been considerable importation of English clothing, in spite of existing rates.

The duty of 45 per cent proposed for clothing does not take adequate account of these conditions in the present development of the industry. After the tax of 40 per cent on cloth is deducted, the duty remaining on clothing is less than one-half the difference in conversion

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cost. Under a rate of 45 per cent on clothing, the clothier is given a far lower duty to offset the difference between the American and foreign expense of conversion than the manufacturer of cloth receives in a duty of 40 per cent. The relative expenditures for material and conversion are about the same in the two industries and the excess in the American conversion cost over that abroad is the same. The discrimination between the two industries arises from the fact that the duty on the raw wool used by the manufacturer of cloth is 20 per cent, whereas the rate on the cloth used by the clothier is double, or 40 per cent. With relative differences in foreign and domestic conversion costs the same for the two industries, it is not conceivable that it was the intention of the Ways and Means Committee to impose a duty to cover these differences which is lower for the industry engaged in turning wool into cloth.

In our statement submitted herewith we have analyzed the effect of various duties on clothing in conjunction with different rates on cloth. With a duty of 40 per cent on cloth and with a conversion cost in the United States more than twice as great as that for the least-favored European producer, the rate required for clothing is 65 per cent. If the duty on cloth is established at 50 per cent, the rate for clothing should be 70 per cent. A duty of 55 per cent on cloth requires that the rate on clothing be 75 per cent in order to make conditions fairly competitive as between American and foreign producers of clothing. These rates would still leave a margin in favor of the foreign clothier, more than sufficient to offset charges for freight and insurance and other costs incident to the importation of foreign goods. Even with these rates on clothing, it would not only be possible but profitable for American manufacturers to produce abroad clothing for American consumption.

While the extent of increase in imports under the rates here proposed can not be stated in advance, these are sure to be considerable. Under the present tariff clothing that could be sold at popular prices is practically excluded by the compensatory weight duty. A single ad valorem rate opens our market to such goods. Moreover, the reduction in the effective duty under the rates named is from one-quarter to one-third on the cheaper grades, making possible competition for all classes of clothing. We are convinced, therefore, that the estimated importations of \$5,000,000 anticipated by the Ways and Means Committee will be realized under the rates advocated and yield more than \$3,000,000 in revenue.

The CHAIRMAN. Your time has expired, Mr. Goldman. I see the National Association of Clothiers is represented here by Mr. Turnbull and Mr. Corwine. Do they expect to appear also?

Mr. GOLDMAN. I want to say this, that I am presenting the whole argument for our committee—the statement of our committee, and Mr. Corwine is not to appear at all. Mr. Turnbull is simply here to answer any questions that you might want to ask of him with reference to foreign cloths and fabrics, and with reference to the time when the tariff ought to go into effect. Any matter relating to the clothing business I expect to answer myself.

Mr. FORDNEY. Mr. Levy wants to take Mr. Corwine's place because he represents the same industry.

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The CHAIRMAN. These three gentlemen appear for the same association.

Mr. GOLDMAN. Mr. Corwine does not intend to appear at all. I want to say that we shall not take up over 10 minutes more of your time, and it is an important industry.

The CHAIRMAN. Very well.

Mr. FORDNEY. Then I want to take up a little time with the witness after he gets through with his statement.

Mr. GOLDMAN. It is of the utmost importance to our industry that these considerations be kept in mind in framing the duty on clothing. A tariff that does not take adequate account of differences between the European and American conversion cost, will nullify any duty imposed for the benefit of the manufacturer of cloth, and of necessity oblige the American clothier to transfer to other countries the manufacture of a large part of the clothing intended for the American market.

We heartily indorse the principle of ad valorem duties as opposed to specific duties. Mindful of the possibilities of undervaluation, we are, nevertheless, convinced that inequalities, which can not be guarded against by the Government, will not be as great as under a system of specific duties, or a mixed system such as now prevails.

We strongly urge that all duties under Schedule K be made operative at one date. A change of duties in one branch of the industry has a sentimental effect on all, and is disturbing to business. This can be obviated only by making all duties effective on the same date.

We recommend that this date be made the 1st of December. The date here proposed meets best all interests concerned. It is particularly in keeping with the needs of the retailer, whose interest here is uppermost. The stock, as it reaches his hands, carries with it the highest value. The possibilities of injury to him are correspondingly large, if duties are reduced and the value of his stock depreciated through a reduction of tariff rates. Inasmuch as the retailer is obliged to order his clothing six months in advance of its sale, it is only just that he be given a fair opportunity to dispose of his stock before a change in duties goes into effect. December 1st gives him this opportunity to liquidate a large part of his stock, and importations of foreign clothing thereafter would not seriously affect his season's business. A change in rates, effective earlier, would involve great hardships to a large class of men carrying on business with limited capital and little able to bear the loss entailed.

The data here named is likewise in the interest of the manufacturer and the public. For the clothier the business of the fall season constitutes by far the largest part of his year's transactions. If duties become operative December 1st he is enabled to complete his fall season's business without disturbance. He can make his arrangements for the following spring season under the new conditions, and this means that the consumer will at once receive the benefit of reduced rates. If the change is made later, this can not take place. If earlier, it involves hardship to the manufacturers and more serious loss to the vast body of retailers.

The CHAIRMAN. You say you want to ask the witness some questions, Mr. Fordney?

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Mr. FORDNEY. I do.

The CHAIRMAN. Proceed.

Mr. FORDNEY. Mr. Goldman, you are here representing manufacturers of ready-made clothing?

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. You do not ask for a lower rate of duty on your own product, and let wool and woolen goods be explained by the men who produce those articles? You come in and ask for a lower rate of duty on your raw material, is not that so?

Mr. GOLDMAN. In considering the question of the duty on clothing, we must consider the question of the duties on the raw material.

Mr. FORDNEY. But, Mr. Goldman, you have not asked this committee to reduce the duty on your manufactured article, clothing, without taking with it the other man's industry.

Mr. GOLDMAN. Yes, sir; that is correct.

Mr. FORDNEY. Do you not believe it would be better if you had come here and told the committee only about your own industry, and let your raw material be represented by the man who produces that?

Mr. GOLDMAN. Well, with regard to that, we feel that in the question of wool, for example, that we have made a study of the question of raw-wool duties, and we feel that we have a right to express our opinion with regard to wool duties. We see no reason why we should not. We are a large part of the industry, and we are as competent to judge; we are detached from it; we are probably a little more competent to judge than somebody who is selfishly interested in it. I do not think we have looked at any branch of this inquiry from any other standpoint than that which is fair, having in mind the purpose of this revision; that is, to bring about a tariff that will enable the bringing in of some foreign competition. I think that is the purpose, to reduce the duties.

Mr. FORDNEY. Mr. Goldman, your association filed in 1909 your opinion of what should be done.

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. And what the rates fixed in the Payne tariff law were going to do to the American consumer.

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. I want to read you what you said about it then.

Mr. GOLDMAN. Yes.

Mr. FORDNEY. Just briefly, in the Congressional Record. It is on page 5258, under date of August 6, 1909, but the statement was made and filed July 8, 1909.

Mr. GOLDMAN. Yes.

Mr. FORDNEY. But not printed until August 6. [Reading:]

These advanced prices on worsteds which have been announced, following the steady deterioration of the fabrics in weight and quality, resulting from the operation of the Dingley bill, will add to the retail price approximately \$2.50 on a \$10 suit of clothes; \$3 on a \$15 suit, and \$5 on a \$20 suit, or from 20 per cent to 25 per cent of the cost of the clothing to the wearer thereof, and the aggregate burden of the increased cost of men's and boys' clothing to the American people, under the present advance alone, will be \$120,000,000 for the year 1910, which is twice the value of the annual domestic wool clip. Although the bill has not yet actually become a law, yet it is clearly seen how it will operate, and the foregoing demonstrates the result already apparent to the actual manufacturer of clothing.

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Mr. Goldman, there was no—as the Payne tariff bill was presented to the House and passed the House and finally became a law—there were no increases at all. Did you know that?

Mr. GOLDMAN. I understand it fully, and we did not assert in there—we said this—

Mr. FORDNEY (interposing). You said just what I read.

Mr. GOLDMAN. We said that the increases in the price of the product—the advances in the price of the product, due to the fact that the Payne-Aldrich bill was to be reenacted, or practically the Dingley rates reenacted over again—would amount to an increased cost to the American consumers of clothing of about \$120,000,000, and we did not say it was due to the changes in the tariff, but we said as soon as it became known to the manufacturers of wool and the woolgrowers in this country that they were not to be disturbed in the existing tariff that everything went up, and we referred to the advances that took place at that time, as soon as it became sure that these rates were going to be continued, as causing an increase in the cost of the product to the American people of \$120,000,000.

Mr. FORDNEY. Now, Mr. Goldman, is it true that since the Payne tariff law was put into effect and became a law that prices went skyward, as you say?

Mr. GOLDMAN. Before it was put into effect. As soon as it became reasonably assured that the Dingley rates in Schedule K would be reenacted in the Payne-Aldrich bill, the prices advanced, to be accurate, from 25 to 35 per cent.

Mr. FORDNEY. What caused that increase, when the Dingley tariff law had been in effect 12 years?

Mr. GOLDMAN. Because prior to that, perhaps—some time prior to that—there had been the expectation that we would have a revision downward. It was generally thought—I do not think that there is any question about it—that after the election of Mr. Taft there was a very general expectation that when the tariff was revised that there would be some reduction in the rates, and it was because of this threatened reduction, perhaps, that prices had receded for our products.

Mr. FORDNEY. Did prices go down upon the expectation that if Mr. Taft was going to be elected there was going to be a revision downward—did prices go down just at that time?

Mr. GOLDMAN. Yes.

Mr. FORDNEY. They did?

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. Can you tell me what that difference in the prices was before the election and after the election?

Mr. GOLDMAN. I can not say exactly. They did go down considerably. I should say, perhaps, from 10 to 15 per cent, and then when this—we go to excesses in these things frequently. We were simply announcing the fact that the effect of the reenactment of the Dingley rates in the Payne-Aldrich bill had brought about a great impetus to all branches of the industry at that time, and that goods advanced and went up to such a point—

Mr. FORDNEY (interposing). I notice, Mr. Goldman, that when the Payne tariff law put raw hides on the free list, up went the price.

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Mr. GOLDMAN. I do not deny it.

Mr. FORDNEY. You do not deny that?

Mr. GOLDMAN. No; I am simply stating that this statement made at that time, in the month of July was a positive fact. Goods that were selling in March were selling in the month of July at from 25 to 35 per cent more.

Mr. FORDNEY. Mr. Goldman, what is the relative value or cost of the cloth in a \$10 suit of clothes?

Mr. GOLDMAN. When we get to that point I am going to ask that my chart be displayed. It is a very important exhibit.

Mr. FORDNEY. Yes.

Mr. GOLDMAN. And it is something that I feel everybody will be interested in, as it is very apparent that the Ways and Means Committee have not had information on the clothing industry—one of the greatest in this country.

Mr. FORDNEY. We have had a lot of information, but there is a lot yet to be obtained.

Mr. GOLDMAN. Now, I want to hold this up so that the committee can see it [exhibiting chart]. This reads, "Cost of making a popular-priced suit (or overcoat) in the United States and abroad." The American cost is \$10. Now, the first item in that is material, \$5. How do we get at that?

Mr. FORDNEY. Now, let us go along together. On a \$10 suit of clothes—that is a suit of clothes that sells at \$10?

Mr. GOLDMAN. No, sir; that is a suit of clothes that cost \$10 to make in the United States.

Mr. FORDNEY. What do you mean by that?

Mr. GOLDMAN. That is the actual cost of producing a suit of clothes in the United States.

Mr. FORDNEY. The actual cost of converting the cloth?

Mr. GOLDMAN. No; the whole cost of the suit of clothes—the cloth, conversion, and materials, and all.

Mr. FORDNEY. Then let us go back to my proposition of a \$10 suit of clothes.

Mr. GOLDMAN. The Tariff Board reports on page 858 that of \$63,000,000 of the clothing business they examined into, about one-eighth of the total product of this country, that the percentage of material in the whole cost of the clothing was a fraction over 57 per cent. Now, then, it is natural that the conversion cost rises slightly as the value of the goods goes up—that is, there is more labor expended in the better grades—so, therefore, the material cost in a little higher grade of goods, or a better grade of goods, that would enter more largely into foreign competition, would be something less than 57 per cent. We say 52 to 53 per cent. In addition to that, it is contemplated at this time that we reduce the tariff on the cloth, so we have assumed a 50 per cent material and a 50 per cent conversion cost as being conservative figures, and that would represent the ultimate proportion of the material and the conversion in the cost of clothing under the Underwood bill or under any legislation here enacted.

Having established 50 per cent as the material cost in a \$10 suit of clothes, the foreign cost of that material under a 40 per cent tariff is \$3.57.

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That is clear, is it?

Mr. FORDNEY. Yes; I understand you.

Mr. GOLDMAN. We go now to the conversion. If the conversion is \$5, and the difference in conversion cost—in our brief we show difference in cost and show it to be a minimum of 125 per cent—if it is as we have indicated here, then the conversion cost on what costs \$5 in this country is \$2.22. We get the whole cost of that suit of clothes abroad \$5.79 as based upon this product. If we had a 45 per cent duty and add that to the foreign cost, which is the duty called for by the Underwood bill, we get a whole cost landed here for that suit of clothes of \$8.40 as opposed to \$10 of American cost. If we add 65 per cent to the rate that is necessary with a 40 per cent rate on the cloth, we get a further foreign cost with a 65 per cent tariff of \$9.58, and that we claim is the tariff required to bring about competition between the American and the foreign clothing.

The relative proportions of the cost are in these little scales shown below on this chart.

Mr. FORDNEY. That is where you come in as a manufacturer?

Mr. GOLDMAN. The cost of the foreign-made suit in the United States is \$8.40 with a 45 per cent duty. The cost of the foreign-made suit in the United States is \$9.55 with a 65 per cent duty. The cost of making the suit in the United States is \$10 with a 20 per cent tariff on wool and 40 per cent on cloth.

Mr. FORDNEY. What measure of protection do you believe 20 per cent on wool and 40 per cent on cloth and 60 per cent on the manufactured clothing would be? Do you believe that 20 per cent on wool would be as full a measure of protection to the man that grows the wool as 60 per cent would be to you in the manufactured clothing?

Mr. GOLDMAN. My answer to that is as I have already stated in our reasons for advocating the 20 per cent rate. First of all, it is desirable to have raw material on as low a basis as possible. Secondly, we are rapidly cultivating the mutton type of sheep in this country, and it will not be long before we will not need any duty on wool.

Mr. FORDNEY. You will not need any sheep in this country except for mutton?

Mr. GOLDMAN. There is a difference of opinion on that. I am advocating the rate of 20 per cent on wool as a fair rate, a proper rate, and the right thing to do at this time.

So far as cloth is concerned, I stated very positively and explicitly that a 40 per cent rate on cloth, with 20 per cent on wool, is absolutely inadequate.

Mr. FORDNEY. You are sufficiently well skilled in the growing of wool and the manufacture of clothing to know absolutely that 20 per cent on wool is adequate protection to the man who grows the wool, and 40 per cent is adequate protection—

Mr. GOLDMAN (interposing). No; I did not say either one of those things. I say 20 per cent rate on wool. I did not say it is adequate protection. I am not saying that at all. I consider, if there is any sacrifice to be made at any stage of this tariff, it should be the raw material.

Mr. FORDNEY. That is, 60 per cent is adequate protection to you on these rates?

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Mr. GOLDMAN. Sixty-five per cent is what we require, with 20 per cent. I have shown this in our brief in the tables there. We worked them out on all rates of duty.

Mr. FORDNEY. I am asking whether or not 20 per cent on wool is as fair to the wool growers as 65 per cent on clothing is to you? You know all about making clothes, but you do not know all about wool?

Mr. GOLDMAN. I am trying to show that would depend on who the wool grower is, of course.

I want to call attention to one fact, that a very large percentage of our domestic clip sells here continually for a price less than wool could be imported for, and that—

Mr. FORDNEY. Do they not sell at all times at a higher price here than that same wool could be imported here for from abroad?

Mr. GOLDMAN. I think they would; yes. They need some protection, and I am advocating 20 per cent. I figure 20 per cent is a fair rate. We can not have a revision of the tariff that will give any reasonable reduction in the cost to the consumer without a considerable reduction in the tariff on wool, and we feel that it ought to go to 20 per cent.

Mr. FORDNEY. The tariff on wool to-day is something like 100 per cent.

Mr. GOLDMAN. It is 45 per cent, as far as those that come in are concerned.

Mr. FORDNEY. I differ with you. There is one rate of duty somewhere from 75 to 100 per cent.

Mr. GOLDMAN. You mean if we were to take into consideration the wools excluded?

Mr. FORDNEY. I am talking about import wool that comes into this country now. Two-fifths of all the wool consumed in this country is imported, and the tariff is from 75 to 100 per cent.

Mr. GOLDMAN. The tariff is 44 or 45 per cent.

Mr. FORDNEY. Eleven cents a pound on wool, on first-class wool, is how much based on the value of wool to-day that is imported of that class?

Mr. GOLDMAN. Forty-four to forty-five per cent.

Mr. FORDNEY. What does that wool bring in the market?

Mr. GOLDMAN. It brings all kinds of prices.

Mr. FORDNEY. Wool of the first class?

Mr. GOLDMAN. The range is tremendous even in first class.

Mr. FORDNEY. I know that 45 per cent is not the right duty, when the duty is 11 cents a pound.

Mr. GOLDMAN. That is a matter of record.

Mr. FORDNEY. That is what I am talking about.

Mr. GOLDMAN. Our importations of wool under the tariff run about 44 to 45 per cent.

Mr. FORDNEY. Do you import wool?

Mr. GOLDMAN. No, sir; but I have access to the Tariff Board report and the Ways and Means Committee report.

Mr. FORDNEY. I say when the duty on this class of wool is 11 cents a pound and that wool is selling at 23 or 24 cents a pound, duty paid in this country, the duty is mighty close to 100 per cent ad valorem and not 45 per cent.

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Mr. GOLDMAN. The average rate on our importations is about 45 per cent. There are lots of wools excluded.

Mr. FORDNEY. There is no use arguing that question with you, but I want to ask you another question.

Do you not make clothing that you sell at a different price, made out of the same bolt of goods; that is to say, do you not make one suit which you sell at one price and another suit which you sell at another price, out of the same grade of cloth?

Mr. GOLDMAN. No. There might be two manufacturers who make different grades of goods who might do that.

Mr. FORDNEY. No; I mean the same grade of cloth.

Mr. GOLDMAN. No; and no clothier does that. He makes his clothing all alike and sells it all at one price.

Mr. FORDNEY. Is it not true that a suit of clothes made out of a certain bolt of cloth is sold at one price and another suit of clothes made out of that same bolt of cloth is sold at another price?

Mr. GOLDMAN. No, sir; it is not.

Mr. FORDNEY. My information is that they are, and that the price ranges from \$10 to \$20 difference.

Mr. GOLDMAN. You have been misinformed. I can set you right if you will let me do so.

Mr. FORDNEY. I want you to do so, because you have been talking a lot about clothing and a little about wool.

Mr. GOLDMAN. Cloth is the raw material of the clothing-manufacturing industry. One man might make up a suit very cheaply out of a piece of cloth costing \$1 a yard, and his suit might cost him five or six dollars, and another man would put in the best trimming and the best lining and the best work and have style, etc., and his suit of clothes would cost double. Those are commonplaces.

Mr. FORDNEY. You spoke about the great variety in the value of a suit of clothes because of the duties on cloth, etc.?

Mr. GOLDMAN. No; on account of the conversion cost.

Mr. FORDNEY. You say the value is \$2.50 difference on a \$10 suit of clothes?

Mr. GOLDMAN. I say that this advance that took place at that time, which was equivalent from 20 to 35 per cent of the cost of cloth, is equivalent to an increased cost of suits ranging from \$2.50 to \$3 a suit.

Mr. FORDNEY. At that very time I obtained a piece of cloth sufficient to make a suit of clothes for me from a manufacturer at Philadelphia to use in the House of Representatives when the Payne tariff bill was up. I had no occasion to use it. I took that piece of cloth home with me. The wholesale value of that cloth was \$4.48. It was not a high-grade and not a low-grade cloth. I took it to a merchant tailor and I asked him to make that into a suit of clothes and charge me just what he would charge if that cloth belonged to him less the value of the cloth. He charged me \$35 for making up \$4.48 worth of cloth.

Mr. GOLDMAN. It all depends on the class of the tailor.

Mr. FORDNEY. He made the suit of clothes for me that I have on now. He is not one of the fancy tailors, but makes good clothing and charges fair prices.

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Mr. GOLDMAN. I could have taken you to a tailor that would have made that suit of clothes for you for \$3. I could have taken you to a cut-make-trim concern in the wholesale business who would have made it up for you for \$3.

Mr. FORDNEY. He would have made a straight jacket for me.

Mr. GOLDMAN. That is all a matter of grade and style and trim, and everything that goes into the manufacture of a suit of clothes.

Mr. FORDNEY. Are you a manufacturer of clothing?

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. What is your concern?

Mr. GOLDMAN. Cohen, Goldman & Co.

Mr. FORDNEY. Is that a partnership or an incorporated company?

Mr. GOLDMAN. No, sir; it is a firm.

Mr. FORDNEY. Are the firms represented in your association incorporated?

Mr. GOLDMAN. Some of them are and some of them are not.

Mr. FORDNEY. What is the profit of your concern?

Mr. GOLDMAN. The Tariff Board report—

Mr. FORDNEY. No; I mean in your business.

Mr. GOLDMAN. I want to answer this way first. I will make this general statement. The Tariff Board report shows a profit of firms doing a volume of \$63,000,000 in the clothing business, or about one-eighth of the industry—and the firms selected were the cream of the industry, the most successful and the largest houses in the trade for their examination—made an average of 9.1 per cent, and nothing was allowed for interest, nor were there figured in any salaries for members of firms or for officers of corporations, in order to have it on an equal footing. The result was that 9.1 per cent as covering the net profit of the cream of the industry, including the interest on capital, salaries of officers, and items that showed that perhaps if those things were eliminated the net profit of the cream of the business was about 5½ or 6 per cent.

Mr. HILL. Do you accept those figures as correct?

Mr. GOLDMAN. Absolutely.

Mr. HILL. I have them before me now, and they report a disagreement of about 50 per cent with you in your conversion cost in making these figures.

Let me read to you what they say:

Analysis of the information obtained in this investigation reveals the fact that in all the houses studied the cost of materials entering into clothing is equal to 53 per cent of the selling price. The expense connected with converting the material into garments affords over one-fourth of the amount for which these are sold.

Are not your figures based on the fact that the conversion costs 50 per cent?

Mr. GOLDMAN. Yes; the conversion cost 50 per cent.

Mr. HILL. And they report 25 per cent.

Mr. GOLDMAN. Not conversion, but expense of making, is it not?

Mr. FORDNEY. Yes; and the profits to which you have referred are a part of the 50 per cent, so the profits are shown inside of the cost figures which they show.

Mr. GOLDMAN. There are \$26,419,000 worth of material used in the total product of \$50,155,000 net sales, which includes profits.

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I deduct the 9.1 per cent profit, as shown, from that \$50,000,000, which brought it down to something over \$45,000,000, and that is 57 and a fraction per cent for materials and 42 something for conversion cost.

Mr. FORDNEY. You have stated what the Tariff Board reports, but let me tell you what they report.

Their report shows that the average value of a sheep is \$5.30 at the time they made their report, and that the average fleece is a fraction over 6 pounds to the fleece, and that it requires 9.7 pounds of wool in the grease to make a certain suit of clothes which they describe. They show that the profit to the farmer is 68 cents on that wool raised on a sheep and a half in which they have an investment of an average of \$5.30, or a total of about \$8. In that profit of 68 cents for that wool no interest was figured for the money invested in the sheep.

Mr. GOLDMAN. It is the same all the way through the industry.

Mr. FORDNEY. And if on that \$8 invested in the sheep they were to allow 6 per cent interest, then the profit to the farmer would be 20 cents for enough wool to make that suit of clothes.

They followed that suit of clothes along, and they found that the manufacturer paid 23 cents a pound for that wool. The farmer received 16 cents. Seven cents a pound was absorbed somewhere between the farmer and the manufacturer. The manufacturer, over and above cost—not allowing any interest upon his money invested—made a profit of 17 cents for that pattern that made that suit of clothes.

When it went to your association, the price at which you sold these goods gave you a profit of \$2.25 on that suit of clothes, which you sold at \$16.50. It then went to the retailer and was retailed for \$23, giving a profit to the retailer of \$6.50.

The farmer nets 68 cents, without interest, on his investment; the manufacturer of the cloth made 17 cents, without allowing interest on his money invested; the manufacturer of the clothing, you and your association, made \$2.25 off of that product; the retailer got \$6.50.

Do you think that is a square deal to the farmer and the manufacturer of cloth? That is the Tariff Board's report for that year.

Mr. GOLDMAN. I want to answer that, and to make a most emphatic answer, because there is an awful lot of buncombe about this very question.

I do not believe any one factor—the woolgrower, the spinner, the cloth manufacturer, the clothing manufacturer, or the retailer—nets a larger actual net profit than the other. The net profit return to each class in these industries is small all the way through. I can say that most emphatically with reference to the cloth manufacturer, and I want to say it here, because I am as familiar with the industry as any man in the industry, that they have a very small net profit. It is small in the clothing trade for the retailer and the wholesaler both.

I am convinced the woolgrower does not get rich. This is a competitive business all the way through. Competition is close, very close, in every branch of the industry, and there is no one man that is getting away with any big thing in clothing or wool or other branch of the industry.

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Mr. FORDNEY. According to the Tariff Board's report, it is much closer to the producer of wool and woollen cloth than it is with your concern?

Mr. GOLDMAN. The Tariff Board's report shows it is 9.1 per cent, including interest on capital, including salaries of officers; and if you will analyze the figures you will see that it does not vary more than 1 per cent in any branch of the business. I want you to bear in mind that they picked out—and I happen to know a good deal about who the firms were that were examined by the Tariff Board—the cream of the industry in a very good year—and we have some off years.

Mr. FORDNEY. Was your firm one of the firms?

Mr. GOLDMAN. Yes, sir.

Mr. RAINEY. I want to call your attention to the fact that the figures you have given from the Tariff Board report do not include profit to the farmer on account of the mutton and lamb that he sells.

Mr. FORDNEY. Yes, sir; that is charged up to the wool. That report charges up to the wool all of the receipts from the flock.

Mr. RAINEY. Perhaps you are right about that.

Mr. FORDNEY. That is what it says, yes.

What profit does your firm make off of the \$10 suit of clothes?

Mr. GOLDMAN. The net profit on a \$10 suit of clothes is not to exceed—I am speaking in general terms—7 to 7½ per cent.

Mr. FORDNEY. How much?

Mr. GOLDMAN. Seven to seven and one-half per cent.

Mr. FORDNEY. Seventy to seventy-five cents on a \$10 suit of clothes?

Mr. GOLDMAN. Yes; you quoted a \$16.50 suit, and said that the clothier got \$2.25 profit on it.

Mr. FORDNEY. That is what the Tariff Board report says.

Mr. GOLDMAN. But that \$16.50 suit was subject to a discount for cash of 9 per cent, or of 7 per cent for four months' time, so it is well to bear that in mind.

Mr. FORDNEY. I do not know where the Tariff Board got their figures.

Mr. GOLDMAN. That is the trade custom.

Mr. FORDNEY. When they investigated you, did they get from you the fact that in selling that suit of clothes and in the profit which you got of \$2.25, they say, those deductions were not made?

Mr. GOLDMAN. They positively got the facts as to everything connected with our business; but I want to say this, that when the Tariff Board first sent to our place to investigate our business, their questions were so couched that they could not get intelligible information that would lead them to know what the cost was. They discovered this, and subsequently they sent other investigators to examine into the affairs and they got everything; they got the books, they got the profits, and they got everything in detail as to the manufacturing cost in the clothing business, and I can vouch for the clothing part of the Tariff Board's report so far as ascertainment are concerned, so far as figures are concerned, as being a true representation of the clothing business.

Mr. FORDNEY. After the second men came back, they got everything?

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Mr. GOLDMAN. Yes, sir; because he put his questions in different ways and asked for things that they wanted to know.

Mr. FORDNEY. They asked for things that they wanted to know, that you could tell them, and that was true?

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. They reported that your profit is \$2.25 on a suit of clothes. What do you say about that?

Mr. GOLDMAN. If you will read that through—

Mr. FORDNEY (interposing). I have read it through two or three times, and have been studying it in the last day or two, because I knew this was coming up.

Mr. GOLDMAN. It includes 9 per cent discount for cash for a suit of clothes—

Mr. RAINEY (interposing). If you will pardon me, I have it right here. Mr. Hill read until he got to the proper point, and then he quit, after having challenged your statement as to the profits of manufacturers.

Mr. HILL. He interrupted me and took the book to read himself.

Your claim was what? You claimed there should be how much percentage between the cloth and the manufactured article?

Mr. GOLDMAN. I claim that under the new tariff—and my claim is based on the tariff we are to have in effect, because we are going to have lower rates—

Mr. HILL (interposing). What is the difference you want between the cloth and—

Mr. GOLDMAN (interposing). I say that now it is 57 per cent material and 42 per cent conversion; but I claim that that is an average per cent of the entire industry, that it is necessary to lower the per cent for the material and to raise the per cent for the conversion, particularly as to the finer goods, and that they will still be lowered by the change in duties.

Mr. HILL. What should be the duty on the finished product?

Mr. GOLDMAN. 45 per cent is the Underwood rate.

Mr. HILL. I understand, but what is your idea?

Mr. GOLDMAN. 65 per cent.

Mr. HILL. You claim a margin of 25 per cent?

Mr. GOLDMAN. No; 20 per cent.

Mr. HILL. You claim a margin of 20 per cent?

Mr. GOLDMAN. Yes.

Mr. RAINEY. Your controversy a minute ago with Mr. Hill as to what the Tariff Board report shows as to the profit of manufacturers was not carried far enough.

Mr. GOLDMAN. No, sir.

Mr. RAINEY. Mr. Hill denied that you had correctly stated what the Tariff Board report showed, and then he started to read, and he read a part of the report here on page 859, and stopped. Just at this point I want to read the rest of it:

As the garment leaves the factory, they have cost the manufacturer 80 per cent of the price for which they are sold. Marketing the product absorbs 7 per cent in commission to salesmen, advertising, and incidental selling expenses. The general expenses of running the business absorbs 4 per cent more. The manufacturer has left about 9 per cent from which he may deduct losses through bad debts and reimburse himself for services of partners or officers and for the capital invested or borrowed for the business.

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This figure for profit, it should be borne in mind, is not a percentage of either capital of investment, but of net receipts for the year—receipts with all discounts and allowances out.

Therefore you were exactly correct in what you said, and Mr. Hill was exactly wrong in what he said.

Mr. FORDNEY. What is your profit on a suit of clothes such as they report is sold for \$16.50?

Mr. GOLDMAN. I want to say that the average profit on a \$10 suit is a little less probably than on most other grades of suits. You asked me about a \$10 suit of clothes, and I said I thought it would average about 7 to 7½ per cent. It is a very competitive article and sold very close.

Mr. FORDNEY. How about the \$16.50 suit, on which the Tariff Board says your profit is \$2.25?

Mr. GOLDMAN. I say absolutely that that is \$16.50 less 9 per cent for cash or 7 per cent four months, and that the average profit on that suit of clothes does not exceed 9 per cent.

Mr. FORDNEY. So when the Tariff Board made up their report they knew nothing about the 9 per cent discount?

Mr. GOLDMAN. They did know about it and show it here.

Mr. FORDNEY. They do not in that case. On the suit of clothes which they traced from the woolgrower to the manufacturer of woolen goods and then to the manufacturer of clothing they say your profit is \$2.25.

Mr. GOLDMAN. Let me answer that. Your statement is taken from a statement made by the Tariff Board itself. The work of the Tariff Board, I want to say, was divided and done in sections. The expert who examined into the men's clothing business understood it, and they reported; but that report there was written by men that understand the wool business, and was in the front part of the report, and is not with the clothing section. If you will refer to the clothing section you will find that statement which you have just made is not a part of it. It is a part of the general conclusions of the Tariff Board, and is based on that mistake that they did not allow for the 9 per cent discount on the suit.

Mr. FORDNEY. I am going to put this one question, and then give it up:

The Tariff Board report says that they followed the wool from the sheep's back to the men's back. They show the conversion cost in great detail and show that your profit is \$2.25 on that suit of clothes, which you sell at \$16.50, and now you say they are wrong?

Mr. GOLDMAN. I say they made a mistake, that they positively did not allow the discount, and I am willing to have you introduce as many clothing men as you want to, and they will substantiate my statement.

Mr. DIXON. You testified here a few minutes ago relative to the cost of a \$10 suit of clothes at home and abroad?

Mr. GOLDMAN. Yes, sir.

Mr. DIXON. You figured out that by adding the 45 per cent, as allowed in the Underwood bill, the foreign cost plus the duty would be \$8.40. How much do you add to that \$8.40 for freight and insur-

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ance and expense of handling after its arrival here before it goes into the hands of the wholesaler?

Mr. GOLDMAN. Our idea was to show from that statement that if you add 65 per cent it presented a foreign cost of \$9.55 as opposed to \$10 here, and that that duty is required to bring about satisfactory competition.

Mr. DIXON. You have at no place indicated what expense would be included to cover freight, insurance, and handling in New York before it gets into the hands of the wholesaler.

Mr. GOLDMAN. Somewhere between 2½ and 5 per cent.

Mr. FORDNEY. Mr. Goldman, I started to ask you a question, but we were both switched away from the subject. How long have you been in the business of manufacturing clothing?

Mr. GOLDMAN. On my own account since 1889. I have been in the business for 31 years.

Mr. FORDNEY. What are your investments in machinery and plants?

Mr. GOLDMAN. The investment in machinery and plants in all clothing business is small comparatively. The organizations of the clothing business are largely men and not machinery.

Mr. FORDNEY. Your investment in plant and machinery is very small?

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. About how much have you invested in your plant?

Mr. GOLDMAN. Offhand, I should say \$50,000.

Mr. FORDNEY. Has the business been fairly profitable since you have been in it?

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. You have no complaint about the reduced duty on the articles which you produce so far as your profits are concerned?

Mr. GOLDMAN. The rates of duty have not affected our business, largely because we have had exaggerated compensatory duties, which have excluded importations to a very large extent, until recently.

Mr. FORDNEY. If this is not a fair question do not answer it. I do not wish to be unfair. What has your profit been in the business?

Mr. GOLDMAN. I will answer that only in this way, that our profits, covering a period of years—I will say for the last 10 years, have averaged under those stated as the average profits of the industry, nine and one-tenth per cent. I will say that ours have averaged under that for the past 10 years.

Mr. FORDNEY. On the volume of business that you have done?

Mr. GOLDMAN. Yes, sir.

Mr. FORDNEY. How much business do you do a year?

Mr. GOLDMAN. Upward of \$3,000,000.

Mr. FORDNEY. Nine and a half per cent on \$3,000,000, with \$50,000 invested in the plant.

Mr. GOLDMAN. \$50,000 in the plant, but not the capital employed in our business.

Mr. FORDNEY. About how much capital have you invested in stock and goods?

Mr. GOLDMAN. Approximately a million and a half.

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Mr. FORDNEY. And on \$3,000,000 worth of business you have made 9.1 per cent—

Mr. GOLDMAN (interrupting). We have made considerably under the average rate. I will not state the amount, but I will say this: That it is very materially less than the average profits stated for the \$63,000,000 reported by the Tariff Board.

Mr. FORDNEY. It is somewhere under 9 per cent on \$3,000,000 dollars worth of business?

Mr. GOLDMAN. Very materially less; yes, sir.

Mr. HULL. What is your opinion about the method of levying the tariff rate on woolen products according to the wool contents?

Mr. GOLDMAN. We consider that entirely impracticable, from our examination of the subject.

Mr. HULL. That is the general opinion of the trade, is it not?

Mr. GOLDMAN. Of those that have studied the question. There have been a good many analyses of that form of duty submitted by men who have looked into it, and they consider this impracticable. Some also have reached the conclusion that it would not end the discriminations existing under the present specific form of duty.

Mr. HILL. You would change your opinion if the Treasury Department and the Board of Appraisers in New York said that it was entirely practicable and feasible.

Mr. GOLDMAN. I am only expressing the opinion of those who do not agree with that. It is a novel thing and it may be possible.

Mr. HILL. If it were possible it would be a great deal more fair than it would be to put a wool duty on cotton which was imported as a part of the product.

Mr. GOLDMAN. It would in that sense, but it does not take account of the grades of wool. Unless you had varying rates on the specific contents it would not take account of the grades of wool.

Mr. HILL. I fully agree with you in regard to having a graded ad valorem duty. Have you stopped to think that in making your 25 or 20 per cent margin—

Mr. GOLDMAN (interrupting). Twenty per cent margin?

Mr. HILL. Yes. Have you stopped to think that in applying that 20 per cent duty you are applying a cloth duty to the value of the clothing according to your own showing? According to the Tariff Board cloth was only 50 per cent of the value of the finished product.

Mr. GOLDMAN. Yes, sir.

Mr. HILL. If the duty is 20 per cent more you will be applying 60 per cent on double the value of what the 40 per cent was applied on in the shape of cloth.

Mr. GOLDMAN. Exactly.

Mr. HILL. Do you not think that would be a very wide margin?

Mr. GOLDMAN. I have illustrated that. If I may use that chart again—

Mr. HILL. I will not bother you to do that now.

Mr. GOLDMAN. But will you let me answer your question? I do not want to leave the committee in doubt as to that point. Let us assume that the same comparative difference exists in the percentage of material and the conversion cost in cloth and clothing.

Mr. HILL. It is double.

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Mr. GOLDMAN. It is double on cloth, is it not?

Mr. HILL. Yes.

Mr. GOLDMAN. We have 20 per cent on wool and 40 per cent on cloth. That is double.

Hr. HILL. Yes.

Mr. GOLDMAN. If you have the same relative figures of conversion cost and material it has got to be double on clothing.

Mr. HILL. The duty does not particularly affect you in making the conversion from cloth to clothing, does it?

Mr. GOLDMAN. Only in so far as it relates to the cloth duty.

Mr. HILL. You recognize the fact that when your duty is 40 per cent on the cloth out of which you are going to make the clothing, when you apply your cloth duty to the importation which is your direct competitor, that the duty of 60 per cent—

Mr. GOLDMAN. Sixty-five per cent.

Mr. HILL. Sixty-five per cent. But that would be on double the value on which the 40 per cent is laid?

Mr. GOLDMAN. Yes; 65 per cent is double what the 40 per cent is, just the same as 40 per cent is double duty on what 20 per cent is.

Mr. HILL. If there was the same ad valorem, 40 per cent on cloth and 40 per cent on clothing, still you would have a wide differential to cover the difference in the cost between making the cloth into clothing.

Mr. GOLDMAN. No; I would not. I beg your pardon, but we would not. You have got to work on this fundamental fact, that our raw material is cloth, linings, and trimmings, and we must have a compensatory duty equal to our raw material. Let us find out what that compensatory is. I would like to illustrate that on the chart. I have taken the Underwood rate of 40 per cent on cloth—not because we commend that rate, because we think it is wholly inequitable, and we advocate a duty of 55 per cent as a minimum, and I only point it out by way of illustration. If we have a rate of 40 per cent on our raw material, the first thing you have got to do is to compensate us for that rate that we are compelled to pay on our raw material, and then all that we want is to give us duty enough to bring about an equalization of the conversion cost, to bring it up to a point where, with the freight, shipping, and insurance charges, it will put the foreign manufacturer and the American manufacturer on a parity.

Mr. HILL. That is exactly what I tried to do. After studying the question for 10 weeks with members of the Tariff Board, to my great surprise I found when the Underwood bill was introduced that we had both allowed a margin of 5 per cent between the cloth and clothing, without any compensation whatever. We agreed on that particular rate.

Mr. GOLDMAN. Mr. Hill, I would like to use that chart again, and I would like you to point out to me—I would like you to prove to me that you are right; but I am convinced that you will come to the conclusion that I am right.

Mr. HILL. It would be far better to prove that to Mr. Underwood.

Mr. GOLDMAN. I would be very glad to prove it to the committee. I brought that chart here for the purpose of showing—

The CHAIRMAN. We understand your purpose.

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Mr. FORDNEY. I asked the gentleman before as to what is the cost of the cloth, or what is the price that you pay for the grades of cloth that you put into a \$10 suit of clothes?

Mr. GOLDMAN. That varies tremendously. One man will make a \$10 suit of clothes on which he spends \$4 or \$5 for labor, and another man makes a suit of clothes on which he will spend \$3 for labor, and which will contain a very much higher-priced piece of cloth.

Mr. FORDNEY. I am asking you about your \$10 suits. Do you make various kinds of \$10 suits of clothes out of the same cloth?

Mr. GOLDMAN. No.

Mr. FORDNEY. What do you pay for the cloth that you put into a suit of clothes that you sell for \$10?

Mr. GOLDMAN. \$1.15 net.

Mr. FORDNEY. About \$1.15?

Mr. GOLDMAN. Net.

Mr. FORDNEY. So that when you made that statement there that the cost to the consumer would be from \$2.50 to \$5, you rather missed the bull's-eye, did you not?

Mr. GOLDMAN. How is that?

Mr. FORDNEY. You stated in that statement four years ago that the change in the tariff rates to be put in the Payne tariff law would increase the cost of the suit of clothes to the consumer from \$2.50 to \$5.

Mr. GOLDMAN. I did not miss the bull's-eye. Let me explain that to you. You asked me what the price of the cloth was in a \$10 suit of clothes. The method under which clothing is manufactured in this country is this: As clothing rises in price, the clothing manufacturer makes a range of goods. For example, many houses will start their line at \$13.50 wholesale and run up to \$25 wholesale. Others will start at \$7 wholesale and run up to \$15 wholesale. The method pursued by all clothing manufacturers alike is this, that as their goods rise in grade they improve not only the cloth but the trimmings and the linings that go into them, but they spend more money to manufacture as they advance in grade. Therefore what we wanted to convey is this, that the cloth, as it progresses geometrically, grows that much poorer, that the man would get the same kind of cloth in a suit of clothes that retailed at \$15 before that advance took place as he would get in an \$18 suit.

Mr. FORDNEY. But your former president said that in the cost of cloth it would change the price of that suit of clothes to the consumer from \$2.50 to \$5.

Mr. GOLDMAN. I think you are mistaken in the quotation. After all, the main consideration, when you get into clothing up to a fair grade, is the quality of the cloth. What he meant to say was that the same quality of cloth that formerly cost \$15 would cost \$18 under those increased prices.

Mr. FORDNEY. What he meant to say and what he said, then, are two different things.

Mr. GOLDMAN. What is it he said?

Mr. FORDNEY (reading):

Resulting from the operation of the Dingley bill, as it will add to the retail price approximately \$2.50 on a \$10 suit of clothes, \$3 on a \$15 dollar suit of clothes, \$5 on a \$20 suit of clothes.

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From 20 to 25 per cent of the cost of the clothing to the wearer thereof.

Mr. GOLDMAN. That statement is practically correct, with an advance that ranged up to 30 per cent in the cost of cloth, and a corresponding advance in some of the materials that are used, linings—

Mr. FORDNEY. What is the labor cost to you in a \$10 suit of clothes?

Mr. GOLDMAN. It is about \$4, something like that.

Mr. FORDNEY. Then your \$6 for the cloth—

Mr. GOLDMAN. No; you are talking about a suit of clothes that sells at \$10, and it is \$10 subject to a discount of 9 per cent.

Mr. FORDNEY. There is \$6 to be used in the payment for cloth and trimmings.

Mr. GOLDMAN. No; that is for trimmings and cloth, and that is for labor. The balance is other expenses, of conversion, and the profit.

Mr. FORDNEY. What are the expenses of conversion?

Mr. GOLDMAN. All of the expenses. You are asking me about the actual labor of making the goods. There are other expenses in running every business that go in under the conversion rate.

Mr. FORDNEY. I asked you what the labor cost in a suit of clothes is that you turn out for \$10.

Mr. GOLDMAN. The whole tailoring cost, as I understand it?

Mr. FORDNEY. All your cost.

Mr. GOLDMAN. If the suit of clothes costs \$10, the labor cost is \$5. I am talking about conversion cost.

Mr. FORDNEY. Mr. Chairman, I am done; but the additional cost of \$2.50 because of the duty on the cloth is somewhat of an important statement.

Mr. GOLDMAN. I do not understand the additional cost of \$2.50. There is not any question about it that a suit of clothes would retail for \$2.50 more. But you want to bear in mind that not only is there that additional cost of the cloth, but the wholesaler gets his profit on a percentage basis on what he sells, and he then sells it to a retailer who adds his profit on a percentage basis to what he has paid for it, and all of those things together result in a \$2.50 additional price to the consumer.

Mr. FORDNEY. The Tariff Board says that the retailer's profit was \$6.50 on that suit of clothes that they followed from the sheep's back to a man, on a suit of clothes that you, the manufacturer of clothing, get your \$6.50 for.

Mr. GOLDMAN. At wholesale.

The CHAIRMAN. I consented that Mr. Fordney should ask the gentleman one question. I hope my friend will stop at this time.

Mr. GOLDMAN. I am very glad for him to go on asking these questions, for you all know how each man through whose hands merchandise passes must have his percentage. The statement we made there is absolutely capable of verification in every detail. There was not any question about that advance having accrued as the result of the increased cost, not due to the tariff itself, but due to the fact that it was reenacted.

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Mr. FORDNEY. As a parting shot, you get your profit no matter whether the wool grower or anybody else gets any?

Mr. GOLDMAN. Absolutely. That is what we are in business for.

The witness submitted the following brief on behalf of the National Association of Clothiers:

Industry and tariff revision.—The clothing industry is vitally affected by the duties to be imposed under Schedule K both as consumer of cloth and producer of clothing. The industry engaged in the production of men's and boys' ready-made clothing is by far the largest purchaser of the output of the woolen and worsted mills. The cost at which clothing can be produced and the price at which it can be sold is in a very great measure determined by the cost of cloth, and that is in turn affected by the duty on wool and its products.

Development of industry.—Equally as important to the clothier and to the consumer as the cost of the material entering into ready-made garments is the expense of converting cloth into wearing apparel. Moreover, the development in the industry has been in the direction of a higher proportion of expense for labor and conversion in the total cost of production. This tendency is the result of a complete revolution which took place largely in the past 15 years. About 1898 the industry entered upon a policy of producing not only cheaply constructed garments for the poorer classes, but clothing for all, until to-day ready-made garments have taken the place of custom work, except of the most expensive sort.

Material and conversion costs.—The production of clothing, according to present standards, involves the use of the highest talent in designing and tailoring, it necessitates the upbuilding of a modern factory system on a large scale, it requires in the production of a garment more labor, and labor of more skill than ever before. The conversion cost has become as important to the clothier as his material cost, and the extent to which the American manufacturer can compete for the American market is most largely determined by the difference in the cost of converting cloth into clothing under foreign and under American conditions.

Necessary data for tariff revision.—Data on the material cost in the industry have been available. Information on the relative conversion cost in the United States and abroad has not been easily accessible. The committee therefore presents herewith the data on American and foreign labor costs as obtained from official sources. It asks that the Way and Means Committee give full scrutiny to the information submitted on the cost of producing clothing, not only the cost of material, but the cost of conversion, in order that a rate of duty may be arrived at that will be just to the enormous industry here concerned.

The committee of the National Association of Clothiers can not suggest definite rates for the duty on clothing before the rate on cloth is fixed. In the brief here submitted, illustrations are given of how the tariff on clothing would operate assuming various rates of duty on cloth. It is our understanding that the tariff to be enacted is to be a competitive tariff. Due allowance is accordingly made for those forces working in favor of the American manufacturer to secure for him the domestic market, such as freight, insurance, and shipping charges, and the fact that he is at home in his own market.

Consideration of duties on clothing must necessarily base themselves on rates for cloth, the clothier's raw material. The formulation of cloth duties in turn involves attention to the rate on wool. A brief discussion of these rates is therefore given here as preliminary to the main purpose of this brief—the presentation of the facts for a determination of duties on clothing.

WOOL.

Rate proposed.—We favor a duty of 20 per cent on raw wool, as proposed in the Underwood bill. It would be desirable, indeed, that wool should be free, in order that wool products, which enter so largely into general consumption, should be produced as cheaply as possible. Against free wool there are, however, many arguments. In the first place, change from a duty of 11 cents per pound on wool in the grease, equivalent to 45 per cent ad valorem, would be so revolutionary as to invite inevitably reaction and return to higher rates. It would, therefore, be opposed to real tariff reform. In the second place, we do not believe that the woolgrowing industry can at this time prosper without moderate protection. As ranchmen introduce more widely the mutton type of sheep, in connection with which wool costs nothing to

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produce, even a moderate duty will cease to be needed, and in the next 10 or 15 years it can doubtless be abolished.

Advantages.—Another reason for retaining a moderate duty is found in considerations of revenue. With imports of between 200,000,000 and 250,000,000 pounds a year, wool is one of the greatest revenue-producing factors in Schedule K. Revenue consideration alone would, therefore, demand the retention of some duty on raw wool.

While specifically indorsing a rate of 20 per cent on raw wool, we protest against any higher duty than 20 per cent. The world-wide tendency is for wool to increase in price. At the same time our consumption is steadily increasing, requiring that we import more and more to meet our needs. Concern for the woolgrower should not permit us to forego our chief opportunity for real tariff reform—to benefit the consumer by reducing the price on the vast quantity of wool now imported by about 20 per cent.

A further advantage to the consumer will come from the adoption of ad valorem duties. These will permit to be brought into our market a variety of heavy-shrinking wools which are excluded through the operation of specific duties.

In considering the effect of a reduced duty on the American woolgrower, it should be borne in mind that a considerable percentage of the domestic clip consists of wools that do not now enter into competition with foreign wools, selling continually at lower prices than the wools which could be imported to displace them. For that part of the domestic clip it is not expected that a reduction of duties will materially affect the price to the American woolgrower.

CLOTH.

Factors in tariff revision.—Determination of the tariff on cloth involves two important considerations—the difference in conversion cost here and abroad, and the varying ratio of conversion expense and stock cost in the total cost of the cloth. In the stock cost there is necessarily involved the problem of a compensatory duty for the tax levied on raw material. The relative proportions of stock and conversion expense are affected, in the first place, by fluctuations in the cost of the raw material, and, in the second place, by the amount of stock required for a given yard of cloth.

Material and conversion costs.—In fixing rates account can not be taken of extreme cases that are only occasionally met with. The aim is, therefore, to present here what is a conservative figure for the relative proportions of material and conversion costs—one applicable to the great bulk of American cloths manufactured. The variation in the ratio of material cost to the total cost of cloth is from 33 per cent to 66 per cent. It is believed that 50 per cent for material and 50 per cent for conversion represent the fairest appraisal of the relative proportions of these factors in the total cost of production.

In United States and abroad.—The difference between American and foreign labor costs has been fairly well determined. On tops it is estimated at 80 per cent and on yarns at 100 per cent. On cloths varying percentages are given, ranging from 100 per cent to 160 per cent, or 170 per cent in extreme cases. Taking into consideration the increased cost of labor which resulted from the reduction of hours in various States last year, and which is estimated as equal to about 12½ per cent of the labor cost that prevailed in the country, a fair measure of the difference in conversion cost here and abroad is about 125 per cent. In other words, the American cost is one and one-quarter times greater than the foreign cost of conversion.

The efficiency of the operatives engaged in the industry must be kept in mind in comparing American with foreign labor costs. Contrary to the usual contention for American industry, that our workmen are more efficient than the foreign operatives, it is a well-established fact that in this industry the reverse is true.

Conversion expense and total cost.—At present prices for wool, 50 per cent for material and 50 per cent for conversion would seem to be fair ratios for these factors in the cost of production. Taking into account the reduction in the cost of the raw material consequent upon lowered rates for raw wool, the increase in the cost of labor, and also the effect of downward fluctuations in the price of wool to increase the relative importance of the expense of conversion, a fair ratio of material to conversion costs may be found by taking 45 per cent for stock and 55 per cent for conversion.

Below are given two calculations for comparative costs, one on the basis of 50 per cent for material, and the other on 45 per cent.

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Comparative cost of producing cloth in the United States and abroad.

[Duty on wool 20 per cent, American conversion cost 125 per cent in excess of foreign cost.]

MATERIAL COST 50 PER CENT, CONVERSION COST 50 PER CENT.

Items.	United States.	Foreign.
Material.....	\$0.50	\$0.417
Conversion.....	.50	.222
Total.....	1.00	.639
Duty 50 per cent.....		.319
Total (duty paid).....		.958

MATERIAL COST 45 PER CENT, CONVERSION COST 55 PER CENT.

Items.	United States.	Foreign.
Material.....	\$0.45	\$0.375
Conversion.....	.55	.244
Total.....	1.00	.619
Duty 55 per cent.....		.340
Total (duty paid).....		.959

Cloth duty suggested.—Consideration of all the facts involved indicate that with a duty of 20 per cent on wool, the rate on cloth necessary to bring about fair competitive conditions is 55 per cent.

Under existing rates on cloth several members of the committee are able to bring in certain classes of fabrics in competition with American goods. Moreover, aside from price, style in the fabric is an important element in creating a demand for imported cloth. Even when foreign goods are within 5 or 10 cents of the price per yard for the domestic product, the American clothier will buy a considerable percentage of imported goods, for the reason that he is always eager to diversify his product. Foreign cloths enable him to do so, not only because they are different in style, but also because they possess an individuality quite distinct from that of our own fabrics. These facts indicate that even though the duty on wool is lowered for the benefit of the American manufacturer, under a rate of 55 per cent on cloth, importations will materially increase.

Effect on importation.—The existing duty on cloth in 1910 was equivalent to 97.27 per cent ad valorem. A reduction to 55 per cent means substantially 50 cents per yard on cloths now imported. Furthermore, the elimination of the weight duty under the ad valorem system will make it possible for cheaper grades of cloth now entirely shut out to enter and compete. This, of itself, opens a wide avenue for foreign goods. Materially increased importations will necessarily follow, and at the rate named bring in a large revenue.

READY-MADE CLOTHING.

Rate proposed—Its basis.—In the Underwood bill now before the House the rate proposed for clothing is 45 per cent. An examination of the report of the Ways and Means Committee (H. R., 62d Cong., 1st sess., Report No. 45) shows no discussion of the costs of producing clothing here or abroad. A later report (H. R., 62d Cong., 2d sess., Report No. 455) of this committee analyzing the report of the Tariff Board on ready-made clothing, says "There is no definite information in the board's data regarding the cost of manufacturing clothing, inasmuch as costs do not appear to have been ascertained abroad upon the same basis." It is thus evident that the committee had not adequate data for a determination of just rates on clothing.

Method of determining rates in Schedule K—Not followed in clothing industry.—In fixing rates on wool and its products in the Underwood bill the committee followed the principle of compensating the manufacturer for the duty on his raw materials, and then adding a rate of duty to cover the difference in conversion cost here and abroad. This method was adhered to step by step in building up the rates on tops, yarns, and cloth. In the proposed clothing duty the committee abandons this principle, evidently for no other reason than that the information was not at its disposal.

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As a result the duty of 45 per cent set for clothing, under a 40 per cent rate on cloth, allows far less to cover the difference of conversion cost in making garments than 40 per cent on cloth with a duty of 20 per cent on raw wool. In the latter instance 20 per cent is allowed to cover the difference in foreign and domestic conversion cost, in the case of clothing only 5 per cent, or one-fourth.

Discrimination in duty as between cloth and clothing.—This discrimination on the part of the Ways and Means Committee, we are convinced, was not intentional. We are of the belief that the committee has never had the facts presented to it in regard to the clothing industry, its present development, and the relative conversion costs here and abroad. It is not conceivable that it is the purpose of the Committee on Ways and Means to name a lower rate of duty to cover differences in conversion costs on the output of an industry the volume of which is to-day upward of \$500,000,000 than on the product of the cloth industry, if it can be demonstrated that the same relative differences exist in the conversion cost of cloth and of clothing here and abroad.

Factors in duty on clothing.—The elements to be kept in mind in establishing the rate of tariff on clothing are exactly the same as those involved in the duty on cloth. We must consider, first, the duty on raw material, and, second, the relative importance of the expense for material and for conversion in the cost of the finished product. For the conversion expense it is necessary to compare the relative costs of the American manufacturer and the European clothier.

Material and conversion costs—Relative importance.—Facts on the importance of the raw material and conversion cost are readily at hand. An investigation was made by the Tariff Board covering one-eighth of the entire output of clothing in the United States. Establishments were studied having a production of \$63,000,000. Deducting the amount shown for profit, it will be found that material entering into the production of clothing constituted 57.8 per cent; other expenses amounted to 42 per cent. In the conversion cost, as the report expressly points out, nothing is included for "salaries of officers, compensation for the services of members of firms, interest on capital invested or borrowed, and bad debts." As the clothing industry is in the main conducted by men actively engaged in manufacturing and selling, the omission of any compensation for their services alone serves materially to understate conversion costs. Moreover, the figures are based on a cloth cost protected by an average duty of over 90 per cent and produced under existing high rates on raw wool. A reduction of the tariff on wool will of itself bring about a proportional decrease in the material cost of clothing. For these reasons a fairer statement of the relative costs for material and conversion, particularly for the bulk of higher-grade clothing characteristic of the trade to-day, is 50 per cent for material and 50 per cent for conversion. This is an extremely conservative estimate in view of the probable reduction in the cost of cloth that will follow upon a decrease of present rates.

Conversion cost and wages.—The principle followed in fixing rates has been to compensate the manufacturer for the duty on his raw material (in the case of the clothier, cloth, lining, and trimming). It is the obvious intention of the Ways and Means Committee to do so in this instance, too. We may, therefore, pass at once to a consideration of the relative conversion cost here and abroad.

In the conversion cost the chief item is, of course, labor. A study has accordingly been made of wages in the clothing trade here and abroad, and the details are presented in an appendix to this brief.

Wages—American and foreign.—Inasmuch as Great Britain is our chief competitor special attention is here given to English wages as contrasted with those paid in the American industry. For American wages the figures are available in the Report of the Immigration Commission; English wages are taken from the Special Report of the British Board of Trade.

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Wages in the clothing industry in the United States and Great Britain.

American wage figures taken from Report of the United States Immigration Commission, Vol. XI, pt. 6, pp. 292 et seq., Tables 25, 26, 31, 32. Data include men's and women's clothing. British wage figures taken from Board of Trade Report, Earnings and Hours of Labor in the Clothing Trades, 1906. Cd. 4844, 1909, pp. XXXIX et seq., and 98 et seq.]

AVERAGE WEEKLY WAGES.

	Average wages.		American wages.		
	United States, 1907.	Great Britain, 1906.	Per cent of British wages.	Excess over British wages.	
				Amount.	Per cent.
Males 18 years and over ¹	\$13.30	\$7.47	178	\$5.83	78
Females 18 years and over.....	8.02	3.03	265	4.99	165
Males 14-18 years ²	6.17	2.39	258	3.78	158
Females 14-18 years.....	5.47	1.52	360	3.95	260
Average for all.....	10.42	3.42	(³)	(³)	(³)

ON BASIS OF FULL-TIME WEEKLY WAGES IN GREAT BRITAIN.⁴

	\$13.30	\$7.75	172	\$5.55	72
Males 18 years and over ¹	8.02	3.13	256	4.89	156
Females 18 years and over.....	6.17	2.37	260	3.80	160
Males 14-18 years ²	5.47	1.56	351	3.91	251
Average for all.....	10.42	3.56	(³)	(³)	(³)

¹ British figures are for males 20 years and over.

² British figures are for males 14 to 20 years of age.

³ Not comparable, owing to difference in age and sex distribution.

⁴ As it is not clearly shown whether American figures are on basis of general earnings or full-time earnings, comparison is here made in both ways.

An examination of the figures summarized in the table here given shows that for male adult labor American average earnings are over 70 per cent greater than in England, and this regardless of the fact that English figures are for men 20 years and over, while the American figures include also younger workers, those between 18 and 20. For female labor, which is numerically far more important than male labor, the wages earned in the United States are over 155 per cent greater. For younger workers in the trade, those under 18, who are relatively more important in England than in the United States, the differences in earnings are still greater.

According to the latest United States census (1909), the proportion of male workers, 16 and over is 42.5 per cent, of female workers in the same group 55.5 per cent, of children 2 per cent. On comparing the earnings of the labor force as here constituted, with the wages they would receive at English rates, even after allowances are made for differences in hours and in the method of gathering the data, it is evident that American wages in the trade are about 125 per cent in excess of English wages, or two and one-quarter times as great.

These observations on relative American and English earnings are confirmed by other wage data. The United States Bureau of Labor published for 1909 data on wages in the clothing trade for the largest occupations. These have been compared in the following table with the information in the British Board of Trade Report:

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Men's clothing—American and British wages¹ in specified occupations.

Occupation.	United States, wages per week. ²	Great Britain, wages per week. ³	American wages in terms of British wages (per cent).
MALES.			
Cutters, hand.....	\$19.75	\$8.60	230
Cutters, machine.....	20.62	7.63	270
Operators, machine.....	12.65	7.47	169
Pressers.....	12.95	7.45	174
FEMALES.			
Finishers.....	7.09	2.72	260
Machine operators.....	7.93	3.31	240

¹ United States Bureau of Labor Bulletin, vol. 17 (1908), pp. 34-35; Board of Trade Report, Earnings and Hours of Labor in the Clothing Trades. 1906, pp. 100 et seq. See Appendix, Tables II and V.

² Weekly wages computed according to hours and wages per hour given in Bureau of Labor Bulletin. See also Appendix, Table II.

³ For full week.

It will be observed that for cutting American rates are from 130 per cent to 170 per cent higher, and for pressing 74 per cent. For operating men receive 69 per cent more, and women 140 per cent. Women at finishing get 160 per cent more.

American wages over twice English wages.—In view of the data here presented, and shown in further detail appended, it is clear that even after allowances are made for differences in hours and conditions and imperfections of statistical data, there is for the manufacturer a difference of about 125 per cent between American and English wages. This difference exists between the United States and its nearest competitor, England.

German wages.—For Germany and Austria available data can not be compared so closely. They are, however, sufficient to show that differences in wages are even greater between the United States and those countries. The minimum rates named in German and Austrian collective bargaining agreements are indicative of normal wage rates prevailing there. In establishments employing the greatest number these rates are between \$5 and \$6.50 for men. The same is true in Austria. These figures may be contrasted with average weekly earnings of \$13.30 reported for the United States, \$7.75 average earnings in England for those working full time, and \$7.47 for all. It is thus probable that American wages are twice as great as German wages for men.

For women in Germany the rate named for skilled workers is between \$3.50 and \$4, but for the great mass of unskilled women in the trade it is between \$1.50 and \$2. These rates are to be compared with an average of \$8.02 in the United States.

American conversion cost over twice foreign cost.—To sum up, the conversion cost for clothing in the United States is in all probability between two and three times the European conversion cost. It will, therefore, be conservative to assume in the following calculation a conversion cost for the American clothier 125 per cent in excess of the conversion cost abroad.

With these data on conversion cost, a basis is laid for calculating the duties on clothing. The committee, representing the National Association of Clothiers, is not in a position to propose definite rates until the duty on cloth has been fixed. Examples, however, are here given of the duty needed, with various rates on cloth.

For convenience there is taken as illustration a garment costing the manufacturer \$10, and typical for a large class of clothing. Taking account of probable reductions in cloth, lining, and trimming, in consequence of lowered tariff rates, the material will cost \$5 and the conversion expense will be \$5.

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Relative cost of manufacturing clothing in the United States and abroad under a tariff of 40 per cent on cloth.

Items.	United States.	Foreign.	Excess cost in United States.	
			Amount.	Per cent.
Material.....	\$5.00	\$3.57	\$1.43	40
Conversion.....	5.00	2.22	2.78	125
Total.....	10.00	5.79	4.21	72.7
Duty at 45 per cent.....		2.61		
Total (duty added).....		8.40	1.60	19

The foreign clothier under proposed rates.—Under the rates proposed in the Underwood bill, imposing 40 per cent on cloth, the material cost may be figured at \$3.57 in England, the conversion cost would be \$2.22. In other words, with the differences in the price of cloth and expense of conversion, the suit in England would cost \$5.79, or less than three-fifths of the cost in the United States. After paying a duty of 45 per cent, the expense undergone by the English manufacturer would still be \$1.60 less than the cost of making that suit in the United States. With freight insurance and other expenses paid, the foreign clothier could market his product below the cost to the American manufacturer, and still earn a profit much larger than is customary in the American trade.

Analysis of duty on clothing.—Analysis of the duty paid on the suit here taken for illustration shows that 55 per cent of the amount levied is compensation for the tariff imposed on the cloth, 45 per cent, or 10 per cent less, is duty on conversion. The duty applicable to the conversion cost is less than one-half of the difference between the American and foreign cost of turning cloth into garments.

Inadequacy—Discrimination as between cloth manufacturer and clothier.—It needs no further comment to show the utter inadequacy of the duty on clothing as proposed in the Underwood bill. It discriminates against the clothier, providing a far smaller duty to offset the difference in his cost of conversion, than it does in the case of the producer of cloth. Under a 40 per cent rate on cloth, and assuming a 55 per cent conversion expense, the manufacturer receives a duty on conversion equal to at least 71 per cent of the foreign cost. Under a 45 per cent duty on clothing, the clothier is given only 53 per cent on the conversion cost. This difference arises from the fact that the one pays a tariff at the rate of 20 per cent on his raw material, wool; whereas the other pays 40 per cent, or double, on cloth. The discrimination here shown is unjust, particularly in view of the fact that both labor under similar differences between foreign and American costs of conversion. The clothier is entitled to the same duty on his conversion cost as is given to the manufacturer of cloth.

With the rate in the Underwood bill of 40 per cent on cloth and 45 per cent on clothing, it has been shown how completely the competition of the American manufacturer of clothing for his own market would be nullified. At the same time the duty imposed on cloth for the benefit of the American manufacturer would be rendered valueless, inasmuch as the foreign clothier would be given access to the American market on terms which prevent competition from our own manufacturers.

Calculations on different rates.—While no rates can definitely be proposed for clothing before the rate for cloth is determined, calculations are here submitted to show the difference between foreign and American costs, assuming various rates of duty on cloth and on clothing. These calculations, like the foregoing, are all based on a typical garment, costing the American manufacturer \$10, namely, \$5 for material and \$5 for conversion.

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Differences in American and foreign production costs for clothing.

[Based on garment costing \$10 to the American clothier—\$5 for material and \$5 for conversion.]

DUTY ON CLOTH, 40 PER CENT.

Duty on clothing.	Difference in cost of production.	Amount of duty on foreign clothing.	Difference in cost after duty is paid.	Excess of American over foreign cost.	
				Without duty.	Duty paid
<i>Per cent.</i>				<i>Per cent.</i>	<i>Per cent.</i>
45	\$4 21	\$2 61	\$1.60	72.7	19
50	4.21	2.90	1.31	72.7	15.1
55	4.21	3.18	1.03	72.7	11.5
60	4.21	3.47	.74	72.7	8
65	4.21	3.76	.45	72.7	4.7

DUTY ON CLOTH, 45 PER CENT.

<i>Per cent.</i>				<i>Per cent.</i>	<i>Per cent.</i>
50	\$4.33	\$2.84	\$1.49	76.4	17.5
55	4.33	3.12	1.21	76.4	13.8
60	4.33	3.40	.93	76.4	10.2
65	4.33	3.69	.64	76.4	6.8
70	4.33	3.97	.36	76.4	3.7

DUTY ON CLOTH, 50 PER CENT.

<i>Per cent.</i>				<i>Per cent.</i>	<i>Per cent.</i>
55	\$4.46	\$3.05	\$1.40	80.2	16.3
60	4.45	3.33	1.12	80.2	12.6
65	4.45	3.61	.84	80.2	9.2
70	4.45	3.89	.56	80.2	5.9

DUTY ON CLOTH, 55 PER CENT.

<i>Per cent.</i>				<i>Per cent.</i>	<i>Per cent.</i>
60	\$4.55	\$3.27	\$1.28	83.5	14.7
65	4.55	3.54	1.01	83.5	11.2
70	4.55	3.82	.73	83.5	7.9
75	4.55	4.09	.46	83.5	4.8

Clothing duty with 40 per cent on cloth.—From the table it will appear that where a 40 per cent duty on cloth is required, a garment that costs \$10 here can be made abroad for \$5.79. If 40 per cent is levied on cloth, a duty of 65 per cent on clothing is needed before the cost of the foreign product plus the duty will at all approach the cost to the American clothier. This may be seen more clearly from the subjoined illustrations:

Relative cost of manufacturing clothing in the United States and abroad under a tariff of 40 per cent on cloth.

Items.	United States.	Foreign.	Excess cost in United States.	
			Amount.	Per cent.
Material.....	\$5.00	\$3.57	\$1.43	40
Conversion.....	5.00	2.22	2.78	125
Total.....	10.00	5.79	4.21	72.7
Duty at 65 per cent.....		3.76		
Total (duty added).....		9.55	.45	4.7

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Even with a duty of 65 per cent on clothing the cost of the foreign product imported is \$9.55, leaving a considerable margin in favor of the foreign producer, who is then enabled to compete on even terms.

With 45 per cent and 50 per cent on cloth.—If the duty on cloth is fixed at 45 per cent, the corresponding duty on clothing should be between 65 per cent and 70 per cent. With a cloth duty of 50 per cent, the rate on clothing should be 70 per cent. The following calculation will make this clear:

Relative cost of manufacturing clothing in the United States and abroad under a tariff of 50 per cent on cloth.

Items.	United States.	Foreign.	Excess cost in United States.	
			Amount.	Per cent.
Material.....	\$5.00	\$3.33	\$1.67	50
Conversion.....	5.00	2.22	2.78	125
Total.....	10.00	5.55	4.45	80.2
Duty at 70 per cent.....		3.89		
Total (duty added).....		9.44	.56	5.9

In this illustration the cost of the foreign garment, duty paid, is \$9.44. As in the foregoing, the duty here assumed for clothing will not entirely compensate for differences in conversion cost.

Clothing duty with 55 per cent on cloth.—If the duty levied on cloth is made 55 per cent, the corresponding rate on clothing indicated by the difference in foreign and domestic costs is 75 per cent.

Relative cost of manufacturing clothing in the United States and abroad under a tariff of 55 per cent on cloth.

Items.	United States.	Foreign.	Excess cost in United States.	
			Amount.	Per cent.
Material.....	\$5.00	\$3.23	\$1.77	55.0
Conversion.....	5.00	2.22	2.78	125.0
Total.....	10.00	5.45	4.55	83.5
Duty, at 75 per cent.....		4.09		
Total (duty added).....		9.54	.46	4.8

Conclusions—Duty required for clothing.—A review of the differences between foreign and American conditions of production indicates that, to compensate for the duty on cloth and differences in conversion cost, the rate required on clothing is at least 65 per cent. This is under a duty of 40 per cent on cloth. With higher rates for cloth, the duty on clothing must be increased by 15 per cent to 20 per cent in order to give a reasonable rate on the cost of conversion, and to deal as fairly with the clothing industry as with the producers of cloth.

Foreign competition under rates named.—Even with the tariff here suggested, there is left a margin of about 5 per cent or more by which the foreign expense of production falls below the American manufacturers' costs. It is evident, therefore, that ample allowance is made for all factors that tend to help the American manufacturer to hold his own market—the cost of importation in freight, insurance, and other shipping charges, and above all the proximity of the American manufacturer to his customers in the domestic market. With the duties here indicated, and after paying all charges for freight, insurance, and the like, imported clothing could still be introduced into our markets on fairly competitive terms. In fact it would be possible and profitable

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under such a tariff for American manufacturers to produce abroad clothing intended for the American market, made according to our own standards of style and workmanship, and in every way fitted to compete with our domestic product.

Effect of duty proposed on imports and revenues.—While the extent of increase of imports under the rates advocated can not be stated beforehand, these are certain to be considerable. In the first place, the reduction made is large. On the cheaper grades of clothing now brought in the rate, according to the report of the Ways and Means Committee, is 95.56 per cent. On certain low grades of clothing like heavy overcoats the duty is over 100 per cent. The rates named mean a reduction of one-quarter to one-third or more, and are, therefore, bound to stimulate importations. On higher grades of clothing the reduction in duty is also very substantial.

The adoption of an ad valorem system eliminating weight duties will remove existing inequalities and open wide the door for imports of overcoats, raincoats, and outer garments on which the weight duties are now, as a rule, prohibitive. The tax burden will, moreover, be distributed more evenly than to-day and permit competition not only for the most expensive garments but in clothing for all classes.

The rates advocated have been determined on the basis of comparative costs and are made not protective but competitive. They will permit foreign clothiers to enter our markets and enable our retailers to appeal to the consumer with foreign garments.

In view of all this, it is reasonable to believe that the imports of \$5,000,000 anticipated by the Ways and Means Committee under the rate it proposed will be realized with the duties here named, and a much larger revenue, or over \$3,000,000, will result.

New conditions in industry.—With the rates proposed in the Underwood bill, a new situation confronts the clothing industry. Owing to the exaggerated compensatory features embodied in the present duties, competition from foreign manufacturers has hitherto been practically nonexistent. Moreover, up to about 15 years ago the position of the American ready-made clothing industry was not such as to invite competition. The product at the time when the Wilson bill was in force was cheap in construction, required little skill in designing, and but little labor in making. The conversion expense was low in comparison with the total cost of the garment. The volume of clothing was relatively limited. It was primarily for the poorer classes. Better grades were supplied by the custom tailor.

Beginning about 1898, the tendency developed toward establishing the manufacture of clothing on the high plane it now holds. Tailoring of a kind that had formerly been employed only on custom garments was applied to ready-made wearing apparel, and a complete revolution took place in the industry and its product. This policy led to a tremendous expansion, and to the displacement of custom clothing, except of the highest class, by ready-made garments.

Increase in conversion cost.—The change involved essentially the employment of higher grade talent in designing garments, and supervising production, it called for a modern factory system on a large scale, it meant the use of more labor and labor of greater skill. The inevitable result was a far higher conversion cost. It is this development of the industry, increasing the importance of its labor cost and general conversion expense which exposes American clothing to competition from all European centers, advantaged by their lower labor cost.

Furthermore, the art of making clothing abroad has developed in the direction of American standards, and there has been a tendency to approach a common basis on styles. This has shown itself, the last few years, in the increased importation of English clothing in spite of the present duties. There is thus less of a barrier to-day than ever before to the introduction of foreign-made clothing into the United States.

Effects of inadequate duty.—For these reasons, we urge that the most searching investigation be made by the Ways and Means Committee into the question of proper rates on clothing. The industry affected by these rates has an output of over one-half billion dollars, it embodies the greatest tailoring skill and the highest development in manufacture. Should a tariff be enacted that would allow foreign clothing to be brought in to a very marked extent, it will become a necessity for American manufacturers to transfer their plants abroad in order to take advantage of cheaper labor and lower general conversion expenses. Particularly is this true of the better grades of clothing, where the conversion expense is so great a factor.

We ask, therefore, a thorough consideration of the facts here presented, and such a readjustment of rates on ready-made clothing as will serve the best interests of the industry and its vast labor force.

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AD VALOREM RATES.

Advantages.—We heartily indorse the application of the principle of ad valorem rates in assessing duties on all items of Schedule K. We realize the force of the argument against ad valorem duties on the ground that undervaluations will creep in. We are, however, convinced that no other method so nearly approaches justice to all concerned.

The Government will have to adapt its customs administration to the new conditions created by an ad valorem system. Inequalities which may result from undervaluation that can not be guarded against will be negligible compared to those under any form of specific duty. We believe that so long as men can be found to buy wool on their judgment, the Government can secure efficient customs officers to appraise it.

TIME FOR DUTIES TO GO INTO EFFECT.

Date proposed.—We urge that all duties on wool, tops, yarns, cloth, and clothing be made effective on the 1st day of December. This date is in keeping with the best interests of all concerned. In fixing the time for putting new rates into operation, the interests of the retailer should be considered first, for he has most at stake. He is obliged to order his clothing six months in advance of the time when it will be sold. Goods for the fall season must be bought in March, April, and May, in order that the clothier be given proper opportunity to manufacture and to make deliveries in time for the fall and winter business. The retailer should therefore be given a fair opportunity to dispose of his stock, before a change of duties is put into operation. Unless this is permitted, he may suffer great loss on goods purchased in good faith, through a reduction in their value brought about by the lower rates.

Interest of retailer chief consideration.—If December 1 is adopted as the date for change in tariff rates, the retailer is given reasonable time to liquidate the larger part of his stock. Such clothing as might enter after that date would not seriously affect his fall business or occasion great hardship. The interest of the retailer is uppermost for two reasons. When the stock reaches his hands it has attained its maximum value, carrying all the charges imposed by the long process of conversion from wool to clothing. The largest amount is involved, and accordingly, the greatest losses are possible. On the other hand, the great mass of retailers are doing business on limited capital, and, therefore, least in a position to bear the loss, which would result from a shrinkage in the value of their stock, if lower duties are established and importations facilitated. For this reason the change should be made when the fall season's business of the retailer is well nigh completed.

Interest of manufacturer and public.—From the standpoint of the manufacturer of clothing, and in the interest of the wearer of ready-made garments, December 1 is likewise the most favorable time for making a change. The fall season is by far the larger of the two seasons. Five-eighths of the year's business applies to the fall season, as against three-eighths for spring. A change of rates going into effect on December 1, will permit the manufacturer to end his fall season with the least loss. It will also allow him to make preparations for the spring season under the new conditions, and thereby to give to the American consumer at once the benefit of any reduction in the tariff. A change made later than December 1 would prevent this. Made earlier, it would create confusion, and inflict great hardship and tremendous loss, both upon the clothing manufacturer and the retailer, bringing financial embarrassment to thousands and tens of thousands of small retailers throughout the country.

Necessity for single date.—We urge further that all duties levied under Schedule K should be made effective on the same date. If new duties are put into operation in one branch of the woolen industry in advance of another, the sentimental effect is felt in all, and results in confusion and disturbance to business. This condition it is highly desirable to obviate; and it can be prevented only by adopting a single date on which all duties go into effect. The earliest date that best meets all interests is the 1st day of December.

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APPENDIX.

WAGES IN CLOTHING IN THE UNITED STATES AND ABROAD.

TABLE I.—*Earnings of employees in clothing industry in the United States, 1907.*

[United States Immigration Commission Report, Vol. XI, part 6, pp. 292 ff., Tables 25, 26, 31, 32.]

	Number reported.	Average earnings per week.
Males 18 years and over	9,339	\$13.30
Females 18 years and over	6,186	8.02
Males 14 to 18 years	470	6.17
Females 14 to 18 years	1,819	5.47
Total, all ages	17,814	10.42

TABLE II.—*Wages in the clothing industry in the United States in specified occupations, 1907.*

[United States Bureau of Labor Bulletin, vol. 17, 1908, pp. 34 to 35.]

	Number of employees reported.	Average hours worked per week.	Average wages per hour.	Average wages per week. ¹
Buttonhole makers, machine:				
Male	32	56.09	\$0.2473	\$13.87
Female	63	54.46	.1317	7.17
Cutters:				
Hand, male	841	51.37	.3846	19.75
Machine, male	276	49.14	.4198	20.62
Examiners:				
Male	170	52.56	.2921	15.20
Female	28	54.07	.1341	7.25
Finishers, female	945	55.16	.1286	7.09
Pressers, male	833	54.70	.2369	12.95
Machine operators:				
Male	834	55.16	.2351	12.65
Female	1,435	54.53	.1454	7.93

¹ Computed according to hours here given.TABLE III.—*Distribution of employees by sex and age, 1909, men's clothing (including shirts), in the United States.*

[United States Census, 1910, Bulletin, Abstract of Statistics of Manufactures, p. 17.]

	Number.	Per cent of total.
Men	109,139	42.5
Women	142,781	55.5
Children (under 16)	5,208	2.0
Total	257,128	100.0

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TABLE IV.—Great Britain—Full time and average earnings per week, ready-made clothing, 1906.

[Board of Trade Report: Earnings and hours of labor in the clothing trades, 1906 (Cd 4844) 1909, pp.100 et seq.]

	Full-time earnings.		Average earnings.	
	Number reporting.	Average weekly wages.	Number reporting.	Average weekly wages.
Males 20 years and over	3,411	\$7.75 (31s. 11d.)	4,081	\$7.47 (30s. 9d.)
Males under 20 years	1,187	2.37 (9s. 9d.)	1,250	2.39 (9s. 10d.)
Females 20 years and over	11,372	3.14 (12s. 11d.)	14,055	3.04 (12s. 6d.)
Females under 20 years	4,151	1.58 (6s. 6d.)	4,978	1.52 (6s. 3d.)
Total	20,121	3.56 (14s. 8d.)	24,364	3.42 (14s. 1d.)

Hours of labor, full week, 51.2 hours.

TABLE V.—Great Britain—Full time and average earnings per week in clothing industry.

[Board of Trade Report: Earnings and hours of labor in the clothing trades, 1906, p. 100 et seq.]

MALE WORKERS.

Occupation.	Full time.		All.		Full time.	All.
	Number of hours.	Wages.	Number of hours.	Wages.		
MEN (20 YEARS AND OVER).						
Foremen	403	s. d. 44 10	411	s. d. 44 10	\$10.89	\$10.89
Cutters, hand:						
Time	867	31 8	990	30 11	7.69	7.51
Piece	118	35 5	233	31 11	8.63	7.75
Cutters, machine, time	152	31 6	167	31 5	7.65	7.63
Basters:						
Time	68	27 3	74	26 6	6.62	6.44
Piece	39	25 11	66	22 8	6.30	5.51
Fitters, time	166	28 8	191	28 8	6.96	6.96
Machinists:						
Time	41	29 0	44	28 6	7.05	6.92
Piece	45	30 9	90	27 8	7.47	6.72
Pressers:						
Time	176	27 0	226	26 0	6.56	6.32
Piece	403	30 8	529	28 4	7.45	6.88
Warehousemen and packers, time	431	29 2	458	28 11	7.09	7.02
Engineers and stokers, time	74	30 7	84	29 11	7.43	7.27
Other men:						
Time	371	28 3	426	27 9	6.86	7.23
Piece	57	31 6	92	28 10	7.65	7.00
All men	3,411	31 11	4,081	30 9	7.75	7.47
APPRENTICES, LADS AND BOYS (UNDER 20).						
Apprentices, time	171	9 5	172	9 5	2.29	2.29
Other lads and boys:						
Time	960	9 9	1,010	9 9	2.37	2.37
Piece	56	11 4	68	12 1	2.75	2.94
All	1,187	9 9	1,250	9 10	2.37	2.39

FEMALE WORKERS.

WOMEN (18 YEARS AND OVER).						
Forewomen	175	19 0	187	18 10	\$4.62	\$4.57
Basters:						
Time	196	12 11	219	12 10	3.14	3.12
Piece	569	12 4	681	12 3	3.00	2.98
Machine operators (hand or foot):						
Time	58	13 4	78	12 1	3.24	2.94
Piece	743	13 10	864	12 9	3.36	3.10
Machine operators (power):						
Time	537	12 5	625	12 8	3.02	3.08
Piece	5,325	13 5	6,665	12 11	3.26	3.14
Hand sewers and finishers:						
Time	236	11 8	263	11 7	2.83	2.81
Piece	2,243	11 4	2,988	10 11	2.75	2.65
Pressers:						
Time	70	10 7	93	10 7	2.57	2.57
Piece	317	14 0	405	13 3	3.40	3.22

PARAGRAPH 382—WEARING APPAREL, ETC.

TABLE V.—Great Britain—Full time and average earnings per week in clothing industry—Continued.

FEMALE WORKERS—Continued.

Occupation.	Full time.		All.		Full time.	All.
	Number of hours.	Wages.	Number of hours.	Wages.		
WOMEN (18 YEARS AND OVER)—continued.						
Other women:						
Time.....	679	13 4	718	13 2	\$3.24	\$3.20
Piece.....	224	12 5	269	12 0	3.02	2.92
All women.....	11,372	12 11	14,055	12 6	3.14	3.04
GIRLS (UNDER 18).						
Basters:						
Time.....	188	3 10	211	3 11	.93	.95
Piece.....	101	7 3	125	6 10	1.76	1.66
Machine operators (hand or foot):						
Time.....	146	5 4	160	5 2	1.30	1.26
Piece.....	107	9 1	139	7 10	2.21	1.90
Machine operators (power):						
Time.....	526	4 2	576	4 2	1.01	1.01
Piece.....	1,427	8 2	1,806	7 8	1.98	1.80
Hand sewers and finishers:						
Time.....	165	4 4	188	4 4	1.05	1.05
Piece.....	608	7 4	805	6 8	1.78	1.62
Pressers:						
Time.....	33	6 1	41	6 1	1.48	1.48
Piece.....	39	7 4	47	7 1	1.78	1.72
Other girls:						
Time.....	778	5 3	842	5 1	1.28	1.24
Piece.....	33	6 6	38	6 1	1.58	1.48
All girls.....	4,151	6 6	4,978	6 3	1.58	1.52

Hours of labor, full week, 51.2.

TABLE VI.—Germany—Wages in the clothing industry, 1909—Minimum wage rates per week and number employed in establishments to whom specified rates apply.¹

Rates per week. ²	Number of employees.	
	Skilled.	Unskilled.
Males:		
\$3.60 or less.....	25	.....
\$3.60 to \$5.04.....	3,155	.....
\$5.04 to \$6.48.....	6,172	1,147
\$6.48 to \$7.92.....	1,576	110
\$7.92 to \$9.36.....	2,733	2,777
\$9.36 to \$10.80.....	2,887	.....
	16,548	4,034
Females:		
\$1.44 or less.....	.....	1,133
\$1.44 to \$2.16.....	.....	2,719
\$2.16 to \$2.88.....	1,133	.....
\$2.88 to \$3.60.....	.....	2,777
\$3.60 to \$4.32.....	2,719	.....
Over \$5.04.....	2,777	.....
	6,629	6,629
Males:		
\$6.00 or less.....	3,847	.....
\$6.00 to \$8.40.....	1,027	.....
\$8.40 to \$10.80.....	2,858	.....
	7,732	.....
Females:		
\$2.50 to \$3.75.....	20	2,777
\$3.75 to \$4.00.....	2,777	.....
	2,797	2,777

¹ For source see following table.

² Weekly rates here given are computed from figures for rates per hour on the basis of a working week of 60 hours.

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TABLE VII.—Germany—Wages and hours in the clothing industry, 1909—Minimum wage rates per hour or week and number employed in establishments to whom specified rates apply.¹

RATES PER HOUR.

	Number.	
	Skilled.	Unskilled.
Males:		
\$0.06 or less	25	.....
\$0.06 to \$0.084	3,155	.....
\$0.084 to \$0.108	6,172	1,147
\$0.108 to \$0.132	1,576	110
\$0.132 to \$0.156	2,733	2,777
\$0.156 to \$0.180	2,887	.....
Total reported	16,548	4,034
Females:		
\$0.024 or less		1,133
\$0.024 to \$0.036		2,719
\$0.036 to \$0.0480	1,133	.....
\$0.048 to \$0.060		2,777
\$0.060 to \$0.072	2,719	.....
\$0.072 to \$0.0840 .....		.....
Over \$0.0840	2,777	.....
Total reported	6,629	6,629

WEEK RATES.

Males:		
\$6.00 or less	3,847	.....
\$6.00 to \$8.40	1,027	.....
\$8.40 to \$10.80	2,858	.....
Total reported	7,732	.....
Females:		
\$2.50 to \$3.75	20	2,777
\$3.75 to \$4	2,777	.....
Total reported	2,797	2,777

HOURS PER WEEK.

	Number.
52 to 54 hours	6,766
56 to 58 hours	169
58 to 60 hours	8,936
62 to 64 hours	193
Over 64 hours	880
Not specified	915
Total reported	17,859

¹ Rates named in wage agreements between employers and employees. Reichsarbeitsblatt. Vol. VIII (1910), No. 8, August, 1910, Supplement, pp. 55, 56, and Statistisches Jahrbuch des Deutschen Reiches, 1911.

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TABLE VIII.—*Minimum time rates of wages—Austria, 1907.*

[Bureau of Labor Bulletin, May, 1910, pp. 14-15.]

Occupation.	Locality.	Wages per week.
Men's tailors.....	Vienna.....	\$4.87 to \$6.90
Do.....	Salzburg.....	3.90 to 5.36
Do.....	Gratz.....	4.47 to 5.28
Do.....	Styria.....	4.06 to 4.87
Do.....	Marienbad.....	6.50
Do.....	Silesia.....	4.06 to 4.87
Fitters.....	Moravia.....	4.47 to 5.68

TESTIMONY OF FRANK S. TURNBULL, REPRESENTING THE NATIONAL ASSOCIATION OF CLOTHIERS.

The CHAIRMAN. Gentlemen, I am going to try to hold the examination of the witnesses down to 10 minutes, because I want to give them all a chance.

Mr. TURNBULL. I am going to help you. I have not any speech to make.

Mr. FORDNEY. Mr. Chairman, do not permit the witness to come up here and make a statement that he wants protection on his finished product and free trade on his raw material, and choke off questions.

The CHAIRMAN. I am not going to choke off the members of the committee. They have the same rights I have. But I am appealing for these witnesses who are sitting here waiting to be heard.

Mr. FORDNEY. I agree with you. I feel for the committee as well. But I like to go for a fellow who wants free trade on his neighbor's product and protection on his own.

The CHAIRMAN. Proceed, Mr. Turnbull.

Mr. TURNBULL. I have not any speech to make. Mr. Goldman made the speech. I am here to answer any questions.

The CHAIRMAN. I think Mr. Goldman very clearly presented your side of the case, and from what the Tariff Board has given, and from the investigation we have made and what the witnesses have said, I think we understand the theory.

Mr. TURNBULL. I will be very glad to answer any questions.

The CHAIRMAN. That is all.

TESTIMONY OF LOUIS NEWMAN, OF CLEVELAND, OHIO.

Schedule K, Paragraph 382.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Newman.

Mr. NEWMAN. Mr. Chairman, and gentlemen of the committee, we desire to call the special attention of your committee to our branch of the woolen industry, which is of considerable importance, although seldom mentioned in the general discussion of the proposed revision of Schedule K. This is the manufacture of knitted wearing apparel,

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such as sweater coats, bathing suits, shawls, caps, and other fancy knit goods.

Our industry has assumed large proportions only in the past few years. It is shown by the United States Census Bureau reports, Table 52, that in the year 1909 the annual volume of business in the articles I have mentioned amounted to \$50,000,000, while the same was but \$19,000,000 in 1904, and only \$10,000,000 in 1899, thus showing the splendid increase of 400 per cent during the decade between 1899 and 1909. This proportionate growth has no doubt been maintained since this census report was issued.

The production of such a volume of goods necessitates the employment of thousands of operatives, as well as many salesmen, stock keepers, and office employees. To enable us to maintain the average high rate of wages prevalent in our industry and to permit us to have the merchandise manufactured in this country, instead of being imported, we require a sufficient rate of duty which will compensate us for that levied on woolen yarn, which is our raw material, and in addition afford us protection to cover the difference in cost of production between this country and others.

We do not expect you to permit the present rates of Schedule K to stand, but want to protest against such a radical reduction as was provided in the previous Underwood bill.

In view of the fact that our measure of protection is only the difference between rates on our raw material, woolen yarns, and our product, knitted wearing apparel, we feel that this difference should be maintained in proportion to the reduction on each from present rates. In other words, that the percentage of reduction on woolen yarns shall be about the same as that on manufactured goods.

You will please note the fact that there is free and open competition in our industry; that there are no trusts, nor even any "gentlemen's agreements" which could in any manner control prices or production. Also that we set the selling prices of our goods as low as possible consistent with our costs and anticipated competition, disregarding the tariff rates entirely.

Complying with your request for suggestions, in framing the new tariff bill on Schedule K, we respectfully recommend:

First. That paragraph No. 382 should read as follows:

On knitted wearing apparel, including shawls, whether knitted or woven, and knitted articles of every description made up or manufactured wholly or in part, and not specifically provided for in this section, composed wholly or in part of wool, the duty per pound shall be three times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto ad valorem rates as follows:

If valued at no more than forty cents per pound, thirty per cent ad valorem.

If valued at more than forty cents and not more than seventy cents per pound, forty per cent ad valorem.

If valued at more than seventy cents and not more than one dollar per pound, fifty per cent ad valorem.

If valued at more than one dollar per pound, sixty per cent ad valorem.

We recommend a specific compensatory duty, plus the ad valorem rates, because this is the fairest method to pursue. It would otherwise be very difficult to properly administer the law on account of the likelihood of undervaluation in case of straight ad valorem rates, and on account of the impossibility of arriving at the correct proportions to be levied without destroying the value of the articles

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imported, in case the duty was to apply only to the wool contents, when mixed with cotton or other ingredients.

Further reasons for these recommendations are that these rates would afford our industry only sufficient protection to put the merchandise on a competitive basis with the European manufacturers, and would cover only the difference in cost of production. They would not be sufficient in case the Chinese or Japanese should manufacture knit goods for export.

A separate clause for knitted wearing apparel is recommended because in the process of manufacture we must first knit our own fabrics and therefore yarn is our raw material, whereas in the manufacture of other wearing apparel, the finished cloth is the raw material. After the manufacture of the fabric we have an additional conversion cost which entails much waste of fabric on account of cutting by patterns for the proper fitting and finishing of our sweater coats, and other wearing apparel.

Second. Under the tariff law of 1894, when the duty was 50 per cent ad valorem, the imports of knitted articles were about \$2,500,000 in the year of 1896 against a total production in this country that year of about \$8,000,000. The imports were, therefore, over 30 per cent of the aggregate production in this country.

Under the tariff laws of 1897 and 1909 the imports have decreased to less than half a million dollars in 1911, whereas the production in the United States has increased to over \$50,000,000, showing that these laws have helped to foster the industry. In view of the fact that the rates here proposed would place our goods on a competitive basis, and the further fact that these rates are considerably lower than those at present in force, it is impossible to estimate the amount of future imports.

Third. In making suggestions we have obtained the figures quoted from the United States census reports. We have also calculated the cost of a number of articles, such as we manufacture, comparing the same with the probable cost of a German manufacturer by taking the cost of his material from current market quotations and the cost of labor from recent list of wages paid in Germany, which enables us to state the measure of protection required.

Fourth. Reply to your fourth query I have embodied in my answer to your first request.

Fifth. We can not presume to offer any suggestions as to the betterment of the administrative features.

We hope that your committee will give the views which I have presented your favorable consideration. The same are respectfully submitted and are indorsed by all of the knitting manufacturers of Cleveland and other manufacturers, as follows: The Bamberger-Reinthal Co., by Manuel Reinthal, vice president; the Keetch Knitting Mills, the Consolidated Knitting Co., proprietors; Morris J. Wolf, treasurer; the Friedman-Blau-Farber Co., H. Friedman, president; the Cleveland Knitting Mills Co., Louis Neuman, secretary; the Green-Hass-Schwartz Co., E. E. Schwartz, secretary; N. J. Rich & Co., H. J. Rich; the Standard Knitting Co., O. F. Schmidt, president; the United Knit Goods Co., Wm. Graslin; the Federal Knitting Mills Co., Ludwig Seligman, vice president; the Fashion Knitting Co.,

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E. S. Couzens, secretary; the Star Knitting Co., La Crosse, Wis.; the Bradley Knitting Co., Delaven, Wis., J. J. Phoenix, president; the Imperial Knitting Co., Milwaukee, Wis., O. A. Finck, secretary; Eagle Knitting Mills, Milwaukee, Wis., D. Karger; the Great Western Knitting Co., Milwaukee, Wis., E. J. Miller, treasurer; the M. Friedlander Knitting Co., Milwaukee, Wis., M. Friedlander, president; the Clinton Knitting Co., Clinton, N. Y., H. W. Roberts, treasurer; the Ess Arr Knitting Mills, S. Rottenberg, proprietor.

Mr. PALMER. Mr. Newman, do I understand you to say the imports are something under half a million dollars?

Mr. NEWMAN. Yes, sir.

Mr. PALMER. They are actually under \$400,000, are they not?

Mr. NEWMAN. They are very small. They run over \$400,000, if you include all the articles that are embraced—

Mr. PALMER (interposing). That is to say, the imports now are less than 1 per cent of the American production?

Mr. NEWMAN. Yes.

Mr. PALMER. I understand you to say these rates are competitive now, in your judgment?

Mr. NEWMAN. In my judgment, the rates proposed here would bring us to a competitive basis with the European rates.

Mr. PALMER. What do those imports consist of?

Mr. NEWMAN. Of what articles, you mean?

Mr. PALMER. Yes.

Mr. NEWMAN. Shawls, sweater coats, caps, bathing suits, etc.

Mr. PALMER. Of what value are they per pound as a rule?

Mr. NEWMAN. The average value per pound, I believe, has been \$1.32. There is a difference, however.

Mr. PALMER. So that all the competition that you have now is on the articles of greater value than \$1 a pound?

Mr. NEWMAN. The better goods are being imported and the lower class are not.

Mr. PALMER. The present rates are prohibitive as to the cheaper articles?

Mr. NEWMAN. They practically exclude them. They are not being imported.

Mr. PALMER. The schedule of rates which you have suggested and which you have presented to the committee leaves the duty on the kind of articles which are imported now exactly the same as it is now?

Mr. NEWMAN. As it is now, yes sir; because we feel there is some competition in those at the present time. They are being imported against the American manufacturer as it is.

Mr. PALMER. You think that less than 1 per cent of the American production is such competition as that you should not allow it to be increased?

Mr. NEWMAN. I feel the increase would come in the lower-priced articles.

Mr. PALMER. How much have you reduced them, speaking in ad valorem percentages?

Mr. NEWMAN. It would be a reduction from 60, as it is now, graded down to 30 on the lowest ones. That is a reduction of 50 per cent—that is, a reduction of one half.

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Mr. PALMER. Would that admit any of these cheaper classes of goods to come in, in your judgment?

Mr. NEWMAN. I believe so.

Mr. PALMER. Have you written them with the purpose of allowing some of them to come in?

Mr. NEWMAN. We have written them with the purpose of trying to keep the manufacture of them here. We want to stay in business.

Mr. PALMER. To keep the sale of the foreign article out of this market?

Mr. NEWMAN. We have written them so that if the American manufacturer tries to set that price at a rate to bring it up above the tariff rate, you will be able to import them and not let him do it.

Mr. PALMER. Making it possible for the manufacturer to raise his price up to the tariff rates, but no higher for fear of competition?

Mr. NEWMAN. That is it.

Mr. PALMER. Could he raise his prices above what they are now, on these cheaper classes of goods under your arrangement, and still be under the tariff rate which you suggest?

Mr. NEWMAN. I believe he could. If the manufacturers could get together, or were permitted to get together—

Mr. PALMER (interposing). And they would, would they not?

Mr. NEWMAN. No; we do not.

Mr. PALMER. Is the manufacturer making a pretty fair return on his investment now?

Mr. NEWMAN. Some of them are, I presume. I do not know of any of them that have gotten rich in the business.

Mr. PALMER. The industry has been very prosperous of late years, has it not?

Mr. NEWMAN. Yes; there has been a good demand for our particular class of goods.

Mr. PALMER. Then, why write a rate which would make it possible for you to raise the prices of the product above the prices at which the manufacturers now sell, and at which you say he is getting a fair return on his capital? Why do you do that?

Mr. NEWMAN. So we shall keep on manufacturing—

Mr. PALMER (interposing). And keep on raising prices?

Mr. NEWMAN. No; we do not contemplate raising the prices, but we do want to stay in business.

Mr. PALMER. Of course, you are not selling these cheaper classes of goods for an amount less than cost of production plus a return on the capital?

Mr. NEWMAN. We try not to.

Mr. PALMER. Then, you have written the rates on these cheaper articles at a figure which makes not only differences in your cost production but many more besides?

Mr. NEWMAN. Very little, in my judgment. I do not think there is anything much.

Mr. PALMER. What rates would you suggest which would just equalize the cost in production and start you on an even rate with your foreign competitor?

Mr. NEWMAN. That would apply very differently to different articles.

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Mr. PALMER. I am talking about these cheaper articles of knitted wearing apparel.

Mr. NEWMAN. I am talking of them, too. Possibly some of these have a much greater proportion of cost of material than labor cost, and others vice versa. It would not apply the same way all the way through. If you would take one article and figure up the cost of production of that article, it would vary considerably from the next one, undoubtedly.

Mr. PALMER. The truth is, your paragraph is like so many we have heard about all through the tariff law, that as to the high-class, more expensive articles used by the people who have large means, there is some competition from abroad, and as to the lower class or cheaper articles used by the comparatively poor the rates are absolutely prohibitive and the American manufacturer still has room to boost his price to keep the foreigner out. Is not that so?

Mr. NEWMAN. I believe he could if he did not have American competition to contend with.

Mr. PALMER. I am speaking of the American manufacturers as a whole.

Mr. NEWMAN. That is probably true.

Mr. FORDNEY. What has he done in the way of boosting prices? Has he done anything since the adoption of that law?

Mr. NEWMAN. No, sir.

Mr. FORDNEY. What is the relative class of your goods now going to the consumer as compared to the time prior to the adoption of the existing tariff law? Is it higher or lower?

Mr. NEWMAN. I believe it is lower.

Mr. FORDNEY. Then you have not taken advantage of this increased rate of duty?

Mr. NEWMAN. We have not.

Mr. FORDNEY. It has encouraged home competition, which has caused the prices to the consumer to be lower?

Mr. NEWMAN. Exactly.

Mr. FORDNEY. It is a pretty good law, is it not?

Mr. NEWMAN. It strikes me as a good law. It has helped us to increase our business.

Mr. FORDNEY. It strikes me, too, as a good law. American labor is employed, American capital is employed, and the American consumer gets good prices.

Mr. PALMER. You and Mr. Fordney on one side and about all the American people on the other side?

Mr. FORDNEY. No; you represent a million and a half less than the popular vote of this country. [Laughter.]

Mr. PALMER. But not on this question.

The CHAIRMAN. You do not take into consideration that the Government has any rights in this matter at all, do you?

Mr. NEWMAN. I believe the Government has all the rights.

The CHAIRMAN. We levy a tax upon a commodity which you are making, and we give you a right to collect part of that tax by raising your rates above what you could otherwise get for it. You want to maintain the rate so that you get all the taxes levied upon this commodity and the Government gets none, because it is so prohibitive

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that nothing can come in and the Government will get no tax. Do you think that is square or fair for the Government?

Mr. NEWMAN. I do not think we are getting it all, because our prices are not anywhere near the import prices; that is, the difference in rate of duty, if added to our prices, would make our prices considerably more than we are actually getting for the goods.

The CHAIRMAN. If you had a charge for coming through that door there [indicating] so high that nobody would come through it, you would get no return, would you?

Mr. NEWMAN. The Government is getting revenue out of the wool we are using.

The CHAIRMAN. I am asking about your particular commodity. You admit you have a rate so high it is practically prohibitive. If the Government gets no return from the tax levied—

Mr. NEWMAN (interposing). We are employing labor, and the Government gets taxes from them.

The CHAIRMAN. No; the Government does not collect its taxes from the laborer.

Mr. NEWMAN. Indirectly.

The CHAIRMAN. Do you not think it is proper that this tax should be adjusted so that in the collection of it you should not get it all, but that the Government should get a small portion of it?

Mr. NEWMAN. That is for you gentlemen to decide. That is a little too deep for me.

Mr. LONGWORTH. How does your price compare now with value plus the duty?

Mr. NEWMAN. It is considerably less.

Mr. LONGWORTH. How much less? Take any particular article that you sell at a certain price and tell us what would be the price of that article based on the import value plus the duty.

Mr. NEWMAN. I should judge there would be a difference of about 25 to 33 per cent on the selling prices of the goods.

Mr. PALMER. Then what is the use of having so much duty?

Mr. FORDNEY. It stimulates domestic production.

Mr. NEWMAN. As I said before, we want to stay in business.

Mr. PALMER. You want that much protection above you, so that if necessary you can get up that far and not let the foreigner come in?

Mr. NEWMAN. Our aim is to keep it that far so we can stay in business, and we will keep the foreigner out. We will fight the foreigner as long as you give us an even break or very near it.

Mr. PALMER. You will agree to fight the foreigner if we will keep him out? [Laughter.]

Mr. FORDNEY. The chairman has pointed out that under the existing low rates the duties are so high that there is no money going into the Treasury of the United States on imports on the kind of goods you produce?

Mr. NEWMAN. Yes, sir.

Mr. FORDNEY. The people of this country are the Government, and instead of getting the money through the Treasury they are getting it directly into their pockets by lower prices that you are giving them. Is not that right?

Mr. NEWMAN. Undoubtedly.

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Mr. FORDNEY. That is a little better way of benefiting the Government?

Mr. PALMER. And the poor manufacturer gets nothing? [Laughter.]

Mr. FORDNEY. We can get the revenues; there are plenty of ways of getting revenue without taking it out of the common people.

Mr. NEWMAN. I am glad you suggested that, and I hope the chairman will consider it. [Laughter.]

BRIEF OF A. J. FRIEDLANDER, MILWAUKEE, WIS.

M. FRIEDLANDER KNITTING CO.,
Milwaukee, Wis., February 11, 1913.

The HOUSE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

Attention of Hon. Oscar W. Underwood, chairman.

GENTLEMEN: As the secretary and treasurer of the M. Friedlander Knitting Co., a corporation employing about 500 people in the manufacture of knit gloves and mitten exclusively, I wish to submit the following brief for the consideration of your committee, showing the absolute necessity of a tariff equal to the one now in existence on our line of merchandise:

We represent an industry that is brought into the closest kind of competition with European manufacturers, and even with the existing duties of 44 cents per pound and 60 per cent ad valorem we are unable on account of the enormous advantage they enjoy over us in the way of cheap labor and long hours to compete with them on certain lines of our goods.

It is an absolute fact that almost 85 per cent of the ladies' and children's wool and knit gloves worn in this country to-day are imported, this in spite of the existing tariffs, and the only salvation of the American manufacturer to-day is the specific duty imposed on our lines of goods, which makes it possible for us to compete with the foreigners on the heavier lines of ladies' goods and the men's and boys' lines, which represent about 90 per cent of our business, and an elimination of the existing specific duty on this goods would simply take this line of business away from us and force us, as well as about 50 other mills in our line of business, either to reduce our wages to the basis of European labor or close up our plants.

Our line of goods is peculiar in the fact that labor represents almost 50 to 60 per cent of the cost of manufacture, and a slight reduction in the cost of raw material would be of no benefit to us if the duty on the manufactured article is going to be materially reduced.

The foreign manufacturer can procure his raw material and his machinery just as cheap as we can, and when it comes to labor they have us absolutely at their mercy.

Our knitters can earn on the average of \$1.50 to \$2 a day, working on a basis of 9 hours a day, or 54 hours a week, while in foreign factories they can procure the same help for about \$3.50 to \$4.50 per week and work them if they wish 24 hours a day. Even our small apprentice girls who work at finishing and spooling while learning the trade can earn from \$4.50 to \$6 a week and work only 8 hours a day, or 48 hours a week, while this class of help can be procured in foreign factories for almost nothing. Your committee can readily see that it is of course absolutely impossible for us to compete with these factories without protection, unless we bring our labor down to the basis of the European factories, which, to our minds, in this country would result in a condition worse than white slavery.

It is also a known fact that the consumer does not reap any benefit of the American importer being able to land foreign gloves cheaper than we can produce them, as the knit-glove business in this country to-day has resolved itself into a 25 and 50 cent proposition, and the difference in the cost of the foreign and American glove only results in a longer profit for the big importer and retailer in handling foreign goods in preference to domestic, at the cost of added employment for thousands and thousands of American wage earners. In fact, a good many of the larger importers in this country have absolutely refused to place any contracts whatever for the coming year with American manufacturers, using as an argument that if the new administration puts

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their policy of general reduction of the tariff in force they will not handle any American goods whatever, and this season is the first since 1896 that we have been face to face with such conditions.

The knit-glove and mitten industry is as legitimate as any industry in this country; the business is done on a closer margin than almost any other line of business; the producing of our goods is very slow, and the making of experienced operators is a very slow, tedious, and expensive proposition, as there is absolutely no automatic machinery in our line of business, everything being up to the operator.

It takes us from four to six months to develop an experienced operator, and then after a girl has worked at this trade for almost a year the best she can do is to produce on an average about 27 to 36 pairs of gloves a day, which makes our cost of production very high in comparison to those lines of textile industry using automatic machinery.

At the very best there is no branch of the textile industry in this country that can stand for any reduction in the tariff rates now imposed, but to our particular line it would mean absolute destruction.

The knitting industry is as clean and healthful an occupation as female labor can possibly find, and under the protection of the existing tariffs we have been able to increase our wages from year to year, until to-day our industry gives as good employment to female labor as they can possibly find in any other line of industry, and we beg of your committee to consider this line of manufacture very carefully when working on Schedule K for the new tariff, as any material reduction in the duty now existing would either force us to reduce our wages down to a basis of European manufacturers or close up our factories, throwing thousands and thousands of employees out of employment.

If your committee would like any further statistics and facts regarding our line of business, allow me to offer my services whenever they should see fit to ask any questions of us.

Yours, respectfully,

M. FRIEDLANDER KNITTING CO.,
A. J. FRIEDLANDER, *Secretary and Treasurer.*

**BRIEF ON WOOL HATS, SUBMITTED BY RALPH S. TOMPKINS,
OF DUTCHESS HAT WORKS, FISHKILL ON THE HUDSON, N. Y.**

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: I am engaged in the manufacture of wool hats.

My factory is located at Fishkill on the Hudson, Dutchess County, in the State of New York.

The business was established in 1874 by my father, the late Lewis Tompkins, and has always been known as The Dutchess Hat Works.

After my father's death, in 1905, the business was incorporated under the same name, and the capital stock divided between my mother and sisters and myself, representing our respective interests in the business, and I am president and treasurer of the company and actively engaged in the management of the same.

Wool hats and wool-hat bodies are included under the present tariff act in paragraph 382 of Schedule K, as "Articles of wearing apparel * * * composed wholly or in part of wool," and the duty per pound is four times the duty imposed on 1 pound of unwashed wool of the first class—that is, 44 cents a pound, and in addition thereto 60 per cent ad valorem.

Much has been written and reported in various public documents in recent years relative to the wool industry in general, but very little, if anything, has been said about the wool-hat industry in particular. The process of manufacture of the wool felted hat differs materially in essential features from the manufacture of woven wool and worsted fabrics and wearing apparel, which are included in the same paragraph under the present tariff act.

The manufacture of wool hats comprises a small percentage of the total wool industry.

Wool hats and wool-hat bodies are properly included in Schedule K, as they are manufactured from wool and noils, and should not be confused with fur or fur felt hats, which are made from the fur of the rabbit, muskrat, and similar animals, which under all recent tariffs have been admitted free on the skins, in which form practically all the furs used in the fur-hat industry are brought to this country.

The principal materials used in the manufacture of wool hats are wool and wool noils. The wool is obtained in the grease and the noils in the form of combings from the yarn or worsted mills.

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Both the wool and the noils require scouring before they can be used in the manufacture of wool hats. This is the first process.

This stock is then dried, picked, and dusted, then mixed, carded, hardened, fulled, dyed, washed, and twisted. The process to this point is analogous to that employed in the manufacture of felt cloth.

From this point the hats are put thorough the following processes:

Drying, pouncing, stiffening, redrying, stretching, seasoning, and stamping or blocking, finishing, buffing, redrying, pressing, trimming, sweating, and machine work, flanging and packing. These latter operations are similar to that employed in the manufacture of fur felt hats.

The combined processes, therefore, require an extensive plant, a vast amount of heavy power machinery, and an abundant water supply.

The division of factory costs as applied to the typical wool hat is approximately as follows:

	Per cent
Wool.....	30
Trimmings (band and sweat).....	29
Direct labor.....	26
Indirect labor, including packing, boxing, casting, together with all other factory costs.....	15

It will be noted that 59 per cent of the factory cost of the hat is made up of wool and trimmings.

Raw scoured wool such as is used in the manufacture of wool hats is subject, under the preset tariff, to a duty of 33 cents per pound.

The band on the hat is protected by a duty of 50 per cent. The leather sweat by a duty of 40 per cent; and if a lining is used, the satin is subject to a duty of from 50 to 75 per cent, depending on the quality.

The extra cost of the wool, together with the shrinking incident to its manufacture, is compensated by the duty of 44 cents a pound on the weight of the finished product, but there is no offset or compensation for the duty on the trimming other than that covered by the ad valorem duty of 60 per cent on the finished product, which, as applied to wool hats is sufficient only to cover the increased cost of labor, plant, and other expenses of manufacture in this country.

The hat made of fur, commonly called the fur felt hat, as distinguished from the wool felt hat, by reason of the fact that fur on the skin is entered free of duty, can be produced at all prices from \$7 per dozen upward, and from \$10.50 upward is vastly superior to the wool hat produced at the same price, so that there is practically no market for a wool hat manufactured to sell at a price over \$10.50.

On the other hand, a wool hat can not be profitably produced at a grade sufficiently low to compete with the hats and caps of cloth, which sell at less than \$4.50 per dozen, so that the wool-hat market is practically confined to grades between \$4.50 and \$10.50 per dozen, and a hat of the \$9 grade may be taken as a typical illustration of this product.

An analysis of the cost of production of this \$9 hat in our own factory, based upon a total production of 54,000 dozen of men's hats, is as follows:

Average cost expense and material per dozen (shipped).

Wool, 3 $\frac{3}{4}$ pounds, at 54 cents.....	\$2.16
Band, 12 yards, at \$1.83 for 18 yards.....	1.22
Leather, \$6.75 per gross, at 18 cents a dozen for making up.....	.75
Elastic, at \$1.50 gross yards.....	.10
	2.07
Labor:	
Salary and supervision.....	.07
Making.....	1.17
Finishing.....	.35
Trimming.....	.22
	1.81

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Materials used in processing: Alcohol, glue, and shellac; burlaps and duck; dyestuffs; fuel; flour and whiting; lumber; office supplies; rosin, borax, and sal soda; stable expense; strawboard and paper; supplies; soap.....	\$ 67
Miscellaneous expenses: Freight, gas, insurance, interest, repairs and maintenance, taxes, truckage.....	.39
	\$1.06
Total factory cost.....	7.10
Selling expenses.....	.45
	7.55
Total cost.....	7.55
Discount to customers.....	.90
	8.45
Profit.....	.55
	9.00

From the foregoing it will be seen that on this hat there is a profit of only 0.073 per cent on the cost of production and sale.

On the lower grades the profit is proportionally less, and on the higher grade hat which sells for \$10.50, the additional profit is largely offset by the increased cost of the trimming, as the body is usually the same.

The importation of wool hats has more than trebled during the last year.

The following statement of importations is taken from the Reports on Commerce and Navigation of the Department of Commerce and Labor, showing the following importations of wool hats since 1907, up to and including the fiscal year 1912:

	Pounds.	Value.
1907.....	9,616	\$15,900
1908.....	32,592	51,363
1909.....	28,923	49,439
1910.....	19,557	33,305
1911.....	19,630	47,145
1912.....	87,675	171,923

The foreign manufacturer, by reason of his cheaper labor and free raw material, notwithstanding the present duty, is able to compete in this market with the product of our own mills.

The Government statistics relating to the woolen industry show that the rate of wages paid in this country averages more than 100 per cent greater than the foreign rate.

That the whole mode of living and surroundings of the people employed in exactly similar work in this country is vastly superior to that which prevails abroad.

Much of the rough labor of hat making abroad is performed by women and is of a character which compels them to work in steam and dust and wet. In this country it has been customary, up to the present, to employ only men in work of that character.

In Senate Document, volume 46 (61st Cong., 2d sess., 1909-10), page 113, it is stated, referring to the clothing trade in the United Kingdom, which included hats, "A larger number of women and girls is included in those industries than in any other group except domestic service."

The hours of labor in Italy, Germany, and England, in the hat industry, are very much longer than in this country, and child labor is prevalent, especially in Italy, where the largest wool hat factories of the world are situated.

In the States in this country in which hat factories are situated 16 years is the allowed age, with many other limitations as to age and sex and as to working beyond prescribed hours.

The present tendency is for closer restrictions in these particulars and additional expense in the safe guards and insurance to be provided by manufacturers for the benefit of employeess.

With the present duty on wool, the American manufacturer is confined exclusively to the American market, whereas the foreign manufacturer, in nearly all instances, will be able to sell in practically all the markets of the world, especially those in the Southern Hemisphere. As wool felt hats are worn in any considerable quantities only

PARAGRAPH 382—FELT.

during the winter season, the foreign manufacturer has a tremendous advantage in being able to run his works to their full capacity for a much longer portion of the year than it is possible for the American manufacturer, who has to carry his organization over a long dull season.

In general, the wool hat industry in this country is conducted by individuals, firms, or corporations, none of whom have been formed by consolidation or merger with any other concerns heretofore existing. Such corporations as exist are either family affairs or concerns organized by local subscriptions in towns where they are located. The competition is genuine and keen.

As the present specific duty on wool hats is to compensate the manufacturer for the extra cost of his raw material by reason of the duty on wool, if it should be determined to reduce the duty on wool, an equivalent reduction in the specific duty on wool hats and hat bodies would be acceptable to me.

It is respectfully submitted that no other or further reduction should at this time be made in the duty on wool hats and wool hat bodies than is to be compensated by an equivalent reduction of the duty on wool.

Respectfully submitted.

RALPH S. TOMPKINS.

FELT.

MEMORANDA IN RE IMPORTATION CATTLE-HAIR FELT.

GLASS UTILITIES Co.,
Pittsburgh, Pa., January 23, 1912.

HON. OSCAR W. UNDERWOOD,
Washington, D. C.

SIR: I had the honor of calling on you in March last in Washington, in relation to the duty assessed upon cattle-hair felt which has been classified by the appraiser general under the head of wool felt, and subject to a duty approximating 400 per cent, rendering the importation prohibitive. We imported some of this merchandise in the latter part of 1910, when the Government assessed a duty at the rate of 20 per cent ad valorem under the paragraph of the tariff act which covers all manufactured articles not specially enumerated.

On January 27, 1911, the appraiser general rendered a decision that cattle-hair felt was to be held dutiable under paragraph 382 of the tariff act as "felt not woven composed wholly or in part of wool." The contention of the Government was not that the felt contained wool to an appreciable extent, or in fact any wool at all, but that by virtue of the operation of the similitude clause of the tariff act the article was held dutiable at the same rate as wool felt not woven, at the rate of 44 cents per pound and 60 per cent ad valorem. It will readily be seen that as this material has to be sold at 35 cents per pound to compete with the all-wool felt, the payment of 44 cents per pound in addition to the original cost, freight, and a further assessment of 60 per cent ad valorem makes the importation impossible.

This cattle-hair felt is used as a raw material in the process of the manufacture of plate glass, and is used for the rubbing blocks for polishing the glass. At the present time an all-wool felt is used at a price of about 60 cents per pound, but as the cattle-hair felt answers the purpose equally well, it will be seen that the lower price of the cattle-hair felt is a great advantage to the industry.

There are in this country 11 plate-glass manufacturers, who are anxious to import this article with a view to reducing the cost of their product in competition with the foreign manufacturer of glass. Besides these independent factories there is the Pittsburgh Plate Glass Co., who were using this felt almost exclusively before the decision of the customs officials to assess the felt at the same rate as wool. The quantity of felt used by the combined manufacturers would be approximately 550,000 pounds, and taking the difference between the price of the wool felt at 60 cents and the cattle-hair felt at 35 cents per pound there would be a saving of \$137,500 per annum to the industry.

This cattle-hair felt is not manufactured in this country. It is a secret process. The labor employed is of a low class, not obtainable in this country.

The company with whom I am connected have purchased and have in bond \$1,500 worth of the felt, which can not be brought in under present conditions.

I would be obliged if you will advise me what steps I shall take to bring this before your committee, with a view to obtaining some modification of the classification in

PARAGRAPH 382—FELT.

the tariff act. My clients, the plate-glass companies, will all give me letters or sign a petition to the effect that the importation of the article under a reasonable tariff would be a benefit to them.

Respectfully,

J. W. CRUIKSHANK.

[Extract from court ruling. Appeal of Pittsburgh Plate Glass Co against the United States. In re tariff levied on felt.]

It may be extremely regretable that the court by the often and well-considered rules of decision is compelled to a conclusion which in this particular instance seems to work a hardship. Nevertheless, it is better to visit that unhappy result in a particular case than it is for a court to assume, in any case whatsoever, to set at naught the well-settled rules of construction and madnates of the statute in order to reach a result however more desirable. The matter then becomes a subject for legislation. Legislation can be neither certain nor effective, nor can the rights and properties of the citizen ever become fixed and certain, except in the presence of strict adherence to the rules of judicial interpretation by the courts.

GLASS UTILITIES CO.,
Pittsburgh, Pa., March 2, 1911.

Mr. W. L. KANN,

*Vice President and General Manager, Penn-American Plate Glass Co.,
Pittsburgh, Pa.*

DEAR SIR: The felt shipped on your recent order is held in the Pittsburgh custom-house, with duty assessed thereon at 44 cents and 60 per cent ad valorem. In view of the price at which this felt is sold, you will see that it is quite impossible to pay this duty, and the shipment will be indefinitely held unless the Treasury Department make a new ruling on this commodity.

Under paragraph 382 of the tariff act 1909, "Felts not woven and not especially provided for, composed wholly or in part of wool, are assessed at the rate of 44 cents and 60 per cent ad valorem." The Government has assessed cattle-hair felt at the same rate under operation of the similitude clause, in that it is a felt, not woven, and is used for the same purposes as the all-wool felt. They have attempted to show that the felt contains wool fibers, but the experts differ among themselves on this point.

The ruling seems very unfair, in that it makes the importation of this material prohibitive, and as it is a product used in manufactures for an American industry, it would appear that the decision of the Appraiser General might be revised. I am going to Washington to present the matter before the Secretary of the Treasury, and would ask you to give me your cooperation by writing me stating that you are an interested party to the importation of this felt and you consider it advantageous to your industry to be able to import the article at a lower rate of duty. I would suggest incorporating the statement that the comparative cost of wool felt in the manufacture of plate glass is a comparatively high and unnecessary one, and it can with advantage be replaced by cattle-hair felt with a corresponding benefit to your industry.

I trust you may find it convenient to write me by return mail on this matter as I expect to be in Washington on Tuesday, and that I may count on your full cooperation to our mutual interests.

Very truly, yours,

GLASS UTILITIES CO.
J. W. CRUIKSHANK.

PENN-AMERICAN PLATE GLASS CO.,
Pittsburgh, Pa., March 3, 1911.

Mr. J. W. CRUIKSHANK,

The Glass Utilities Co., Pittsburgh, Pa.

DEAR SIR: Replying to your letter of the 2d and referring to conversations which we have had recently, regarding the order for hair felt which we placed with you some time ago, and which you advise us has arrived and is in bond ready to deliver but has been held up in the Pittsburgh customhouse from the fact that it has been assessed at 44 cents per pound and 60 per cent ad valorem, asking whether we would cooperate with you to bring the attention of the authorities to the wrong position they are taking in construing the tariffs on this article.

PARAGRAPH 382—FELT.

In reply beg to state that the ruling undoubtedly is unfair and their deductions are unwarranted.

In the first place, up to the present time to the best of my knowledge no felt for polishing plate glass, to which use we put this article, has been made in the United States from cattle hair. All we have heretofore used and are using, and that which is being used by practically every one of the manufacturers of plate glass, is made out of wool.

We find in the trials we have given this cattle-hair made felt that it is effective and will answer the purpose comparatively with the wool made felt, and as cattle-hair felt is very much less in cost than wool it is plain to be seen that the article can be produced for less money and should be encouraged, and of course will be helpful to the American industries using it, if permitted to come over at a reasonable tariff, until at least such a time as the article will be made in this country.

I am relying of course upon your statement and that of the experts, that the manufacture of the felt which you have sold us, of which this is a duplicate, is made entirely of cattle hair, and that being the case this can easily be proven. We think that the department having their attention called to this fact will see the injustice of their ruling and modify the same.

Cattle hair used for this purpose is worth from 1 cent to 2½ cents per pound extreme, while wool suitable for the same purpose for felts costs as you know very many times that price.

The department would be acting within their province we think if they would allow this felt to come over free of duty, as long as there is none of it made in this country for this specific purpose, if they can find a way of safeguarding the same so that it will only be used for the purpose it is intended. But against that it would be fair that we should pay a reasonable duty, and we think this would stimulate imports and give the Government a source of revenue, and that is the purpose of the tariff particularly when the article is not made in this country.

We are much interested in having you get this matter clear before the department on its merits, and will do anything we can consistently to assist you in that direction.

You may use this letter or such portion of it as you wish for the purpose of your argument, and we are willing to appear at any time before the department at Washington with you.

Very truly, yours,

PENN-AMERICAN PLATE GLASS CO.,
W. L. KANN, *Vice President.*

BRIEF OF THE BYFIELD WOOLEN CO., BOSTON, MASS.

BOSTON, MASS., *February 12, 1913.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: I beg to call your attention to numerous misstatements of facts in the evidence submitted to your committee in regard to cattle-hair felt. This evidence appears in a pamphlet entitled:

"Tariff Schedules, No. 19, Hearings before the Committee on Ways and Means, House of Representatives, on Schedule K, Wool, and Manufactures of. Dated January 27, 1913, evening session."

First. There are 12 plate-glass companies in this country, only 1 of which uses cattle-hair felt, and only 1 is equipped with machinery suitable for the use of cattle-hair felt.

Second. Cattle-hair felt for polishing glass is made in this country. Our average production of it for the last three years has been about 300,000 pounds. Besides this many hundred tons of felt of exactly the same construction, only in thinner sheets, is made in this country for use as wadding in cartridges.

Third. The average price on this felt to the glass manufacturers has been 33 cents. Our labor and manufacturing cost alone has been from 13 to 15½ cents per pound.

Fourth. The cost to the glass manufacturers on this felt when imported three years ago, before the ruling of the United States Treasury Department, under a 20 per cent duty, was 18 to 20 cents. Since that time labor has advanced at least 15 per cent and hair more than 20 per cent.

Fifth. The manufacture of this cattle-hair felt comprises two-thirds of our felt production. Without protection felt manufacturers in this country can not compete with the low cost of labor abroad, and an American industry of considerable proportions would be destroyed.

Respectfully submitted.

ALFRED S. WILLIAMS, *Treasurer.*

PARAGRAPH 382—FELT.

STATEMENT OF RICHARD RANFT, OF NEW YORK, REGARDING PIANO FELTS.

My firm, Richard Ranft, has been importing these piano felts from Germany since about 1856.

Up to 1883 our felts had been classified as manufactures of wool not otherwise specified at 35 cents per pound and 40 per cent ad valorem; in the McKinley bill they appeared for the first time in the ready-made clothing clause in conjunction with plushes and pile fabrics, at 49½ cents per pound and 60 per cent ad valorem; the Wilson bill properly classified them as felts not specially provided for, in paragraph 284, at 50 per cent ad valorem when valued at over \$1.50 per pound and 45 per cent ad valorem at under \$1.50 per pound. In the Dingley bill our felts were placed back in the ready-made clothing clause, paragraph 370, at 44 cents per pound and 60 per cent ad valorem as "Felts, not woven and not specially provided for," and which rates of duties and classification remained in force for these felts in the Aldrich-Payne tariff, being kept in this clothing clause, notwithstanding my efforts made at the time to get these felts a separate rating, have them specially mentioned, in order to get them out of the clothing clause, the rates of which call for duties ranging from 95 to 115 per cent ad valorem on the finished product.

I have not and do not now ask for lower rates of duty as against other manufactures of wool, but I do ask for a separate paragraph for "piano felts, not woven," in the new tariff to come, to have them specially mentioned and provided for as "piano felts, not woven, in sheets or rolls," with duties as applied to other manufactures of wool; or if a separate paragraph for felts can not be granted, ask them to be placed as "manufactures of wool" in the omnibus clause, not provided for and at rates of duty as called for in this paragraph.

These piano felts come in sheets 36 inches wide, 38 to 45 inches long, tapering in thickness from 1½ inches to ¼ inch in thickness, and weigh from 10 to 18 pounds per sheet and certainly have nothing in common with clothing. The plush and pile fabric folks were successful in getting their goods taken out of the clothing clause long ago; but all my efforts in the same direction availed me nothing, felts having been retained in the paragraph calling for the highest rates of duty for some special cause and reason.

My importations of these felts are large enough to warrant giving them a special paragraph, averaging in weight about 60,000 pounds per annum, valued at from \$80,000 to \$100,000.

It is my belief that luxuries should and ought to pay the very highest rates of duties. If anybody desires his or her clothes made in Paris or London, they should be made to pay well for this privilege; but if luxuries are to be increased, my felts, if still remaining in this ready-made clothing clause, would also be subjected to this increase of duties, and this is the sole reason why I desire piano felts to be taken out of this clause and be specially provided for in a separate paragraph. Our imported felts are not luxuries; on the contrary, are a necessity to the makers of artistic pianos in this country, nine-tenths of which I supply these felts to, because of their even, uniform qualities, which the makers of artistic pianos in this country believe as best adapted to their requirements, and therefore almost exclusively used by them in their artistic pianos.

RICHARD RANFT,
213 East Nineteenth Street, New York.

PARAGRAPH 383—EMBROIDERED FLANNEL.

PARAGRAPH 383.

Webbings, gorings, suspenders, braces, bandings, beltings, bindings, braids, galloons, edgings, insertings, flouncings, fringes, gimps, cords, cords and tassels, ribbons, ornaments, laces, trimmings, and articles made wholly or in part of lace, embroideries and all articles embroidered by hand or machinery, head nets, nettings, buttons or barrel buttons or buttons of other forms for tassels or ornaments, and manufactures of wool ornamented with beads or spangles of whatever material composed, any of the foregoing made of wool or of which wool is a component material, whether containing india rubber or not, fifty cents per pound and sixty per centum ad valorem.

EMBROIDERED FLANNEL.

TESTIMONY OF A. H. KURSHEEDT.

Mr. Kursheedt was duly sworn by the chairman.

Mr. KURSHEEDT. Mr. Chairman and gentlemen of the committee, this is in relation to paragraph 383, Schedule K.

I desire to show you a sample of what is termed "embroidered flannel" [exhibiting sample]. This is an article that was originally introduced in this country and about a half a million dollars' worth made. There are several factories that are dependent upon it as a class of manufacture. There is one in Tennessee, another one in Illinois, several in New Jersey, and one in New York. These goods are made on what is termed a "hand-embroidering" machine, and there may be 1 or 2 per cent made on what is called the automatic embroidering machine. They belong to the same industry, the articles of which yield to the Government a revenue of about \$15,000,000, and they are made in some cases in the same factories; that is, embroideries and embroidered laces.

The CHAIRMAN. Paragraph No. 383 relates to webbings, gorings, suspenders, etc. You said that is in 383.

Mr. KURSHEEDT. How is that?

The CHAIRMAN. Did you not say that article was in paragraph 383?

Mr. KURSHEEDT. I think so.

The CHAIRMAN. Paragraph 383 relates to webbings, gorings, etc.?

Mr. KURSHEEDT. They come in under the head of embroideries and wool.

Mr. HULL. What is the ad valorem equivalent of the rate?

Mr. KURSHEEDT. What is that?

Mr. HULL. What is the ad valorem equivalent of the rate on your product?

Mr. KURSHEEDT. I do not know now. The goods have not been imported at all in the last 30 years. It is an article that has been introduced here, and I do not know that there is any at all in Europe or anywhere else, so that the question of the rate of duty at the present moment has really never arisen, and I never have had any occasion to calculate it.

Mr. HULL. It is immaterial, then, whether it is high or low?

Mr. KURSHEEDT. Not so. The present rate of duty has not invited parties to export the goods to this country.

Mr. HULL. It has kept out importations?

Mr. KURSHEEDT. I do not think they know that such an article exists, because I have not seen the article sold in Europe as we sell it

PARAGRAPH 383—EMBROIDERED FLANNEL.

here, and, as I stated, it has practically been introduced in this country by the manufacturers here as a specialty for this country.

Mr. HULL. It has been in use here for 15 or 25 years?

Mr. KURSHEEDT. Oh, yes; longer.

Mr. HULL. Longer than that?

Mr. KURSHEEDT. It superseded what was termed the "hand-embroidered" flannels, and I suppose they were made before I was born.

Mr. HULL. Pardon me for interrupting you. I just wanted to get that information.

Mr. KURSHEEDT. Yes.

In relation to the automatic embroidering machine, I wish to make a few remarks, because some statements were made on that subject on Saturday morning by a representative of an importers' association.

Those machines have been in use in this country since about 1892. They are an American invention, and in 1897 a machine was sent to Europe, which served as a model for the house of Loeb & Schoenfeld, who were interesting themselves in Europe in this invention, and equipped their factory in Switzerland. In 1907 they purchased all the European rights, and in 1908 they purchased practically all the rights in the United States, the vendor reserving the right to use a limited number of machines. Loeb & Schoenfeld operate factories under different names in Europe, and they operate the largest plant in the world in Switzerland. They also have the largest plant in this country. They import into this country almost the entire production of their plant in Switzerland. Under the present tariff they have one-fifth of their machines in this country and four-fifths in Switzerland.

Now, Mr. Loeb and Mr. Schoenfeld are citizens of the United States, and as the tariff stands to-day they are practically forced to manufacture their goods in Europe and bring them to this country. So we are not overprotected.

There was a remark also made that no one would import an embroidery machine without the Automat, because it would be obsolete when the Automat came on the market here. Now, the Automat is really an auxiliary machine and can be attached to any embroidering machine, and anyone can buy in Europe the most modern embroidery machine, to which an Automat can be attached.

In relation to the duty on this embroidered flannel, all we wish is a duty fixed so that we can continue to make it. It is impossible for me to say what that duty ought to be, because I am naturally in doubt as to what duties will be fixed upon our raw materials.

The CHAIRMAN. How much of this particular article, this embroidered flannel, is made in this country?

Mr. KURSHEEDT. About half a million dollars' worth.

The CHAIRMAN. The total importations in all of this schedule were about \$72,000.

Mr. KURSHEEDT. On these particular goods, Mr. Chairman—

The CHAIRMAN. The importations in all of this paragraph only amount to about \$72,000.

Mr. KURSHEEDT. I doubt whether any embroidered flannel has been imported for 30 years. I have no information concerning it.

PARAGRAPH 383—EMBROIDERED FLANNEL.

The CHAIRMAN. The total paragraph, including everything in it, had only \$72,000 imports, and the Government figures the ad valorem rate on the whole paragraph as 82 per cent, so that the paragraph as it stands to-day is prohibitive, is it not?

Mr. KURSHEEDT. As I explained, that article is made altogether by domestic manufacturers. I do not think that the importers really know of its existence. In fact, a gentleman who spoke on Saturday said that these goods on the woolen schedule were used only when the fashions came in. I doubt if he knows that there is such an article in existence. At the same time, in preparing these schedules, the duties might be fixed so that this industry would be wiped out and those factories entirely closed.

The CHAIRMAN. Do you admit that the present rate is not competitive at all on these particular articles?

Mr. KURSHEEDT. I do not really know, because you can not have competition unless your competitor knows that such an article can be sold.

The CHAIRMAN. Well, there is none coming in.

Mr. KURSHEEDT. How is that?

The CHAIRMAN. Practically none of this particular article comes in.

Mr. KURSHEEDT. I have not known of any coming in within the last 30 years, and I have never seen the article in Europe. It is practically unknown to foreign manufacturers.

The CHAIRMAN. Have you any suggestion to make as to what would be a competitive rate?

Mr. KURSHEEDT. Well, I can not say until I know how the plain flannels and the other materials we use are to be assessed.

The CHAIRMAN. That is all.

Mr. KURSHEEDT. I am much obliged.

BRIEF OF THE ASSOCIATION OF AMERICAN EMBROIDERY & LACE MANUFACTURERS (INC.).

Paragraph 383, Schedule K, customs tariff law of 1909.—Webbings, gorings, suspenders, braces, bandings, beltings, bindings, braids, galloons, edgings, insertings, flouncings, fringes, gimps, cords, cords and tassels, ribbons, ornaments, laces, trimmings, and articles made wholly or in part of lace, embroideries and all articles embroidered by hand or machinery, head nets, nettings, buttons or barrel buttons or buttons of other forms for tassels or ornaments, and manufactures of wool ornamented with beads or spangles of whatever material composed; any of the foregoing made of wool or of which wool is a component material, whether containing india rubber or not, 50 cents per pound and 60 per cent ad valorem.]

JANUARY 27, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives.

Mr. CHAIRMAN AND GENTLEMEN: In this industry we embroider upon the finest woolen fabrics, such as must necessarily pay the highest rates of duty. Therefore, in order not to discriminate against the domestic industry, the duty on woolen embroideries and laces under paragraph 383, Schedule K, should be assessed at a commensurate rate.

The rates to be levied upon these articles may best be determined after those upon the woolen fabrics, etc., are fixed.

Respectfully submitted.

ASSOCIATION OF AMERICAN EMBROIDERY AND LACE MANUFACTURERS (INC.),
N. W. KURSHEEDT, *President.*

PARAGRAPH 383—DRESS TRIMMINGS.

DRESS TRIMMINGS.

BRIEF OF IMPORTERS OF DRESS TRIMMINGS.

[Substituting a straight ad valorem duty for the present compound duty on dress trimmings under paragraph 383 of the tariff act of 1909.]

NEW YORK, *February 5, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
 House of Representatives, Washington, D. C.*

DEAR SIR: The object of this brief is primarily not to secure a reduction of the present duty, but to recommend the substitution of a straight ad valorem for the present compound duty.

Dress trimmings containing wool to any extent whatever are dutiable under paragraph 383 of the present law, which reads as follows:

383. "Webbings, gorings, suspenders, braces, bandings, beltings, bindings, braids, galloons, edgings, insertings, flouncings, fringes, gimps, cords, cords and tassels, ribbons, ornaments, laces, trimmings, and articles made wholly or in part of lace, embroideries, and all articles embroidered by hand or machinery, head nets, nettings, buttons or barrel buttons or buttons of other forms for tassels or ornaments, and manufacturers of wool ornamented with beads or spangles of whatever material composed; any of the foregoing made of wool or of which wool is a component material, whether containing india rubber or not, 50 cents per pound and 60 per cent ad valorem."

STATEMENT OF THE CASE.

The compound duty of 50 cents per pound and 60 per cent ad valorem is the highest rate levied on dress trimmings of any material and the highest rate levied upon any article under Schedule K. Yet there seems to be less reason for imposing so high a rate on dress trimmings than there might be in the case of some other articles, and we beg leave to submit our reasons against the present compound duty.

SO-CALLED COMPENSATORY RATE A PROTECTION IN DISGUISE.

1. The specific rate of 50 cents per pound on dress trimmings is supposed to be compensatory for the duty on raw wool which enters into the cloth. Granting, for the sake of argument, that there should be a compensatory duty, as long as a specific duty is levied on raw wool, there can be no justification for a duty of 50 cents per pound. Even on cloth consisting wholly of wool the highest compensatory rate under the present law is 44 cents. This rate has been proven to be excessive by the report of the Tariff Board. In dress trimmings, however, wool enters to but a slight extent, the component material of chief value being the ornamental parts, such as beads of glass or metal, spangles, tinsel, silk² thread, etc. Such being the case, the compensatory duty, if anything, should be lower on trimmings than on cloths. Instead the rate is 50 cents on trimmings as against 44 cents on cloths.

The so-called compensatory rate of 50 cents being levied on the entire weight of the trimmings instead of on the woolen contents, it is virtually a duty on glass, gelatin, metal, and silk, and not on wool, and can not be justified even on protectionist grounds, since the present tariff law, drawn on avowedly protectionist principles, provides for no such specific rates on trimmings composed of those materials.

We attach sample of a dress trimming dutiable under paragraph 383, from which it will be seen that the weight of wool is about 22 per cent of the total, so that of the duty of 50 cents per pound 39 cents is levied on the spangles and other materials entering in the composition of the article and only 11 cents is properly chargeable to wool.

We are therefore justified in saying that the so-called compensatory duty is practically a disguised protective duty which is levied in addition to the ad valorem duty of 60 per cent.

WOOLEN TRIMMINGS PAY HIGHER DUTY THAN SILK TRIMMINGS.

2. Even from a protective point of view there is no justification for a compensatory duty in the case of an article like trimmings, in which the value of the wool is a negligible quantity (less than 1 per cent of total value), when there is no compensatory

PARAGRAPH 383—DRESS TRIMMINGS.

duty on trimmings in which silk forms the sole material or material of chief value, the duty in that case being a straight 60 per cent ad valorem. Yet yarn and thread of silk is subject to a much higher duty than that of wool.

3. From the point of view of a tariff for revenue and following the principle laid down by your committee, that articles of luxury should pay higher duties, it can not be argued that silk trimmings, which are an article of luxury and much more expensive than those of wool, should pay a considerably lower rate (60 per cent) than trimmings containing wool (50 cents and 60 per cent ad valorem).

EFFECT OF PROPOSED AMENDMENT ON REVENUE.

4. The value of the imports of trimmings containing wool in the fiscal year 1912 was only \$72,439, weighing 31,969 pounds. The removal of the specific duty, if unaccompanied by an increase in importation, would result in a loss in revenue of \$15,985. It is highly probable, however, that the loss would be more than offset by increased importations.

PROPOSED AMENDMENT OF PARAGRAPH 383.

We therefore respectfully recommend that the words "fifty cents per pound and" in the last line of paragraph 383 be stricken out, leaving a straight ad valorem duty at such a rate as your committee may deem wise.

Although we have no rate of our own to suggest, we heartily indorse the rate of 35 per cent ad valorem provided for in H. R. 22195 passed by the House of Representatives at the last session of Congress, and believe that it would result in a greater revenue for the Government and a reduction of the price to the consumer without injuring any domestic producers, since practically none of these goods are produced in this country.

Respectfully,

JULIUS LOEWENTHAL & Co.

Also representing C. Willenborg & Co., Kern, Loewi & Mendel, Ewing & Clancey, L. Mane & Co., Sundheimer Bros., Royal Embroidery Works, S. Katz & Co., B. Blumenthal & Co., Case & Co., Mills & Gibb, Max Mandel, G. Hirsch Sons.

[Inclosure.]

Exhibit (on file with Ways and Means Committee).—Fancy spangle trimming cost per meter 12.17 francs, or, at 19.3, \$2.35; duty, ad valorem, 60 per cent, \$1.41; specific, 50 cents per pound on 4½ ounces (which is the weight of 1 meter), 14 cents; total duty, \$1.55; total value imported, \$3.90.

Weight of spangles and beads, 3½ ounces; weight of wool, 1 ounce; value of spangles and beads, 100 per cent; wool, no value.

BRIEF OF THE BRAID MANUFACTURERS ASSOCIATION OF THE UNITED STATES OF AMERICA.

[Schedule "K," paragraph 383, covering braids, trimmings, etc., made of wool.]

NEW YORK, N. Y., *January 13, 1913.*

The duty assessed on these goods under paragraph above is 50 cents per pound and 60 per cent ad valorem, and we request that said rate of duty be maintained.

We make the above request on the ground that the goods covered by this paragraph are luxuries and that the above rate of duty will produce the highest rate of revenue and at the same time enable the domestic manufacturers to compete with similar goods manufactured in Europe.

As stated in our brief in connection with other schedules, the labor and expenses in manufacturing this class of goods in Europe are about one-third of what they are in this country. Our cost of material is about 40 per cent of our total cost. Therefore, the foreign cost of labor and expenses would be only one-third of 60 per cent of our total cost, which equals 20 per cent of our cost, thus making their total cost including material, equal to 60 per cent of our cost.

Their total cost landed, with 60 per cent duty added, would equal about 96 per cent of our cost, which puts us in a position to compete, without said rate of duty being prohibitive.

For above reasons we respectfully ask the maintainance of the existing rate on above goods.

PARAGRAPH 383—COACH LACES.

We also request that the language of this paragraph be amended by striking out the words "of which wool is a component material," and inserting in place thereof the words "of which wool is the component material of chief value."

The object of this change is to prevent the evasion of duty by the foreign manufacturer by putting a few threads of wool in an article which might otherwise be assessed at a higher rate of duty and thereby bring it in under this paragraph, in which a duty might be assessed at a lower rate than it would otherwise pay.

Respectfully submitted.

THE BRAID MANUFACTURERS ASSOCIATION OF
THE UNITED STATES OF AMERICA,
Per ALBERT T. WAITZFELDER,
HENRY W. SCHLOSS,
Committee.

COACH LACES.

COACH, CARRIAGE, AND AUTOMOBILE LACES AND GALLOONS.

BRIDGEPORT COACH LACE CO.,
Bridgeport, Conn.

Hon. OSCAR W. UNDERWOOD,
Chairman of the Ways and Means Committee.

I submit the following brief and accompanying indorsements of other manufacturers:

I am here in the interest of three of the four manufacturers of coach, carriage, and automobile laces or galloons of the United States. By referring to Schedule K, paragraph 383, you will notice all of the items are apparently common commodities consumed by the poor and the millionaire alike, but under the heading of galloons and laces in this paragraph coach, carriage, and automobile laces are imported.

Coaches and carriages are certainly luxuries of a higher class than diamonds, silk dresses, gloves, etc., not only on account of the first cost, but the maintenance of same. But these conveyances are a thing of the past; the limousine automobile has displaced them. My reason for referring to the limousine and not runabouts, touring cars, etc., is because the limousine is the only style of automobile in which our laces are used. It is a well-known fact that the limousine automobile (the cheapest at \$2,000 ranging up to six or seven thousand) is a luxury of the highest class and owned only by the very high-salaried and wealthy people.

Under the present duties these laces are being imported in large quantities and have preference over domestic laces offered at a lower price. The wife or daughter in picking out the color and style of trimming for the new limousine insists upon the imported materials for name only, even stating they are willing to pay a bonus for the imported (cite "Columbia" lavender and white show limousine). Now a reduction in the duties on coach, carriage, and automobile laces or galloons will not only be a loss of revenue to the Government, but a subsidy to the importer and a reduction in cost of the most extravagant luxury known. Is it not possible to remove these laces from paragraph 383 and insert them in a paragraph by themselves, as there is not another item in the entire list of imported articles in the same class?

These laces are made on special looms that can not be used for weaving any other kind of textile fabric, and are used especially for the upholstering trimming for closed carriages, coaches, and limousine automobiles, and are not and never have been used for individual consumption, as are all the other articles in paragraph 383, and by inserting same in a separate paragraph it will be possible to allow the duty to remain as it is at present, and even if the duty was raised it would be a hardship to no one and practically an income tax.

W. W. NARAMORE.

VOGT MANUFACTURING & COACH LACE CO.,
Rochester, N. Y., January 21, 1913.

BRIDGEPORT COACH LACE CO.,
Bridgeport, Conn.

GENTLEMEN: We understand from Mr. Schlegel that one of your firm is going to Washington next week to personally appear before the committee in regard to the reduction of duty on coach lace.

PARAGRAPH 383—COACH LACES.

We have taken up this matter with the Representative from this district, and are doing everything we can to oppose this decrease, and if we can aid you in any way to make your appearance before the committee of more weight we shall be glad to do so.

We believe that cooperation in a matter of this kind brings the best results, and we trust you will advise us if you feel that we can give any strength to your argument.

Awaiting your reply, we are, yours, very truly,

VOGT MANUFACTURING & COACH LACE CO.,
A. E. VOGT.

SCHLEGEL MANUFACTURING CO.,
Rochester, N. Y., January 20, 1913.

Mr. F. J. NARAMORE,
President The Bridgeport Coach Lace Co., Bridgeport, Conn.

DEAR SIR: Whereas the Underwood bill in its present form has scheduled a reduction on coach lace, an article of luxury upon which even the present tariff is low, and understanding that you will attend a hearing of the Committee on Ways and Means in Washington, with the hope of convincing and persuading the committee to let the present tariff remain as it is, we therefore herewith authorize you to represent us at this meeting.

Respectfully, yours,

SCHLEGEL MANUFACTURING CO.,
Per C. P. SCHLEGEL, *President.*

**STATEMENT BY VOGT COACH LACE & MANUFACTURING CO.,
ROCHESTER, N. Y.**

ROCHESTER, N. Y., *January 23, 1913.*

HON. HENRY G. DANFORTH,
224 House Office Building, Washington, D. C.

DEAR SIR: We desire to protest against the proposed reduction of the present duty on coach lace, which under Schedule K is now 50 cents per pound and 69 per cent ad valorem.

Under the new Underwood bill this article is scheduled for reduction from 20 to 30 per cent, to which we protest, for the following reasons:

Present price of coach lace is too low, for we must meet the price of German and French lace, which is made under the cheaper cost of labor prevailing in those countries, the making of broad lace being an industry in which France and Germany are famous.

Fifty per cent of the cost of American-made lace is labor, and yet coach-lace weavers are not paid as well as weavers of other goods requiring the same degree of skill.

The cheapness of imported lace hinders the development of this industry in the United States, there being only four manufacturers, none of whom make lace exclusively, and from our own experience we venture to say that investigation will show that none of these manufacturers have increased their facilities to any extent, whereas the consumption of lace has greatly increased within the last five years, through the increased use of the automobile.

Coach lace is not a necessity, being only used in the higher grades of automobiles, such as coupes and limousines.

As the term coach lace is very much misleading, we inclose herewith a sample to show you that this article is entirely foreign to the usual commodity known as lace.

We will greatly appreciate any effort you can make in the defense of home production, and will be very glad to supply you with any further information upon receipt of your request.

Very respectfully,

VOGT MANUFACTURING & COACH LACE CO.,
O. E. VOGT, *Secretary.*

PARAGRAPH 383—COACH LACES.

ROCHESTER, N. Y., *January 15, 1913.*HON. OSCAR W. UNDERWOOD,
Washington, D. C.

DEAR SIR: We are manufacturers of what is called coach lace, which is used for embellishing the interior of limousines.

The present duty on this is 50 cents per pound, and 60 per cent ad valorem, and even at this we have a great deal of competition from German, French, and English made laces. We understand that under your bill, the duty on these goods will be reduced from 20 to 30 per cent; if such is the case, it would practically kill this industry.

Inasmuch as coach lace is only used in high-grade coaches and limousines, and can only be bought by the wealthy, we think that rather than have this reduced, it should be increased, as it is nothing more than an extreme luxury, and really should not be classed in paragraph No. 383, Schedule K.

We would be very grateful to you for your opinion.

Respectfully, yours,

THE SCHLEGEL MANUFACTURING CO.,
C. P. SCHLEGEL, *President.*

PARAGRAPH 384.

Aubusson, Axminster, moquette, and chenille carpets, figured or plain, and all carpets or carpeting of like character or description, sixty cents per square yard and in addition thereto forty per centum ad valorem.

PARAGRAPH 385.

Saxony, Wilton, and Tournay velvet carpets, figured or plain, and all carpets or carpeting of like character or description, sixty cents per square yard and in addition thereto forty per centum ad valorem.

PARAGRAPH 386.

Brussels carpets, figured or plain, and all carpets or carpeting of like character or description, forty-four cents per square yard and in addition thereto forty per centum ad valorem.

PARAGRAPH 387.

Velvet and tapestry velvet carpets, figured or plain, printed on the warp or otherwise, and all carpets or carpeting of like character or description, forty cents per square yard and in addition thereto forty per centum ad valorem.

PARAGRAPH 388.

Tapestry Brussels carpets, figured or plain, and all carpets or carpeting of like character or description, printed on the warp or otherwise, twenty-eight cents per square yard and in addition thereto forty per centum ad valorem.

PARAGRAPH 389.

Treble ingrain, three-ply, and all chain Venetian carpets, twenty-two cents per square yard and in addition thereto forty per centum ad valorem.

PARAGRAPH 390.

Wool Dutch and two-ply ingrain carpets, eighteen cents per square yard and in addition thereto forty per centum ad valorem.

PARAGRAPH 391.

Carpets of every description, woven whole for rooms, and Oriental, Berlin, Aubusson, Axminster, and similar rugs, ten cents per square foot and forty per centum ad valorem: Provided, That in the measurements of all mats, rugs, carpets and similar articles, of whatever material composed, the selvage, if any, shall be included.

PARAGRAPH 392.

Druggets and bockings, printed, colored, or otherwise, twenty-two cents per square yard and in addition thereto forty per centum ad valorem.

PARAGRAPH 393.

Carpets and carpeting of wool, flax, or cotton, or composed in part of any of them, not specially provided for in this section, and mats, matting, and rugs of cotton, fifty per centum ad valorem.

PARAGRAPHS 384-394—CARPETS.

PARAGRAPH 394.

Mats, rugs for floors, screens, covers, hassocks, bed sides, art squares, and other portions of carpets or carpeting made wholly or in part of wool, and not specially provided for in this section, shall be subjected to the rate of duty herein imposed on carpets or carpetings of like character or description.

CARPETS.

TESTIMONY OF CHARLES L. FETTERLY, OF THE KILMARNOCK TEXTILE MANUFACTURING CO.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Fetterly.

Mr. FETTERLY. Mr. Chairman and gentlemen of the Ways and Means Committee, I wish to present to you one of the weakest and possibly the smallest manufacturing ends of the wool business.

Previous to five years ago there was a rug made in Scotland, of which I show you a sample here [indicating] and which was never made in this country before that time. We attempted it with success. This [indicating] is the fabric that we make. This is received under a duty of 22 cents a square yard and 40 per cent ad valorem.

According to the bill which was up before the House, the Underwood bill, in section 389, the duty on the manufactured product was 30 per cent, whereas the wool we use in it is a better grade of wool than is used in regular ingrain in order to get the light color, and it comes under clause 2, so that in reality there was only 10 per cent difference between the duty on the raw stock and the manufactured product.

Under the present duty the Scotch people say—I have not been able to verify it on account of it coming in with other goods—that they have increased their sales over 100 per cent since we have started in business here advertising our fabric. That shows conclusively that the duty as it now stands is not prohibitive.

The CHAIRMAN. Under what paragraph is that?

Mr. FETTERLY. It is received under paragraph 389, triple ingrains.

We are paying now \$20 a week for our weavers. The Scotch people pay £2. Our overhead expenses at our factory costs, for instance, at the rate of 30 cents a square foot per year for the rent. Fifty per cent of the price is the wool that is in the fabric, and 25 per cent represents the labor. The other 25 per cent consists of overhead expenses, the cutting of cards, which costs us \$80 on an average for every design we get out, and allowing 6 per cent on the money that we use there is a very small leeway for profit.

Since we began business in 1907 we show an undivided profit of \$11,000 on \$50,000 invested. If the duty was put through at the rate of the last bill it would be utterly useless for us to try to compete with the Scotch manufacturer, who gives us now all we want to do to compete with him.

The CHAIRMAN. It would be rather difficult to make a separate paragraph for that particular rug.

Mr. FETTERLY. According to the Philadelphia port of entry, the appraiser says that should come under paragraph 391; that he has received shipments under paragraph 391, and because he put it under that schedule and appraised it that way they ceased to send it that

PARAGRAPHS 384-394—CARPETS.

way and put it under the ingrain, and despite the fact that paragraph 391 says "carpets of every description, woven whole for rooms, oriental rugs, etc." We use just as much wool in this fabric as they use in chenille Axminsters. We use $3\frac{1}{2}$ pounds to the square yard.

Mr. HILL. What is the proportion of the value of the wool to the value of the rug?

Mr. FETTERLY. Fifty per cent.

In reality there is less protection for us against competition than there is for the Wilton, Axminster, or any other line of fabric.

The CHAIRMAN. How large is the consumption of that class of goods?

Mr. FETTERLY. The consumption so far has been very small, because we have just been working up a market for it. It is something entirely new for the average householder.

The CHAIRMAN. What are the imports?

Mr. FETTERLY. The imports are about \$100,000. We have been selling about \$100,000. It is very small to consider comparatively, but it means putting us out of business if the tariff is not changed.

The CHAIRMAN. I will make a suggestion to you, though I do not know whether we will adopt it or not. This article is now classed in ingrains, with a 30 per cent rate. You want to get it under paragraph 391, where we have a 50 per cent rate. I suggest that you figure on how that can be changed to include that rug. I do not say we will do it, but we will consider it if you will write us a letter and give us the amount of imports and exports and the language you think is necessary to make the transfer.

Mr. DIXON. You have made a suggestion along that line in your brief?

Mr. FETTERLY. Yes, sir; I merely suggested we had to have 30 per cent to cover additional expenses over whatever is the price of the raw wool.

The CHAIRMAN. But you do not give the language of the phrase you desire?

Mr. FETTERLY. No, sir; I left that for the committee.

Mr. RAINEY. It is principally the difference in labor?

Mr. FETTERLY. It is principally the difference in labor; yes, sir.

Mr. RAINEY. Here you pay \$20 a week for making similar rugs?

Mr. FETTERLY. Yes, sir.

Mr. RAINEY. And over there in Scotland they pay £2 a week?

Mr. FETTERLY. Yes, sir. I have that from fully a dozen weavers we have hired direct over there—probably the first job they had.

Mr. RAINEY. You hired Scotch weavers and brought them over?

Mr. FETTERLY. No, sir; we do not bring them over.

Mr. RAINEY. No, of course, you would not do that; but they come over here?

Mr. FETTERLY. Yes, sir; and are glad to be employed in the same line of work.

The CHAIRMAN. I would like to have a suggestion from you as a manufacturer when it comes to a change of language, because presumably the manufacturer knows the language of the trade better than this committee does.

Mr. FETTERLY. I shall furnish you with that information.

PARAGRAPHS 384-394—CARPETS.

The witness furnished the following brief:

WASHINGTON, D. C., *January 27, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, House of Representatives.

SIR: The Kilmarnock Textile Manufacturing Co. started in 1907 to make a rug which was previous to that date made only in Scotland. To-day there are seven firms making similar rugs, employing approximately 1,000 people. This was made possible under the tariff act of 1909, which calls for a duty of 22 cents per square yard and 40 per cent ad valorem. The average wage paid by us is \$18 to \$20 for men and \$9 and \$12 for women, depending on three-quarter or full time.

Our greatest competitors are the Scotch, and they claim that, owing to our making a market for the goods, they have increased their exportations to America 100 per cent since 1909. We can not give the amount of importations because our grade of goods is included with other goods. The duty paid at the present, as stated above, is 22 cents per square yard and 40 per cent ad valorem, and this duty is not prohibitive, as more goods are imported into the country than ever before.

If the duty should be materially reduced we would be compelled to discontinue business.

For your consideration we submit Exhibit A, of Scotch manufacture, which costs to land, duty paid, \$2.30 per yard, and Exhibit B, our manufacture, which costs to make, \$1.88 per yard.

We would respectfully ask that paragraph 15, page 4, of Schedule K, be made to read "on triple ingrains, etc., the duty shall be 60 per cent."

Any less duty than this would work great hardship to us and would absolutely compel us to discontinue business and thus throw out of employment all of our work people.

Unless the duty on wool and woollen yarns is materially reduced we doubt whether a duty of less than 60 per cent ad valorem would save our industry, which is new to this country, from destructive Scotch competition.

Respectfully submitted.

KILMARNOCK TEXTILE MANUFACTURING CO.,
CHARLES L. FETTERLY,

Secretary and General Manager.

BRIEF OF McCLEARY, WALLIN & CROUSE, AMSTERDAM, N. Y.

AMSTERDAM, N. Y., *February 19, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

SIR: We wish to submit to you some figures showing the wages paid for skilled labor here and in England and Scotland in the carpet and rug industries, as follows:

	United States.	England.	Scotland.
Body brussels carpet: Weaving.....per yard..	\$0.07 ⁷ / ₁₀	\$0.04 ³ / ₄	.....
Wilton carpet: Weaving.....do.....	.13 ³ / ₄	.08	.....
Chenille Axminster:			
Weft weaving (74 strip).....do.....	.05 ¹ / ₂	.03	0.02
Rug weaving—			
9-foot width.....do.....	1.25	.43	.29
10 ¹ / ₂ -foot width.....do.....	1.46	.47	.37 ¹ / ₂
12-foot width.....do.....	1.67	.51	.39
Tapestry:			
Printing—			
864 stripes.....per drum..	.41 ¹ / ₄	.18	.....
Winding.....per 100 hanks..	.50	.17	.....
Setting.....per beam..	12.25	3.33	.....
Weaving.....do.....	.....	.....	.....
Axminster:			
Average wages for one week—			
Threading.....per girl..	15.00	.....	2.50
Setting.....do.....	18.00	.....	5.00
Weaving.....per yard..	.052	.....	.021

¹ No comparative rates are available on this operation. A carpet manufacturer in England writes in a letter dated in January, 1913, that the wages paid for weaving are 60 to 80 per cent higher here than in England.

Yours, respectfully,

McCLEARY, WALLIN & CROUSE,
By E. H. PATTON, *Assistant Secretary.*

PARAGRAPHS 384-394—CARPETS.

[Inclosure.]

Comparison of rates of wages paid for Chenille Axminster rug weaving.

Size of rugs.	Amsterdam, N. Y.	Scotland.
1 foot 6 inches by 2 feet 10 inches..... per rug..	\$0.165	\$0.06
1 foot 9 inches by 3 feet 9 inches..... do.....	.26	.08
2 feet 2 inches by 4 feet 6 inches..... do.....	.38	.105
2 feet 6 inches by 5 feet..... do.....	.50	.133
3 by 6 feet..... do.....	.70	.18
4 by 7 feet..... do.....	1.00	.28
2 feet 6 inches by 2 feet 9 inches..... do.....	.28	.073
3 feet by 3 feet 4 inches..... do.....	.39	.10
4 feet by 4 feet 6 inches..... do.....	.70	.18
2 feet 6 inches by 9 feet..... do.....	.90	.24
2 feet 6 inches by 12 feet..... do.....	1.20	.32
2 feet 6 inches by 15 feet..... do.....	1.50	.40
3 by 9 feet..... do.....	1.05	.27
3 by 12 feet..... do.....	1.40	.36
3 by 15 feet..... do.....	1.75	.45
6 by 6 feet..... do.....	1.67	.39
5 by 8 feet..... do.....	2.22	.52
6 by 9 feet..... do.....	2.50	.59
7 feet 6 inches by 10 feet 6 inches..... do.....	3.66	.83
9 by 9 feet..... do.....	3.75	.87
9 by 12 feet..... do.....	5.00	1.16
9 by 15 feet..... do.....	6.25	1.45
10 feet 6 inches by 13 feet 6 inches..... do.....	6.57	1.50
12 by 12 feet..... do.....	6.66	1.55
12 by 15 feet..... do.....	8.33	1.93
12 by 18 feet..... do.....	10.00	2.31
15 feet wide..... per linear foot..	.60	.162

BRIEF OF JOHN C. UHRLAUB, NEW YORK, N. Y.

NEW YORK, *January 14, 1913.*

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: As a large importer of floor coverings from the Orient, I wish to present to you people the unnecessary difficulties which are caused by the present method of levying the customs duties in this country.

We are paying to-day 40 per cent ad valorem and 10 cents a square foot. Other countries in Europe are paying duty on Oriental rugs per 100 pounds. I do not wish to discuss whether the duty is too high or too low. I merely wish to call your attention to the fact, that an ad valorem duty gives a great deal of chance to dishonest and unscrupulous importers. I am convinced that to-day the Government does not obtain more than 60 per cent of the duties which it should levy, for the simple reason that the most expensive rugs by a great many firms are not invoiced at their true value. This gives a better chance to do business to people who are less scrupulous than others. It would be a very easy way to compute how much the present duty would amount to per hundred-pound weight, and, if necessary, add an extra 25 per cent to the value on duty so obtained and do away with the terrible nuisance of having to figure out the square feet and square inches on each single rug, which, considering the class and type of employees we importers have to work with in the Orient, the loss of time, etc., amount to a great hardship to all of us importers. In addition to this, we are losing at present an immense amount of trade with Canada, Mexico, and South America, which countries undoubtedly would buy very heavily in the New York market if we importers would have from the Government the same facilities as the countries, for instance, Germany and Austria have. That is, in Germany every importer can obtain a bond for the duties which he might have to pay during a given period, and by paying a small salary per month to a customhouse officer his own place of business is made a Government bonded warehouse, from which he can export without having to pay duty to any country in the world. He only pays duty on goods sold for home consumption at the end of each period—3, 6, or 12 months. All the goods in his place of business are weighed and for any loss of weight he has to pay the proportionate amount of such loss in cash right away. The Government permits him to break packages and sell, if necessary, one or more rugs out of each bale. He can have the

PARAGRAPHS 384-394—CARPETS.

rugs cleaned or washed or otherwise manipulated and only is responsible for duty payment on any loss of weight which might have occurred in thus handling the rugs, and of course has to pay the full duty on each rug which is sold for home consumption.

The appraisal of oriental rugs is one of the most difficult things in the world to do correctly. The Government has no salaries large enough to pay to a real expert who could appraise oriental rugs within 10, 20, or even 50 per cent. A man who could do that would easily find a salary of \$25,000 a year, and such men are more than rare. The salary, such as the Government is paying to its appraisers, around \$3,000 per annum, would never find a man with sufficient technical and commercial knowledge to place even a remote value on any ordinary shipment of oriental rugs.

I would, therefore, strongly recommend to abolish present ad valorem and square-foot duty, and in its stead place a duty of the same or even a higher rate of so many dollars per hundred-pound weight. It would be a great economy to the Government, as it would do away with all the different salaries for expert appraisers. Each shipment which should come into any port of entry could simply be put on the scales and weighed, and it might be possible to arrange for a drawback on reexports of such goods to South American countries, to Mexico, and to Canada.

If the committee should see fit, the writer would be very glad to come to Washington and explain the matter in detail. I have recently been appointed delegate to Washington by the American Chamber of Commerce in Constantinople for the Levant. I am an American citizen of German origin, but have been a citizen of this country for about 20 years.

Hoping to see my letter favorably considered, I remain,

Respectfully, yours,

JOHN C. UHRLAUB.

PARAGRAPH 395.

Whenever, in any schedule of this act, the word "wool" is used in connection with a manufactured article of which it is a component material, it shall be held to include wool or hair of the sheep, camel, goat, alpaca, or other animal, whether manufactured by the woolen, worsted, felt, or any other process.

This concludes the hearings on Schedule K.

SCHEDULE L.
SILKS AND SILK GOODS.

SCHEDULE L.—SILKS AND SILK GOODS.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
January 13, 1913.

The committee met at 10 o'clock a. m., Hon. Oscar W. Underwood in the chair.

Present with the chairman: Messrs. Harrison, Shackelford, Kitchin, James, Rainey, Dixon, Hull, Hammond, Palmer, Payne, Dalzell, Hill, Needham, Fordney, and Longworth.

The CHAIRMAN. The committee will come to order.

Gentlemen, we have two schedules to-day. The first is Schedule D, wood and manufactures of. We would like to dispose of this schedule this morning, and then take up Schedule L, silk and silk goods, this afternoon.

PARAGRAPH 396.

Silk partially manufactured from cocoons or from waste silk, and not further advanced or manufactured than carded or combed silk, thirty-five cents per pound.

See American Silk Spinning Co., page 4516; F. E. Kip, page 4529.

RAW SILK.

MEMORIAL OF THE ITALIAN CHAMBER OF COMMERCE IN NEW YORK.

RAW SILK AND SILK WASTE—SILK MANUFACTURES.

HON. O. W. UNDERWOOD,

Chairman of the Ways and Means Committee, Washington, D. C.

SIR: The Italian Chamber of Commerce in New York, in line with the study undertaken on the revision of the present tariff, according to the criteria of a proper adjustment of the rates on the various commodities, consistent with the necessities of American industry, the stimulus of trade, both domestic and with foreign countries, the avoidance of privileged class legislation, the encouragement of American labor, and the needs of providing revenue without fiscalism, the necessity of maintaining healthy competition and preventing monopoly, and above all the protection of consumers and the amelioration of their condition by reducing the high cost of living, respectfully submits the following recommendations regarding articles included in Schedule L, silk and silk manufactures, which it hopes will be favorably considered by this honorable committee.

Raw silk and silk waste.—The United States is now the largest silk-consuming country in the world and is also one of the largest manufacturing centers, especially for the cheaper silk productions, the use of which American silk manufacturers have helped to make in our country more popular than in any other.

The value represented by silk manufacturers, according to the census of 1909, was of \$196,911,667 against \$133,288,072 in 1904. Establishments numbering to 852, representing an invested capital of \$152,158,002, using materials for a total cost of \$107,766,916, employing between salaried and wage-earning labor 105,238 men, receiving in wages and salaries \$46,097,361, using 97,947 of primary horsepower and 17,472,204 pounds of raw silk, give an idea of the importance of this industry in the United States, whose wonderful development, even in comparison with only five years ago, with an increase of about 48 per cent in the total value of products, of

PARAGRAPH 396—RAW SILK.

37 per cent in the number of establishments; of about 39 per cent in the capital invested; of about 42 per cent in the cost of materials used; of about 25 per cent in the number of wage earners, and of about 51 per cent in the amount of raw silk used, is another evidence of American industrial progressiveness, the more remarkable because of the fact that this industry depends for its raw material entirely upon foreign supply.

There is, in fact, no production of raw silk in the United States. The experiments undertaken at various times by the Department of Agriculture in order to introduce sericulture in this country have invariably met with failure.

It is a safe assumption that the United States will never become a silk-producing country so long as it can draw its material from countries like Japan, China, and southern Europe, where conditions of environment and labor are more favorable to this production than in the United States. The reason why silk raising never acquired a foothold in this country is mainly one of cost of labor, being here too expensive. Climatic conditions in this country are not altogether favorable to the raising of the silk worm, and the fact that mulberries, whose foliage furnishes the necessary food for the silk worm, are not found to any great extent, is a further and serious difficulty.

From the above-stated reasons the United States will continue to draw its supply of raw silk from the countries which have specialized in the production of this material and which are, in order of importance in supplying the American market, Japan, China, Italy, and France.

The importations of this indispensable raw material for one of the most conspicuous American industries show a constant tendency to increase, having amounted in the fiscal year 1911 to 22,379,998 pounds, valued at \$72,713,984, against 16,722,207 pounds, valued at \$70,229,518, in 1907. To these figures the importations of silk waste should be added, which from 1,950,474 pounds, valued at \$1,158,574, in 1907, increased to 4,122,226 pounds, valued at \$2,210,020, in 1911.

Both raw silk and silk waste are admitted in this country in exemption of duty and have always been on the free list for obvious reasons. Being the raw material indispensable to a great and growing industry, it is almost superfluous for this chamber to recommend, as it does, that it be maintained on the free list, where it has always been in the past.

Silk manufactures.—The prevailing idea that silk goods are luxuries accounts to a great extent for the high protective tariff maintained by this country on silk manufactures. While it is an undeniable fact that silks are not, as a rule, as indispensable to the masses as cotton or woolen manufactures, and that they represent mostly expensive articles, which can bear a reasonable amount of duty, it must nevertheless be recognized that certain lines of silk manufactures are not necessarily luxuries.

Among these is, for instance, the silk fabric used as covers for umbrellas, which no one will refute is a necessity. Silk is preferable to any other material in the manufacture of this article, because of its lasting qualities, as well as for other advantages, such as lightness, etc. No one will contend that a silk umbrella is not a luxury, but an article of common use. At present this fabric is taxed at the rate of 70 per cent, which is practically prohibitive, and should therefore be reduced in the interest of revenue, as well as in order to secure to the consumers in this country the advantage of better quality. This would be a good opportunity for Congress to do something for the protection of the people against "rainy days."

While it is certain that the imported silk manufactures represent, as a rule, articles of higher cost than the domestic, the former being the product of particular workmanship, in which the ability of the workman is a factor of primary importance, this should not constitute a reason why they should be burdened with duties which puts them beyond the means of the middle classes, and confines their use to the more fortunate. That prohibitive duties should be levied on all articles of value is not always a fair principle to be followed in the indirect taxation of the people, which taxation the tariff represents.

This principle is adhered to too strictly in the present rates assessed on silk manufactures, without regard to the usual exceptions to every rule. The fact that the importations of silk manufactures show a visible tendency to decrease, having diminished from a value of \$38,903,040 in fiscal year 1907 to \$28,858,008 in 1911, is an evidence of the necessity of an adjustment of the silk goods schedule to prevent the inevitable loss to revenue that indiscriminately high rates have caused, and to secure to the consumer the advantages of those improvements that may be attained in foreign manufactures before they appear in the domestic.

The last tariff revision radically altered the method of levying duty in many of the paragraphs of the silk schedule by substituting whenever possible specific for ad valorem rates, a principle which should be further extended.

PARAGRAPH 397—SPUN SILK YARN.

If the rates on certain silk manufactures of more popular use, such as cravats, etc., were lightened, considerable increase would be brought in revenue without appreciable prejudice to American manufacture, which, firmly established and specialized as it is in the production of the cheaper lines of silk goods, does not need at present the same measure of protection that it needed in its infancy, especially in view of the fact that the cost of production abroad has considerably increased of late years through higher wages, so that the difference under this item is not nearly so great now as it has been in the past.

In conclusion, this chamber, for the above reasons, recommends that the rates of duty on silk manufactures used especially in certain lines of popular consumption, and subject at present to the exorbitant duty of 70 per cent, which prohibits importation, be reduced to a more reasonable level.

Respectfully submitted.

[SEAL.]

LUIGI SOLARI, *President.*

G. R. SCHROEDER, *Secretary.*

PARAGRAPH 397.

Spun silk or schappe silk yarn, valued at not exceeding one dollar per pound, whether in singles, or advanced beyond the condition of singles by twisting two or more yarns together, thirty-five cents per pound; if valued at exceeding one dollar per pound, in the gray, in skeins, warps, or cops, if in singles or not advanced beyond the condition of singles by grouping or twisting two or more yarns together, on all numbers up to and including number two hundred and five, forty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and five, forty-five cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound; if advanced beyond the condition of singles by grouping or twisting two or more yarns together, on all numbers up to and including number two hundred and five, fifty cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and five, fifty cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound; if valued at not exceeding one dollar per pound, in the gray, on bobbins, spools, or beams, if in singles or not advanced beyond the condition of singles by grouping or twisting two or more yarns together, on all numbers up to and including number two hundred and five, fifty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and five, fifty-five cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound; if advanced beyond the condition of singles by grouping or twisting two or more yarns together, on all numbers up to and including number two hundred and five, sixty cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and five, sixty cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound; if valued at exceeding one dollar per pound, colored, bleached, or dyed, in skeins or warps, if in singles or not advanced beyond the condition of singles by grouping or twisting two or more yarns together, on all numbers up to and including number two hundred and five, fifty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and five, fifty-five cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound; if advanced beyond the condition of singles by grouping or twisting two or more yarns together, on all numbers up to and including number two hundred and five, sixty cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and five, sixty cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound; if valued at exceeding one dollar per pound, colored, bleached, or dyed, on bobbins, cops, spools, or beams, if in singles or not advanced beyond the condition of singles by grouping or twisting two or more yarns together, on all numbers up to and including number two hundred and five, sixty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and five, sixty-five cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound; if advanced beyond the condition of singles by grouping or twisting two or more yarns together, on all numbers up to and including number two hundred

PARAGRAPH 397—SPUN SILK YARN.

and five, seventy cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; on all numbers exceeding number two hundred and five, seventy cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound. In assessing duty on all spun silk or schappe silk yarn, the number indicating the size of the yarn shall be taken according to the metric or French system, and shall, in all cases, refer to the size of the singles: Provided, That in no case shall the duty be assessed on a less number of yards than is marked on the skeins, bobbins, cops, spools, or beams. But in no case shall any of the goods enumerated in this paragraph pay less rate of duty than thirty-five per centum ad valorem.

See Sidney Blumenthal, page 4521; F. E. Kip, page 4529; Stewart Silk Co., page 4664.

SPUN SILK YARN.

BRIEF OF THE AMERICAN SILK SPINNING CO. ON SPUN SILK (SCHAPPE).

NEW YORK, January 25, 1913.

HON. OSCAR R. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We respectfully submit for the consideration of your committee the following facts on spun silk (or schappe) yarns, Schedule L, paragraphs 396 and 397, and respectfully urge that the duties on same as assessed in the existing tariff be allowed to remain intact, for the following reasons:

1. The present duties are specific, with an ad valorem catch clause of 35 per cent. The specific duties having been carefully computed, have not averaged over 38½ per cent. The average total duty assessed on all imported spun silk being 36½ per cent. This is the lowest rate of duty assessed on any article of silk.

2. From a revenue standpoint for the Government, the importations have steadily increased, being as follows:

Year.	Pounds.	Foreign invoice value.	Duty collected.
1908.....	1,907,979	\$3,520,298	\$1,312,241
1909.....	2,232,854	3,450,843	1,311,512
1910.....	2,657,388	4,319,401	1,656,884
1911.....	3,155,879	5,554,358	2,069,553
1912.....	3,153,655	5,581,155	2,061,500

3. From a competitive standpoint, it is entirely too much so. There was manufactured in this country during the past year approximately 2,000,000 pounds of spun silk with an approximate value of \$5,000,000, several millions dollars being invested in plants, employing between 3,000 and 4,000 operatives.

4. The operation of the specific duty with the ad valorem catch clause has been found easy of administration by the customhouses, and has minimized the possibility of under valuation. The importations of spun silk relatively under specific and ad valorem clauses were as follows: During the year 1911, 60 per cent of the total importations specific, 40 per cent ad valorem. During the year 1912, 50 per cent of the total importations specific, 50 per cent ad valorem.

5. About 70 per cent of all imported spun silk (or schappe) is manufactured by a huge continental trust.

They manufacture in the lowest price labor countries on the continent, have a huge capitalization, and are combined as to the absolute dictation of prices, amount of output, division of territory, increase of machinery, purchase of raw materials, etc.

6. Japan, with its low-priced coolie and child labor, has been vastly increasing its production of spun silk, and this competition will be severely felt.

7. Any reduction in the present duty would not materially benefit the consumer, as the articles manufactured from same are mostly all high cost and luxuries, and are sold generally at fixed denominational retail prices.

PARAGRAPH 397—SPUN SILK YARN.

In view of these facts, and the all-important one that a lowering of the duty would absolutely mean a lowering of the wage schedule of our labor, and that the business is not as remunerative as it should be owing to the keen present European competition, and that of Japan in the near future, we respectfully urge your committee that the duties of the present schedule be retained.

All of which is respectfully submitted.

AMERICAN SILK SPINNING CO.,
Providence, R. I.
 M. C. MIGEL, *Treasurer.*

BRIEF OF THE STEWART SILK CO. RELATING TO SCHAPPE AND SPUN SILKS.

SCHEDULE L, PARAGRAPH 397.

The same petitioners who have asked for the abolition of duties on artificial silk would most respectfully petition the committee to abolish the duty on the above-named silks and for largely the same reasons, to wit:

That to the silk manufacturer they are raw material. The claim for a duty on these silks is that they are advanced in manufacture and should therefore be classed as manufactures of silk. The same argument could, with about as much reason, be advanced that a duty should be levied on raw silk, for it also goes through numerous manufacturing processes before the completed skeins are baled and exported to America to come in as raw silk, duty free. The great difference why one is free and the other dutiable at 35 per cent per pound is that the framer of all silk schedules, including the Morrill tariff, and since has been and is a spinner of these yarns and neither Republican nor Democratic legislators so far seem to have been able to eliminate or reduce the duty on these classes of silk, although until about 10 years ago there was only one concern spinning them in the United States, but during all these 40 years the American people have been compelled to pay tribute to this one concern.

At present there are only three concerns of any consequence who are spinners of schappe or spun silk and their total production per annum is probably something less than a million pounds. The imports of schappe and spun silk for the year ending June 30, 1912, amounted to 3,260,427 pounds, valued at \$5,754,074, and the duty collected was \$2,134,501. 20. Aside from a revenue basis, we would respectfully ask why should the American manufacturer and consumer be made to pay tribute to these three concerns? The abolition of the duties on these silks would permit a much larger use of them and would reduce the price of the manufactured goods to the American consumer and would increase the import of fabrics in which these silks are component parts, and thus contribute a greatly increased revenue to the United States Government, besides establishing a competition which does not now exist.

That there will be a determined and desperate effort made to prevent the free entry of these silks in any proposed changes in Schedule L is, we believe, absolutely certain, and for the following reasons:

If the committee will recall, the most exhaustive arguments brought to the committee on the 13th instant for the retention of the present rates on velvets and plushes were presented by Messrs. Cheney, Blumenthall, and Kipp, all of them manufacturers of velvets and plushes. The reason they are so anxious to have the present rates maintained, the reason they are so willing to pay the present duties on schappe and spun silk yarns, of which they are large users, is because they fear your honorable committee will investigate and ascertain the truth as to what the specific rates on plushes and velvets really mean when expressed in ad valorem terms. These rates are excessive and in many cases are actually prohibitive, and their effect has been to certainly minimize, if not to almost destroy former competition from abroad. It is because these rates are in many cases prohibitive that they wish them continued, for the collection of large amounts of revenue which would under lower rates of duty be collected by the United States is no part of their program. With the American market almost completely in their possession they are in a natural position where they can to a large extent control and exact prices from the ultimate consumer.

Referring to this subject of revenue, a few figures showing the amount of revenue derived from these articles previous to the McKinley bill, under an ad valorem duty of 50 per cent, would seem to prove, first, that the United States had no difficulty

PARAGRAPH 397—SPUN SILK YARN.

whatever in collecting duties upon an ad valorem basis, and secondly, that the importation of velvets and plushes have not increased as was asserted by some of the gentlemen before referred to:

Importations of velvets for the years 1889 and 1890 were.....	\$10, 478, 359. 73
Duty collected at 50 per cent.....	5, 239, 179. 86
Importation of plushes for the years 1889 and 1890.....	4, 864, 324. 06
Duty collected at 50 per cent.....	2, 432, 162. 03

As against these amounts of imports and revenues during the years stated, at 50 per cent ad valorem, the total duty received on these same goods for the year ending June 30, 1912, at specific rates of from \$1 to \$4 per pound was \$680,800.

It was asserted by one of the petitioners mentioned that only specific rates of duty should be levied upon plushes because under ad valorem rates huge quantities of imperfect goods, classed as "seconds," had been imported under the ante McKinley ad valorem rate of 50 per cent reduced prices of from 25 to 50 per cent. This is a gross exaggeration of the facts and we believe the United States Government is perfectly capable of ascertaining correct values and collecting the proper amount of duty under any ad valorem system. At any rate, no one can gainsay the fact that the duty collected by the United States Government on plushes during the years 1889 and 1890 was \$2,432,163.03, while for the year ending June 30, 1912, the duties collected on plushes and velvets only amounted to \$680,800.

Mr. Kip then proceeds to make this statement: "The framers of the Wilson bill realized this and made silk velvets and plushes specific, or rather, compound, and furthermore, for this very reason, in all subsequent bills these rates of duties have been made either compound or specific."

The facts are these: The Ways and Means Committee, who framed the Wilson bill, provided for a duty on velvets and plushes of 45 per cent ad valorem, and this rate remained in the bill as it passed the House.

This rate was an honest attempt on the part of the committee and the House to revise the tariff downward, the rate previous to the McKinley bill having been 50 per cent ad valorem.

Those who are familiar with tariff legislation during the past 20 years know the fate of the Wilson bill in the Senate and it was there these velvet and plush manufacturers were able to carry their point and substitute compound rates on velvets and plushes for the 45 per cent ad valorem rate enacted by the House.

The bill emerged from the conference committee with the high compound rates and became a law without the signature of President Cleveland.

That the compound rates have been practically retained in all bills subsequent to the Wilson bill is quite true, but the reason is too obvious to require explanation. Suffice it to say, they were political rather than technical.

The advalorem equivalent rates shown on the importations of velvets and plushes do not truly reveal the real facts, as only high priced goods can be imported and the Treasury statistics can of course deal only with goods that are actually imported. The rates on all low-priced velvets and plushes, were they to be imported, would reveal such enormous comparative ad valorem rates that the Treasury averages would have to be tremendously advanced.

We have tried to explain, and perhaps at too great a length, the true meaning of the plush and velvet duties because in the prohibition and high protection contained in the present rates is found the real reason these gentlemen named have urged the retention of present duties on schappe and spun silks. They will gladly continue to pay 35 per cent on these silks, which are raw material to them, if you will only not touch the rates on the manufactured article.

We would most strongly urge that schappe and spun silk be made free, that corresponding reductions be made on all articles on which these silks are a component part, and that all rates be restored to an ad valorem basis.

All of which is most respectfully submitted.

STEWART SILK CO.,
By JNO. W. STEWART, *President.*
(And others.)

PARAGRAPH 399—VELVETS, PLUSHES, ETC.

PARAGRAPH 398.

Thrown silk in the gum, if singles, fifty cents per pound; if tram, seventy-five cents per pound; if organzine, one dollar per pound; and if ungummed, wholly or in part, or if further advanced by any process of manufacture, in addition to the rates herein provided, fifty cents per pound. Sewing silk, twist, floss, and silk threads, or yarns of any description made from raw silk, not specially provided for in this section, if in the gum, one dollar per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture, one dollar and fifty cents per pound: Provided, That in no case shall duty be assessed on a less number of yards than is marked on the skeins, bobbins, cops, spools, or beams.

PARAGRAPH 399.

Velvets, chenilles, and other pile fabrics, not specially provided for in this section, cut or uncut, composed wholly or in chief value of silk, weighing not less than five and three-fourths ounces per square yard, one dollar and fifty cents per pound; weighing less than five and three-fourths ounces per square yard, but not less than four ounces, or if all the filling is not cotton, two dollars and seventy-five cents per pound; if all the filling is cotton, two dollars per pound; all the foregoing weighing less than four ounces to the square yard, four dollars per pound. Plushes, cut or uncut, composed wholly or in chief value of silk, weighing not less than nine and one-half ounces per square yard, one dollar per pound; weighing less than nine and one-half ounces per square yard, two dollars and forty cents per pound. Measurements to ascertain widths of goods for determining weight per square yard of the foregoing articles shall not include the selvages, but the duty shall be levied upon the total weight of goods, including the selvages. The distinction between "plushes" and "velvets" shall be determined by the length of the pile; those having pile exceeding one-seventh of one inch in length, to be taken as "plushes"; those having pile one-seventh of one inch or less in length, shall be taken as "velvets." The distance from the end of the pile to the bottom of the first binding pick shall be considered as the length of the pile. Velvet or plush ribbons, or other pile fabrics not over twelve inches and not less than three-fourths of one inch in width, cut or uncut, of which silk is the component material of chief value not specially provided for in this section, containing no silk except that in pile and selvages; if black, one dollar and sixty cents per pound; if other than black, one dollar and seventy-five cents per pound; if containing silk other than that in the pile and selvages; if black, two dollars per pound; if other than black, two dollars and twenty-five cents per pound; for each one-fourth of one inch or fraction thereof, less than three-fourths of one inch in width, there shall be paid in addition to the above rates, forty cents per pound. Woven fabrics in the piece, composed wholly or in chief value of silk, not specially provided for in this section, weighing not more than one-third of one ounce per square yard, four dollars per pound; weighing more than one-third of one ounce, but not more than two-thirds of one ounce per square yard; if in the gum, three dollars per pound; if ungummed, wholly or in part, three dollars and twenty-five cents per pound; if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, three dollars and fifty cents per pound; if weighing more than two-thirds of one ounce but not more than once per square yard; if in the gum, two dollars and sixty-five cents per pound; if ungummed, wholly or in part, three dollars per pound; if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, three dollars and twenty-five cents per pound; if weighing more than one ounce but not more than one and one-third ounces per square yard; if in the gum, two dollars and fifty cents per pound; if ungummed, wholly or in part, two dollars and eighty-five cents per pound; if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, three dollars and ten cents per pound; if weighing more than one and one-third ounces, but not more than two and one-half ounces, and if containing not more than twenty per centum in weight in silk, if in the gum, seventy cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, eighty-five cents per pound; if containing more than twenty per centum, but not more than thirty per centum in weight of silk; if in the gum, eighty-five cents per pound; if ungummed, wholly or in part, or if further

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advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and ten cents per pound; if containing more than thirty per centum, but not more than forty per centum in weight of silk; if in the gum, one dollar and five cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and twenty-five cents per pound; if containing more than forty per centum, but not more than fifty per centum in weight of silk; if in the gum, one dollar and twenty-five cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and fifty cents per pound; if containing more than fifty per centum in weight of silk or if wholly of silk; if in the gum, two dollars and fifty cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, three dollars per pound; if weighing more than two and one-half ounces, but not more than eight ounces per square yard, and if containing not more than twenty per centum in weight of silk; if in the gum, fifty-seven and one-half cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, seventy cents per pound; if containing more than twenty per centum, but not more than thirty per centum in weight of silk; if in the gum, seventy-five cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, ninety cents per pound; if containing more than thirty per centum, but not more than forty per centum in weight of silk; if in the gum, ninety cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and ten cents per pound; if containing more than forty per centum, but not more than fifty per centum in weight of silk; if in the gum, one dollar and ten cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and thirty cents per pound; if containing more than fifty per centum in weight of silk, or if wholly of silk; if in the gum, two dollars and twenty-five cents per pound; if ungummed, wholly or in part, or if further advanced by any process of manufacture, or otherwise, or if dyed or printed in the piece, two dollars and seventy-five cents per pound. Woven fabrics in the piece, composed wholly or of chief value of silk, if dyed in the thread or yarn, and the weight is not increased in dyeing beyond the original weight of raw silk, if containing less than thirty per centum in silk, one dollar and twenty-five cents per pound; if containing more than thirty per centum but not more than forty-five per centum in weight of silk, one dollar and sixty cents per pound; if containing more than forty-five per centum in weight of silk, three dollars per pound; if weight is increased in dyeing beyond the original weight of raw silk; if weighing more than one-third of one ounce but not more than one ounce per square yard; if black (except selvedges), two dollars and twenty-five cents per pound; if other than black, three dollars per pound; if weighing more than one ounce but not more than one and one-third ounces per square yard; if black (except selvedges), two dollars per pound; if other than black, two dollars and seventy-five cents per pound; if weighing more than one and one-third but not more than one and two-thirds ounces per square yard; if black (except selvedges), one dollar and eighty cents per pound; if other than black, two dollars and fifty cents per pound; if weighing more than one and two-thirds but not more than two ounces per square yard; if black (except selvedges), one dollar and sixty-five cents per pound; if other than black, two dollars and twenty-five cents per pound; if weighing more than two but not more than eight ounces per square yard, and if containing not more than thirty per centum in weight of silk; if black (except selvedges), seventy-five cents per pound; if other than black, ninety cents per pound; if containing more than thirty per centum but not more than forty-five per centum in weight of silk; if black (except selvedges), one dollar and ten cents per pound; if other than black, one dollar and thirty cents per pound; if containing more than forty-five per centum in weight of silk, but not more than sixty per centum; if black (except selvedges), one dollar and forty cents per pound; if other than black, one dollar and sixty cents per pound; if containing more than sixty per centum in weight of silk, or if composed wholly of silk, and if having not more than four hundred and forty

PARAGRAPH 399—VELVETS, PLUSHES, ETC.

single threads to the inch in the warp; if black (except selvages), one dollar and fifty cents per pound; if other than black, two dollars per pound; if having more than four hundred and forty, but not more than six hundred single threads to the inch in the warp; if black (except selvages), one dollar and sixty-five cents per pound; if other than black, two dollars and twenty-five cents per pound; if having more than six hundred, but not more than seven hundred and sixty single threads to the inch in the warp; if black (except selvages), one dollar and eighty cents per pound; if other than black, two dollars and fifty cents per pound; if having more than seven hundred and sixty, but not more than nine hundred and twenty single threads to the inch in the warp; if black (except selvages), two dollars per pound; if other than black, two dollars and seventy-five cents per pound; if having more than nine hundred and twenty single threads to the inch in the warp; if black (except selvages), two dollars and twenty-five cents per pound; if other than black, three dollars per pound; if printed in the warp and weighing not more than one and one-third ounces per square yard, three dollars and fifty cents per pound; weighing more than one and one-third but not more than two ounces per square yard, three dollars and twenty-five cents per pound; weighing more than two ounces per square yard, two dollars and seventy-five cents per pound. But in no case shall any goods made on Jacquard looms or any goods containing more than one color in the filling, or any of the goods enumerated in this paragraph, including such as have India rubber as a component material, pay a less rate of duty than forty-five per centum ad valorem.

VELVETS, PLUSHES, ETC.

TESTIMONY OF SIDNEY BLUMENTHAL.

The witness was duly sworn by the chairman pro tem.

Mr. HARRISON. To which paragraph do you speak?

Mr. BLUMENTHAL. Paragraphs 397 and 399.

Mr. HARRISON. Please proceed.

Mr. BLUMENTHAL. I desire to save the committee's time in so far as it is possible, and to file my statement on behalf of the silk, velvet, and plush industry.

My purpose is to recommend the retention of specific duties, and the present schedule in paragraphs 397 and 399 of Schedule L—399 in so far as it refers to the silk, velvet, and plush industry.

The importations have grown since 1907 up to now about 40 per cent, being, respectively, \$2,500,000 for those years and about \$3,500,000 for the last fiscal year.

Mr. HARRISON. Covering which classes of articles?

Mr. BLUMENTHAL. The particular items I am speaking of are pile fabrics. The pile-fabrics division of paragraph 399 of Schedule L is what I am speaking of.

The growth of the domestic industry has been possibly slightly faster than the growth of importations. We have, therefore, in this line really competitive tariffs. This tariff at the same time brings a liberal revenue to the Government, not only on the importations, but on the materials which enter into the home product, materials which are largely dutiable; and, lastly, all of these duties are assessed upon silks, velvets, and plushes, luxuries in a very broad sense.

I take it to be the purpose of these hearings to discover the extent to which, in the minds of those most interested in the schedules under discussion and familiar with their application, whether they be producer or consumer, the various rates of duties levied have permitted

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the industry to progress in this country here, and while permitting such progress to allow the consumer to enjoy the opportunity of being served by the competition of foreign countries with our own. If, indeed, the consumer has had such an opportunity, as shown by steadily increased importations in any one line of manufacture, and if at the same time the industries have broadened with the growth of the country, then I believe it can be assumed that the schedules under which this was possible belong in the class which you, Mr. Chairman, term competitive tariffs. I believe that the silk, velvet, and plush industry—that is to say, the production in this country of pile fabrics such as come under Schedule L—has grown under such a competitive tariff. Manufacturing its products largely from silk yarns spun abroad, upon which it pays a duty varying from 35 per cent to 50 per cent, being compelled for many of its cotton yarns to resort to foreign spinning, upon which there is a duty ranging from 35 per cent to 50 per cent, and competing, on the other hand, with foreign cloths similar to its own, of which about two-fifths were subject to only 45 per cent duty, and the entire importations only subject to 53 per cent during the fiscal year ending June 30, 1912, it can readily be conceded that it has very little protection at all on whatever the value of raw materials entering the composition of its fabrics is.

To illustrate this point and to take an arbitrary figure: Assuming that the cost of raw materials in a fabric is 50 per cent, that the cost of labor varies from 20 per cent to 25 per cent, and that the cost of overhead charges varies from 20 per cent to 25 per cent, then you will agree that we have not more than 15 per cent protection on one-half the value of the foreign cloths, and we have not more than 50 per cent protection on the other one-half of the value of foreign cloths. Allowing, however, that our labor cost varies from 100 per cent to 200 per cent above foreign labor cost, and in view of the fact that overhead charges are different, almost in similar proportion to those ruling abroad, it can be seen immediately how clearly the international race is now between competitors of equal equipment and without any favors to the American manufacturer. Pile fabrics are so varied, not only in their composition, but in the treatment they receive by the requirements of an ever-changing fashion, that scarcely any year goes by without the introduction of new creations which for the moment meet the immediate dictates of a fickle demand and become the temporary staple of the day. By this very fickleness, however, productions of relatively recent origin are depreciated in value to an enormous extent.

Merchandise which in one country is very desirable is frequently entirely unsalable in another, and, while the progress of the fashion idea is likely to reach across the borders of France into England, and vice versa, or from France into Germany, or from either country into America, it can be readily seen that the period of transition between the time when a product is most desirable and the period when it is not desirable at all is a relatively short one, and great fluctuations in value occur within almost incredibly short periods. The most astute buyer will find himself surprised at certain times by this unaccountable range of difference in the value which various countries and various holders of merchandise put upon their wares. With a most earnest desire to be just, it is scarcely possible for a Government

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official, whether here or abroad, to keep track of the real value—that is to say, the convertible value—of fabrics in these lines. Subject as they are frequently to changes in width, due to changes of the styles of hats and garments—subject as they are to a change in coloring; subject as they are to a change in finish and appearance—a very slight deviation from the new standard which dame fashion may set completely destroys any table of value that the merchant may have to guide him.

Added to these difficulties there are the technical problems which confront the manufacturers in this country. Although we have, by reason of the past encouragement, induced several of the largest foreign firms to transplant their ingenuity and experience upon our own soil—and we can count among our American manufacturers to-day the largest and most successful makers in France and some of the largest in Germany and England—the element of risk in establishing and conducting manufacturing centers in pile fabrics in this country is a very great one. To the writer's own knowledge, several eminent manufacturers, very largely successful abroad and equipped with financial means enabling them to incur the combat, have either after careful investigation over periods of many months of the circumstances here decided not to enter the arena, or in some instances have lost so much money after a short trial here that they withdrew and went back to confine themselves to their enterprises abroad where they still maintain the supremacy which they were not able to establish here. The importations of pile fabrics during the fiscal year ending July 1 last amounted, including duty, to about \$3,500,000. In the two years ending 1909 on the same date, they averaged \$2,500,000 per year. Accordingly, the importations have increased in five years to an extent of from 40 per cent to 50 per cent. The silk pile-fabric industry in this country has increased at a rate somewhat, but not very much, faster during this period. If the statement were made that during the same time the productions of pile fabrics in this country have doubled, I should be very much inclined to doubt the same.

Attention must be drawn to the quantity of merchandise which, due to the inherent difficulties, are classed as seconds, and also to the depreciated value of merchandise left on the manufacturer's hands because of late delivery and rejected by the purchaser. Unless productions of this nature are kept in a group with merchandise selling at a price above its cost of production, it is plain that they become parasites on the system of ad valorem classification.

Not the least factor of importance which deserves your consideration is the difference in conception of economical methods as they prevail abroad and as they are permitted to prevail here. Whether or no our aim in this country to indorse competition by preventing combination is in itself a wasteful one, or whether the conception of the foreign manufacturers is correct that by joining hands and eliminating duplication of effort and excessive risks they can sufficiently cut out the waste, can offer a more uniform basis of employment, and can provide the consumer with a better average price and a less fluctuating market value, it must be conceded that the combinations of foreign manufacturers have this power—that whenever, for the purpose of maintaining a uniform price, they find themselves loaded with

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merchandise which without inducement they can not sell to their buying public, they find only one chief outlet for such accumulations. The United States is apt to be the recipient of such accumulations, and the syndicates abroad accomplish the double purpose of maintaining their price at home and interfering with American production by sending their surplus here. But at present, if sent to this country, they meet a specific duty, and, whatever the low foreign dumping value may be, this country does not at this time further the plans by temporarily demoralizing its industry and temporarily aiding the plans of foreign syndicates.

At this point I wish to emphasize the desirability of a specific duty wherever it can be conscientiously and specifically applied.

A specific duty has, above all, the quality of being easily "appraised."

It naturally changes in response to the needs of the country in this respect: That whenever there is a depression in the markets of the world it becomes automatically high because of the lower values which are impending, and avalanches of goods dumped on this market are thereby prevented at the time when we most need protection here.

It becomes, on the contrary, automatically low as soon as the condition of the market here has forced up prices beyond a reasonable level and lowers thereby the barriers to foreign importations, because the percentage will be lower in the degree in which prosperity is reflected in high prices here.

It prevents the undervaluations and frauds which have freely been admitted as resulting from ad valorem duties in nearly every schedule. The reduction of the number of reappraisements since the specific duties have been applied on textiles in particular is so marked that everyone in the employ of the Government must be gratified with the continuance of specific duties and to the further development of them in the tariff which may be under consideration.

Lastly, the Government will receive the relatively highest revenues at times when importations fall off, that is, when values are low, duties are high, and depression exists, and it will be able to get along with a relatively lower revenue basis when prosperity reigns all over and the influx of importations grows because of the increasing demand here.

Largely due to the consumption in this country of velvet yarns, prices for spun silk yarns are at the present higher than since 15 years, excepting only a short period in the second half of 1907.

In spite of this fact, the price of most silk pile fabrics in this country is, upon the whole, to-day lower than at any previous period. For a long period competition in Germany and France made velvet manufacturing so unprofitable that a little over four years ago a syndicate was formed to control production, prices, and terms. I am informed that in the year following this formation two new factory buildings were built in Crefeld, the home of German velvets—the first new construction for velvets in over 10 years (I was told in 18 years). Battling as we do the serried ranks of the united foreign competition, containing in one body the foremost manufacturers of the various foreign countries (to the extent of 90 per cent of the looms of Germany, France, and England), we trust the committee

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will see the wisdom of sustaining above all a specific rate of duty, both on yarns and products, in so far as they may be concerned with the pile fabric industry, and that as far as it may be possible the present tariff schedules be left as they are. A frankly specific duty, without basket clause, is the only thing which would be preferable, if it can be applied properly.

Finally, I wish to recommend that the committee give heed to the wish that I have heard expressed by many business men as to the taking effect of any new tariff at a date not prior to December the 1st of this year. The uncertainty of what adjustment may be needed to any new tariff rates in so far as it effects raw materials, manufacturers, or importations, will seriously hamper the assertion of natural and healthy business conditions now prevailing. A knowledge on the part of merchants and manufacturers as to what is impending will insure employment for vast numbers otherwise kept waiting because of uncertain buying. Ample notice will give the contestants for business on both sides of the Atlantic time to map out their future course with the least injury to employees and consumers. The consumer after all in this country is eminently the factory producer who has been for many years apparently so much better paid that the factory has seduced workers away from the farm until the scarcity of farm labor and the increased cost of foods has in turn added to the cost of living while raising the income of the farmer. It can truly be said that to-day the factory prosperity is in the last analysis harvested by the producer of grains and foodstuffs, of fibers and minerals, by that much-pitied tiller of the soil now at last come into the fruits of tariff legislation and no longer the once "ultimate consumer" but now the final beneficiary of all intelligent industrial effort. If, therefore, it could be promised that a change in the tariff schedules will not go into effect until, say, December 1st next, and if the committee would voice such a recommendation now to the public, it will give an assurance for this entire year to all the wage earners, manufacturers, and merchants in the United States.

Mr. PALMER. You say the duties on plushes and velvets are now competitive?

Mr. BLUMENTHAL. I should think I could draw that deduction from the fact that I have taken the years 1907 and 1908 arbitrarily, because one was a year of great abundance and the other was one with a slight decline, and I have taken an average for those years, and that amounts to \$2,500,000, and, according to the records that were available to me, the importations during the previous year were slightly less, but during the past year were about \$3,500,000. I should make it as a statement to the best of my knowledge that the industry has not grown faster than that in this country, or about the same rate.

Mr. PALMER. You mean plushes and velvets, and yarns used in plushes and velvets?

Mr. BLUMENTHAL. I am speaking only of plushes and velvets. We do not spin yarns. I am talking particularly about the imports of manufactured cloth.

Mr. PALMER. Plushes and velvets?

Mr. BLUMENTHAL. Yes.

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Mr. PALMER. The imports being last year about \$2,300,000?

Mr. BLUMENTHAL. Duty paid \$3,500,000.

Mr. PALMER. Duty paid \$3,500,000?

Mr. BLUMENTHAL. Yes, sir.

Mr. PALMER. In other words, the duty was about \$1,200,000?

Mr. BLUMENTHAL. Yes, sir.

Mr. PALMER. The most of the imports are of the high-priced goods?

Mr. BLUMENTHAL. That is true, for various reasons.

Mr. PALMER. The high-priced goods are less competitive than the cheaper goods, are they not?

Mr. BLUMENTHAL. Yes, sir.

Mr. PALMER. And therefore the lower specific rates which are levied upon the cheaper classes of goods are more nearly prohibitive than the higher rates which are levied upon the higher class of goods?

Mr. BLUMENTHAL. Your inference is correct, but only in part.

Mr. PALMER. Then if we want to have a really competitive rate, properly balanced all through this paragraph, we should lower the duty on the cheaper articles and raise the duty on the higher articles, should we not?

Mr. BLUMENTHAL. I do not think those higher articles that now come in, in many instances, would be kept out, if the purchasers were willing to pay for them at any price.

Mr. PALMER. Then we would get more revenue by increasing the rates on the higher class articles?

Mr. BLUMENTHAL. You can not exclude the artistic qualifications of France and Germany in particular creations.

Mr. PALMER. They are very high-class goods and very expensive goods?

Mr. BLUMENTHAL. Yes, sir.

Mr. PALMER. Used by rich people?

Mr. BLUMENTHAL. There are other reasons. It is quite conceivable that whatever the rate of duty is under which goods are imported, the foreign manufacture will promptly adjust itself, particularly when that duty is a weight duty, by contriving merchandise which is light in weight, and thereby permit him to import. A lighter weight naturally means a closer fabrication; that is to say, a finer yarn, and thereby he enhances the cost, at the same time permitting himself to get into a new competitive range.

Mr. PALMER. He does not have the same incentive; his conditions are not the same with reference to the heavier goods, and he is permitted to get into wider market?

Mr. BLUMENTHAL. The consumption being very large, the competitive conditions in the country here have contributed considerably to reduce the cost. Besides, the composition of low-priced goods changes in this respect, or is in this respect different from the higher-priced goods, in that it contains a smaller quantity of silk and a larger amount of cotton.

Mr. PALMER. Whatever these facts may be, you agree generally with Mr. Cheney that, as a rule, the duties on high-priced goods are now competitive, and the duties on low-priced goods are prohibitive, practically speaking?

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Mr. BLUMENTHAL. I would not unconditionally agree upon that, for this reason, that when——

Mr. PALMER (interposing). Upon what condition would you agree to it?

Mr. BLUMENTHAL. If I may set before you my thought, I would say this, that when a specific duty is formulated, it is generally based upon the average importance of that division of the productions which are being chiefly bought by consumer and manufactured by manufacturer or imported by importer. Having obtained this average, and in the desire to handle the scheme so as to cover all possibilities, you naturally work toward both ends, and you create a specific duty that takes account of the productions of a higher nature and value, and you try to reach those of a lower classification, and in that sense you may arrive at a point, and naturally will, where apparently schedules of importations of a lower grade will be excluded, and the higher grades will likewise be excluded; therefore you might find that apparently the minimum rate or the minimum values are under a prohibitive duty simply because they are, in their nature, not likely to be the subject of importation.

Mr. PALMER. And not because the duty is high?

Mr. BLUMENTHAL. Not in every sense; and I qualify my remark, for the reason I have stated.

Mr. HILL. In regard to the point about which Mr. Palmer is speaking, taking a rate of duty on goods valued at \$5 a yard—and I am not speaking of any particular amount, but anywhere between \$5 and \$10—there would be no importations at \$5.50? They would try to get that under the \$5 mark, would they not?

Mr. BLUMENTHAL. Probably.

Mr. HILL. And the importations would come as close up to \$10, on the other hand, as they possibly could get them, because thereby they would get a lower ad valorem?

Mr. BLUMENTHAL. Yes, sir.

Mr. HILL. And that would force our statistics of importations to show that under the specific duty the higher values were more competitive and the lower were prohibitory, whereas, as a matter of fact, unless there was a bracket for every change of price, it would necessarily follow that that was so, and that there would be no importations.

Mr. PALMER. I understand that result is bound to happen in these various classifications, but there is a catchall clause in each of these sections, and in this section we are talking about, which provides that where the specific duty is under 45 per cent or the equivalent of 45 per cent, the goods imported shall pay 45 per cent.

Are not the largest importations under that section?

Mr. BLUMENTHAL. Approximately 40 per cent of the importations last year, according to the records that were available to me, came in under the catchall clause; that is to say, 40 per cent of all importations.

Mr. PALMER. Yet the catchall clause is only one of a great many classifications?

Mr. BLUMENTHAL. Perhaps——

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Mr. PALMER (interposing). Just stick to this a moment. Yet the catchall clause is only one of a great many of the classifications?

Mr. BLUMENTHAL. Yes.

Mr. PALMER. And 40 per cent of the imports come in under it?

Mr. BLUMENTHAL. Yes.

Mr. PALMER. And of course it is a high-priced article that comes in under the catchall clause? Is not that correct?

Mr. BLUMENTHAL. Perhaps you have the figures available to show each division of those various paragraphs which came in under the catchall clause.

Mr. PALMER. Is it not always true that the high-priced articles come in under the catchall clause?

Mr. BLUMENTHAL. Not necessarily. I should say this, that high prices on merchandise in our line are produced by two factors. One is when there is a relatively small amount of material and a very great amount of labor, such as in art work, where skill and time are an essential factor. The other instance is where there is a very large amount of material, conditioned upon very few picks to the inch and rapid production. These both might be high-price merchandise, and of course you can readily recognize how they would enter under a catchall clause, without violating the principle of specific rates of duty.

Mr. PALMER. The catchall clause covers articles where the specific is not equal—high enough to equal 45 per cent of the import price?

Mr. BLUMENTHAL. Yes.

Mr. PALMER. Where the specific is not high enough to equal that, it is because the imported price is high, is it not?

Mr. BLUMENTHAL. Yes, sir.

Mr. PALMER. Therefore the articles imported are high-priced articles?

Mr. BLUMENTHAL. Yes.

SUPPLEMENTARY BRIEF.

SHELTON, CONN., *January 20, 1913.*

For the better understanding of the causes which lead to it that a considerable portion, over one-third, of the pile fabrics imported under specific duties become dutiable under the catch-all clause, I want to draw attention to the fact that a specific duty is designed to cover not only the merchandise which has been heretofore produced and imported, but such as is likely to be the subject of future importations.

There is on the part of fashion changes every tendency and on the part of foreign manufacturers in meeting duty schedules every effort toward lighter weights. In fact it is necessary to so construct the clause that all such tendencies are safeguarded by a minimum rate of duty. The direct consequence is that while it has been sought to make the average specific duty equal to about 50 per cent, yet occasionally it runs up as high as 60 per cent, and, on the other hand, it may run down very easily to 40 per cent or 35 per cent. If the cloth is debased by having a less quantity of silk in it, its relative specific duty thereby becomes enhanced when translated into ad valorem. But the duty upon such a cloth will remain specific. If, on the contrary, the cloth is contrived in the other direction—that is, if it is made very much lighter in weight, it will vary from the central standard of 50 per cent in the downward direction, and while, if figured on weight, it will pay considerably less than 45 per cent, it is safeguarded by this catch-all clause. To illustrate that a heavy-weight cloth of low duty classification and a light-weight cloth of higher duty classification may both come in under the catch-all clause.

A plush cloth 36 inches wide and weighing from 11 to 9½ ounces and of \$1.75 foreign cost, would come under the catch-all clause.

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On the other hand, a velvet cloth 36 inches wide, weighing $3\frac{1}{2}$ ounces, and selling at \$4 per yard, foreign cost, would also come under the catch-all clause when entered under the present schedules.

Of course it is possible to create new groups, dealing with every conceivable combination of weight. Further subdivisions than now exist can be created if needed, and if the catch-all clause were completely eliminated, such further groupings would unquestionably be necessary to deal with all the importations and with American manufacturers equitably.

After all, it must be recognized that even though a specific duty may be 60 per cent, as applied to a very low-priced cloth (taking 50 cents as a basis, it would be 30 cents per yard), yet it must be noted that on cloths where an ad valorem duty on a foreign cost of \$4 per yard would yield \$1.60 per yard by specific and \$1.80 under the catch-all clause, it would mean six times the amount per yard, though apparently much lower in the rate of its duty than the 50-cent cloth pays. Therefore, although the percentage in the low-priced cloth might seem high, it is so only in percentage, amounting in money to very little. The high-cost cloths pay the high duty under the present schedule.

Respectfully submitted.

SIDNEY BLUMENTHAL & Co. (INC.),
SIDNEY BLUMENTHAL, *Treasurer*.

TESTIMONY OF F. E. KIP.

The CHAIRMAN. The next witness is Mr. F. E. Kip. We will yield you 10 minutes.

Mr. KIP. I represent the silk velvet and plush manufacturers of the United States, and beg to hand the committee our signed brief, which I desire to have printed as part of my remarks.

As in the time allotted I can not read all of this brief, I wish to emphasize a few cardinal points.

It is absolutely essential in this particular industry that the duties thereon be specific and not ad valorem, for the principal reason that the duties intended could not otherwise be properly collected, and the revenue to the Government would be materially decreased by any ad valorem rate of duty, owing to the immense amount of seconds produced and the utter inability to properly judge the values thereof.

The framers of the Wilson bill realized this and made silk velvets and plushes specific, or rather compound, although few, if any, of their other schedules were so made; and, furthermore, for this very reason in all subsequent bills these rates of duties have been made either compound or specific.

Our raw materials are spun and schappe silk yarns. The total duty collected thereon in the fiscal year 1911 was \$2,115,088. Over one-half of this, or approximately \$1,163,250, was paid by our industry alone.

We as importers and payers to the Government of over one-half of the total of all the duties collected thereon request that the duties on spun and schappe silk yarns be left specific, and emphatically insist that any ad valorem duty would be incapable of proper collection owing to the heavy weighting of the dyed yarns and the positive inability of any one, including the Government experts, to determine their values, full particulars of which are given in our brief.

We wish to call the committee's particular attention also to the fact that silk velvets and plushes and the spun and schappe silk yarns

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to make them are strictly articles of luxury and the rates of duties as they now stand are highly competitive, collecting the highest possible amount of revenue for the Government.

The importation of silk velvets and plushes and of spun and schappe silk yarns have steadily increased year by year. Any reduction of said duties will positively decrease the Government's revenues, for the reason that the decrease in rate will not be compensated by sufficiently increased importations to make up the loss of revenues. I will give proof of this if the committee so desires.

Recapitulating, I would say:

First. There are peculiar conditions in this industry which make it imperative that the duties should be specific, for this reason: The duties in the Wilson bill and all subsequent bills on silk velvets and plushes have been specific or compound.

Second. We desire the committee to take cognizance of the significant fact that notwithstanding our industry imports and pays over one-half of all the duties collected on spun and schappe silk yarns we desire said duties to be specific.

Third. Our industry—both the finished product and our raw materials—are luxuries, and, furthermore, are highly competitive, importations of both having materially increased year by year.

Fourth. The present duties will collect the highest amount of revenue, and any possible reduction will act to decrease the revenue.

We think from the facts submitted we have fully proven that the Government should be interested, from a revenue standpoint only, in maintaining the present specific rates of duties on paragraphs 396, 397, and 399—399 as far as it applies to silk velvets and plushes—of Schedule L.

I have stated why if you should make an ad valorem rate on silk velvets and plushes the revenue would be decidedly decreased.

I wish to state now that if you make a specific rate and reduce said rate from the present one you will also get a decreased revenue for the following reasons:

There is no trust or combination in our United States industry; on the other hand it is intensely competitive, so much so that not only are the lowest grades sold at actual cost but they are sold—in order to get business on better grades—at an actual loss; therefore, any ordinary reduction in the specific rates would not get importations and added revenues on those lowest grades.

On the other hand the domestic manufacturers can not under the present rates successfully compete on the very highest grades, where the labor cost is very high, and requiring also the very highest class of expert help obtainable only in limited quantities in this country. The consequence is that importations on these finest grades are increasing and will continue to increase under the present specific rates.

I can prove this by a few facts far better than by any statements of my own.

Our company being large pile-fabric manufacturers, and realizing the fact that we could not manufacture here under the present duties these grades of silk velvets and plushes and compete with France and Germany, decided to open a branch factory in France and make there and import said fine grades which we were unable to compete

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on in the United States; therefore, in 1911 we hired a factory building in Lyon, France, equipped it with the latest new machinery and ran it about a year to prove the proposition. In 1912 we bought a very large tract of land in the best manufacturing district of Lyon, France, and have built and equipped this new factory for the purpose of making there and importing to the United States these fine grades, and therefore we shall still add additional revenues in duties to the Government on our importations from France.

The gentleman before me raised a question. He stated that there was no trust in Europe on silk velvets and plushes. Now, I want to say that there is a trust in Europe; furthermore, that he knew that there was a trust in Europe. Everybody knows that. He may not have been the recipient of the rebates given by those people, but that he did not know that there was a trust in Europe is quite inconceivable, because everybody knows that. It has been existing for about four or five years.

I wish to read you a letter dated December 17, 1912, from my representative in Lyon:

LYON, FRANCE, *December 17, 1912.*

Mr. F. E. KIP, *New York.*

DEAR SIR: We have just come back from Paris and wish to give you a report which will thoroughly post you about the situation there.

The syndicate of velvet manufacturers has done so much pressing on the Paris buyers and has offered them so many advantages, according to what they, the buyers, say, that they, the buyers, have accepted to sign a contract binding them for three years with the syndicate of velvet and plush manufacturers. During this time they can not buy from anybody outside of the syndicate, excepting one manufacturer, Montelieu, who is tolerated for the same amount of business done with him in 1910.

He is the only manufacturer that they can deal with outside of the trust.

If they buy from anybody else, they lose the return rebate, which is fixed this year at 10 per cent.

Then it follows on with a lot of other matter which is not germane to this subject. I would be glad to leave this letter in the record if you want the whole thing.

The CHAIRMAN. Very well.

Mr. FORDNEY. I think it is better that that be put in the record, Mr. Chairman.

Mr. KIP. There are other things in there, but there is nothing so confidential that it can not be put in the record.

The CHAIRMAN. All right; it may go in the record.

The letter referred to is in the words and figures following, to wit:

LYON, *December 17, 1912.*

Mr. F. E. KIP, *New York.*

DEAR SIR: We are just coming back from Paris, where we spent a few days together with Mr. Rhodes, Mr. Rubiff, and Mr. Williams, looking round the trade.

You have probably been already informed by Mr. Rhodes of the result of a few visits we made with him, but now we are still more thoroughly posted about the situation in Paris.

The syndicate of velvet manufacturers has been so much pressing on the Paris buyers and has offered them so many advantages (according to what they say) that they have (the buyers) accepted to sign a contract binding them for three years with the syndicate of velvet manufacturers. During the time they can not buy from anybody outside the syndicate, except one manufacturer, Montelieu, who is tolerated for

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the same amount of business done with him in 1910. If they buy from anybody else they lose the return which is fixed this year at 10 per cent.

The first house we saw was Jean Jardel Chalrier & Co., with whom we had done some good business and who had told me last year that they would stick to us. Mr. Chalrier was in Paris and so I introduced Mr. Rhodes to him. He told us he was very sorry but as he had a large outlet he had to choose entirely either for the syndicate or for us. If he had seen any movement on our part before he might have possibly not accepted the syndicate's agreement, but he was aware of the fact that the mill was not built, that it would take quite some time before it is complete, and also some time before we could deliver some perfect goods to suit his trade. His business is a little better than the trade of Beach & Blum or of Mahler. According to his explanation the syndicate of velvet buyers who comprise about 23 to 24 houses agree that they would all accept the decision of the majority, but this was voted according to Chalrier by 16 yeas against 8 noes. The agreement is accepted but not signed by all the houses, but they have agreed as I say, to accept, and it is like if it was all signed.

The whole trouble comes from the fact that you did not decide quick enough. I can myself understand entirely your reasons, but the buyers did not see it in the same way and did not think it worth while to leave the syndicate for some house which was not ready to furnish them with a great many qualities and a certain quantity of goods. Last year we had the prestige of the purchase you had made of the ground. They knew very well that you could not have built right away, but they were expecting that something would come out in March or April. Then after came the question of leasing a mill, which thing they were bound to hear through the syndicate of manufacturers who has always been trying to get all the information regarding us. This question of leasing a mill made them think the question of remaining here all the time was not decided, and that you were only here, as the syndicate has always said, for a certain time to gather information.

Well, if you had now 100 looms running or nearly this, would not that happen? As it is, we shall have to work with a different trade. There is no doubt that we shall succeed, but the thing will be a little hard to start. After having seen Mr. Chalrier, we went to see Mr. Beach, of Beach & Blum, and Mr. Ach, of Ach firm, and afterwards all the big jobbing houses of Paris, with some specialists like a Mr. Henman, who is more in the cloaking trade. All these houses—a great many of which we had seen before I got the information—through some of my manufacturers and friends here, with some introductions to some buyers.

In all these houses it was the same story that they were very sorry; that they would rather do business with an independent house, but that for the present, we did not have enough production. Every house was afraid that if they were to stick to us that in a few months we would be bought by the syndicate and they would be boycotted then by the syndicate, who would not sell anything to them.

This is certainly a great point. In the case of Ulmer Sons, of Lyons, and some others who will stick to us, we shall always have to protect them and in case, which I do not think, you would make an agreement with the syndicate, this thing will have to be taken into consideration.

One of the houses, Bernheim Sons, told us that he might employ a few of our looms working for him. He could not buy the goods, but he could get work done on your looms. This is another point of which I do not think much. Some houses like Gaillit Guniot and J. Samuel & Co. told us that they will see in a few days that possibly we may be able to do something with them.

At the same time we saw a man named Ferratore, who is agent in Paris for Los An Et A. Giraud, the house which is represented in New York by F. Victor Achelis. The agent sees the exportation trade and the mi-gres. He believes he can do a pretty good business with our line and we shall have to see and make arrangements with him. We had also information from a man who is traveling in the Provinces all around France for Chalries' account and who offered his services for the Paris trade and from time to time to see the Provinces' trade.

As far as I can see in Paris there will be left for us the exportation trade, South America, Australia, and similar countries in which the business done in velvet is not very large, and some of the mi-gros smaller jobbing houses, and the makers up trade. This ought to be given to a man like this man Feuston or the other man from Challier. Some of these makers up will be seen also by some of our customers like Ulmo firm, who have decided to remain with us.

Coming back to Lyon, we wanted to make sure about the customers who will be true to us and we have seen yesterday some. Our biggest customers, Ulmo firm, will remain with us, but in order to meet his demand we shall have to make a low

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grade of schappe mirior, which is made largely in black and in color and also some cotton pile velvet with three qualities running in 45 centimeters from 1.50 to 2.25 francs net, it will be sufficient. Mr. Rhodes is coming back in one or two days and we shall take up the matter with him. This man who can use from us about 8 to 10,000 pieces of velvet has to be protected and we shall have to make all that we possibly can for him. We saw two or three more people with Mr. Williams, and this morning I saw a few more who are all willing to do business with us if we get the goods. They all want our line of silk pile, some schappe pile, and also some cotton pile outside of peluche and paune.

We are going to see some more people this afternoon with Mr. Williams, and will keep after the trade all the time. Outside of the Lyon people we shall have to see the jobbers of the various cities like Bordeaux, Marseille, Lille, etc. These people have no connection whatever with the syndicate. They buy from the Paris houses and will be very glad to buy direct from an independent house.

We shall have to send some circulars in a few days advising all these houses, of which I shall get a complete list.

Now, outside of these, I do not know or rather I am not quite sure if Lister is in the syndicate or not. Some people say he is; some say no. At all events if he was in the syndicate, as the duties on his goods are the same as those on your goods made in the States, you could possibly compete on your line of imitation furs on the Paris market. This would enable us to keep in touch with some of the Paris people.

The agreement is for plain goods, velvet and plush, but no fancies which the customers can buy anywhere they like. In this respect, Beach was telling us it might be a good thing to start a few patterns of striped velvet. This would keep some houses running and enable us also to remain with the trade in Paris. I give you this point as it was submitted to us.

Regarding the question of velvet, the customers, most of them, are claiming that the next season will not be extraordinary good, as there are plenty of stocks. This was the same story last season. I must say, however, that velvets are worn more and more now for millinery and for dresses.

Most of the hats worn are black velvet. As regards plushes, everybody says it will not be very good; velou paune is the great thing and the latest thing out. This means probably a revival of the mirois.

As regards colors: Next season will see more colors used; last season were black; white mostly in form. It looks as if colors are coming stronger. It is a little early to give the colors which will be in fashion, but in five to six weeks, we will be able to post you much better. As regards size of hats, they are mostly small now, velvet bonnets with aigrettes, but some big models are seen also in wide width. The customers are taking about 60 centimeters wide goods.

Trusting everything will soon be all right. I shall do my very best in all manner.

With my best wishes of the season, I beg to remain, dear sir,

Yours, very sincerely,

J. M. SAUE.

I will say further that the rebate by the trust was 5 per cent before this year, and this year it is 10, and the contract with the buyers is for three years.

I want to state that this is not only a combination and trust of all the manufacturers of silk velvets and plushes in France, but it is a combination of over 90 per cent of the manufacturers of silk velvets and plushes of France and Germany. They are all in one body, and heretofore their contracts were for one year, while now they are for three years.

I will now speak of the large buying customers of France, who probably buy of the French products fully 50 to 75 per cent of the output of the mills of the French manufacturers. These French buyers made a syndicate, because it was getting rather strenuous for them. They were being squeezed out by high prices of the trust, and possibly some of the buyers were out with the syndicate, and by the manufacturers' instigation, or by their own, they went into a buying syndicate, and my representative is speaking of those buyers to whom we had formerly sold our goods made in France. The

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buyers agreed, when they entered this syndicate, that the majority vote should carry with it whether they should buy outside of the trust or not, and if the majority vote of the members said to buy outside of the manufacturers' syndicate, they would buy of outside manufacture but if the majority of the members of the buyers' association by vote agreed not to buy of anyone but the trust, they would buy of the trust alone. That trust includes German manufacturers as well as French. If they buy nothing but from the members of the trust, then they receive the 10 per cent rebate. If they buy of anyone else, then they lose the 10 per cent rebate.

It is fair to assume that they make over the 10 per cent rebate that they give, and if we manufacturers in America could make 10 per cent on our product we would be tickled to death. I presume, however, they are going to make more profit. We know that they are going to make the 10 per cent. They could not give the rebate if they did not. These buyers do not get a rebate if they buy from anybody else.

Mr. FORDNEY. On the other hand, the dealer here purchasing from the domestic manufacturers would have to undersell them 10 per cent and get his profit out of that?

Mr. KIP. Absolutely. And furthermore, how do you know what the price is going to be, if they give that 10 per cent rebate?

There are lots of other reasons why. I do not want to take up the committee's time, but I wish to state here that I have been an importer. I have been in this business for over 30 years. I have been an importer from 1881 to 1893. I have been the agent—and that is well known in the market—of the largest foreign manufacturers in the world—Sir Titus Salt Bar't. Sons & Co., Saltaire, England; L. J. de Ball & Co., Lobberick, Germany; J. B. Martin, Lyon, France.

I know about silk velvets and plushes.

There is a class of silk velvets and plushes—there is a class of piece-dyed goods that, previous to the Wilson bill, came into this country in carload lots, so to speak, invoices of 30, 40, and 50 cases that were invoiced as seconds from 25 to 50 per cent off of the regular price. They were reappraised by the appraising department of the customhouse, and they were sustained as seconds for the reason that the goods were so uneven in finish. They are finished like a seal plush. I also cite these in my brief, but in just a few words I will reaffirm it. They go through a great many processes. In some of the processes they are tipped like the sealskins that are used for ladies' cloaks, and the tipping material is put on the ends of the pile and washed off a great many times. In some of these processes the silk is tendered or made towy, and thereafter it is utterly impossible to raise the pile evenly, and consequently such pieces when finished have the pile or nap slanting in different ways, and all such pieces must be made seconds. That might happen either through the water being impregnated with extra vegetable or mineral matter or some other reason unknown, but it is impossible to make the pile of such pieces come up regularly. To be a first the pile must be slanting only one way. If it is slanting in two or three ways, that piece is made a second. No man can tell it. It is utterly impossible.

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It is the same way with yarns, as I show in my brief, giving the particulars on page 3 up to page 8. The yarn is weighted. I give you a price list also from the trust, where we buy a lot of material, prices of the dyeing of schappe yarns, and you will see in an appendix to this brief prices last January, 1912, given in Germany.

We will take on the first page, there are 20 kinds of dyeing. One of those kinds of dyeing is not weighted. All the other 19 are weighted from 15 to 100 per cent. On page 2 there are 12 kinds of dyeing. One is not weighted and all the others are. On page 3 there are 22 kinds of dyeings, and every one of them are weighted all the way to 130 per cent.

The CHAIRMAN. You mean by "weighted" what the witness was talking about this afternoon—dynamited?

Mr. KIP. Dynamited; it is the same thing.

On page 4 I tell you exactly the conditions. Gray yarn, under the ad valorem duty—we will say it is worth \$2 a pound, or 20 francs; say \$2 a pound for argument's sake. I have got it here in francs—23 francs per kilo, if dyed black and weighted 25 per cent would, under any ad valorem duty, be invoiced at 18.50 francs per kilo. If it is weighted 50 per cent that gray yarn, under any ad valorem duty, has to be invoiced at 15.50 francs per kilo.

I will defy any expert, Government or otherwise, when a spun silk or schappe silk yarn is dyed and weighted, to tell the amount of weighting.

The CHAIRMAN. You could assess duty very much better if it did not have any weighting at all?

Mr. KIP. Certainly. He could not assess it correctly at all with the weighting on.

On page 6 I give the opinion of Mr. Maguire, of the New York Customhouse, who is one of the best examiners in the United States. He admits candidly that he can not even tell the count (or number) of the gray yarn, much less the grade of it.

I have told you here of the large importance of that material. As a matter of fact, in the fiscal year 1911, we imported ourselves, my firm—that is, we imported and paid duties, and the duties we paid to the Government on the importations of spun and schappe silk yarn were \$383,000, or, in other words, one-sixth of the entire duty collected by the Government, or, as pile-fabric manufacturers are estimated to pay one-half of the duty on spun and schappe silk yarn, my firm alone paid one-third of all the duty paid by the silk velvet and plush manufacturing industry, and when we ask a specific duty there must be something in it.

If you will just excuse me a moment, it was also stated that the firm of Scheibler & Co. were not in the trust. That was, I believe, afterwards withdrawn, and the witness stated that he did not know that they were in the trust.

I wish to state and affirm positively, and I defy any contradiction, that Scheibler & Co. are one of the members of the German and French trust, and the following large manufacturers are also members: J. B. Martin & Co., Lyons, France; Roche & Co., Lyons, France; J. L. de Ball & Co., Lobberick, Germany; Nadick & Co., Lobberick, Germany; Andrea & Co., Muhlheun, Germany; Von Beckaroth,

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Crefeld, Germany; Rossie Bros., Suchteln, Germany; King & Duhr, Suchteln, Germany.

BRIDGEPORT, CONN., March 7, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

MY DEAR SIR: In accordance with the request of the committee that we furnish them with a copy of the European Velvet Trust agreement, we herewith attach same and ask to have it made a part of our remarks on this subject.

We wish to call the attention of Congress to the following points of the agreement with the customers:

First. This trust agreement runs for three years, January 1, 1913, to December 31, 1915.

Second. Ten French and 36 German (total 46) manufacturers are members of this combine. This, we are told, is 90 per cent of the entire industry in France and Germany. A number of these concerns are very large and immensely wealthy, and have international reputations.

Third. A rebate of 10 per cent is allowed end of each year, if the customers' books show that they have bought no goods outside the members of the combine, and if they have also kept up the prices fixed for re-sale to the retail trade.

Fourth. Wholesale prices are not only fixed but prices for re-sale to retail trade (see article C) are also fixed—in fact a trust of the worst possible type (international in its scope, composed of about 90 per cent of the entire silk velvet and plush industry of France and Germany) and one that would not be allowed to exist for one moment in the United States.

Respectfully submitted,

THE SALT'S TEXTILE MANUFACTURING CO.

BRIEF CONCERNING FRENCH SILK MANUFACTURERS.

[Translation from French copy.]

DECEMBER 6, 1912.

Confirming our conversation of to-day, we take note of the following propositions in behalf of the manufacturers noted on the following list:

This list that you have submitted may be changed each year by the two groups of manufacturers, or in other words, certain names added or detached. Notice will be given by registered mail, and we will hold exactly to the day. We take note that the French manufacturers on the list no longer pack and pay shipping expenses to Paris, but give us the following returns for packing and shipping expenses to Paris, returns payable every three months: 0.04 per meter on articles up to 50 cm. wide; 0.08 per meter on articles 51 to 81 cm. wide; 0.16 per meter on articles above 81 cm. wide.

Free sample collection in velvets or erect pile plush will not be given after February 1, 1913, excepting for the year 1913 velours and plush fancies may be sold with a premium of a free sample collection at the end of the year.

At the end of the year 1913-1915 the following progressive rebate calculated exclusively upon the total net amount of the business done during each of the years with the total organization of the manufacturers of velours of whose names are to be found on the list: 4 per cent for 20.001 francs; 5 per cent for 50.001 francs; 6 per cent for 100.001 francs., etc., up to 10 per cent.

This progressive rebate at the end of the year will only be due when we have taken integral note of all the orders delivered respectively with all the manufacturers in the list in 1913-1915 before December 31, and if we have fulfilled all the engagements relative to the disposition and to the delivery of the assortments sent before February 1.

This rebate will only be payable if we have fulfilled the engagements that we make below.

(A) We bind ourselves to divide neither all nor part of this rebate, whether to fellow tradesmen or customer. The rebate being for our personal advantage, we agree not to join with other concerns in buying together, that is to say, to take this means to get larger rebates than we have a right to have directly.

(B) We further agree to keep for ourselves the sum total of the rebate, whatever the amount may be.

(C) We agree equally to respect the price of retail sale that we have fixed on certain articles.

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The articles English cotton velvet, velvet and plush faconnes, upholstering plush, and collar velvet can be purchased outside of the group of manufacturers.

(F) Premium, 1 per cent for dating to be returned. An examination of all books at least once a year by two expert bookkeepers charged to do this. In case of a refusal to give all justifications, all advantages of the contract will be lost whether it be in the course of this or of the following years:

These engagements are made for three years, January 1, 1913, to December 31, 1915.

List of manufacturers.—Bickert Freres; J. B. Martin & Co.; Chaverot; Quinson; Riboud Freres; Roche & Co.; Christoph Andree; Giron Freres; Araud; Guillaume; Schwartz & Co., Crefeld; C. & H. Von Becherath, Crefeld; H. Vom Bruck-Söhne, Crefeld; Burkart & Erbsloh, Crefeld; Edm. Coty & Co., Crefeld; F. W. Deussen, Crefeld; C. Flaskamp & Co., Crefeld; M. de Greiff & Co., Crefeld; Hermann Eugen Jacobs, Crefeld; Michels, Kauffmann & Co., Crefeld; Keller & Essers, Crefeld; Mottau & Leendertz, Crefeld; Pelzer Freres, Crefeld; Pollems & Lingenberg, Crefeld; Scheibler & Co., Crefeld; Rud Skellekes; Just. Jacobiny, Crefeld; Gebr. Schaub, Viersen; Coenenzufges; Honnert Hostges; Seidenberki; Menger; Oehne, Berlin; J. L. De Ball & Cie. & Nachf., Lobberich; Escales, Zwerburgen; V. Gierlings, Dulken; Hoffmann, Proebstug; August Girmes, Oedt; Halzemann, Gladbach; Zehmann, Bernan; Duhr, Suchteln; Wm. Muthmann & Son, Kaldenkirchen; Huber & Co., Saarquemines; Gebr. Rossie, Suchteln; Scheulen & Amrath, Rheydt; Wurt, Pitteen.

Between (1) The two groups of manufacturers represented by Mr. Cabaud; (2) the group for the defense of the Parisian commerce of silk, ribbons, and velvets, represented by their office, Mr. Jean Raimon, A. Dreyfus, Jean & A. Lebrun of one part, and Mr. Agnellet, 73 Rue de Richelieu, of the other part; (3) the manufacturers, selling their articles, velvets and plushes, without rebates to a part of their customers, ask that their buyers do not sell below the price which they themselves sell to these customers; (4) the purchase price less the cash discount and the 4 per cent premium will be the minimum price for which they can be resold; (5) the members of the Parisian commerce and the manufacturers have nominated comptroller to inspect their operations. Each buyer must keep his books open to the disposal of the comptroller. (6) The arbitration tribunal is composed of two arbitrators, one chosen from the buyers and one chosen by the manufacturers or the member of the group, E. Bouton or Mr. Brach, or E. Giron or Mr. Millet. In cases of disagreement a third person, Mr. Drucreux, lawyer, of the court of appeals, 1 Rue de Gerisoles, or Mr. Mayer, 56 bis rue de Chateaudun. (8) If, during the contract extending from the 1st of January, 1913, to December 30, 1915, said contract existing between the members of the group and the two groups of manufacturers is to be rescinded, the parties wishing this must notify by registered letter one month before the 1st of December of each year.

BRIEF PREPARED BY THE SILK PLUSH AND VELVET MANUFACTURERS OF THE UNITED STATES FOR HEARING BEFORE WAYS AND MEANS COMMITTEE JANUARY 13, 1913.

[Schedule L, pars. 396, 397, 399. Spun-silk yarns and silk velvets and plushes.]

Mr. Chairman and members of the Ways and Means Committee, we, the manufacturers of silk velvets and plushes in the United States, come before you in a dual position—

First. As United States manufacturers, our finished product being silk velvets and plushes.

Second. As importers, our raw material being spun-silk and schappe yarns, practically all of which we import (it is estimated that the silk velvet and plush manufacturers of the United States pay between 50 per cent and 55 per cent of the total duty paid in to the Government on spun and schappe silk yarns).

We desire to place before you in as few words as possible the conditions relative to silk velvets and plushes, which make it absolutely essential that the duties thereon be specific and not ad valorem.

Many of the silk plushes used in the United States are piece dyed. A class of same known as silk seal plushes is used in large quantities to make ladies' cloaks, in imitation of real sealskin. Such goods to be "firsts" must not have the pile slanting two or three ways, but the pile must, throughout the entire piece, be standing all even and erect. These plushes are first dyed and then go through a great number of different processes—among others the pile is tipped (a dyeing material tipped on the ends of the silk) and washed off several times. During some of these processes something often goes wrong (either through the dyeing water being impregnated with extra

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vegetable or mineral matter, or from some other unknown cause), in which case, in some of these processes, the silk is tendered or made towy—and thereafter it is impossible to raise the pile evenly, and consequently such pieces, when finished, have the pile or nap slanting in different ways, and all such pieces must be made "seconds."

Previous to the Wilson and McKinley bills this industry was most chaotic. Entire invoices of 30, 40, or 50 cases, amounting to thousands of dollars, came in through the customhouse invoiced at from 25 per cent to 50 per cent off regular market prices, on account of being seconds for the above-mentioned faults made in finishing of the goods. Again, we wish to emphasize to you the fact that such seconds can not be told from firsts until each and every piece has been gone over yard by yard, and even then it is a matter of individual opinion.

Notwithstanding that in textiles nearly all the rates in the Wilson bill (1894) were ad valorem, silk velvets and plushes were made specific, or rather compound, in the said bill. Furthermore, the rates on silk velvets and plushes have, in all bills since the Wilson bill, been either specific or compound.

If you should, in the Underwood bill, adopt anything but specific rates, you will do great damage to the industry, and besides deprive the Government of considerable revenue, owing to the seconds and the uncertainty of collection due thereto.

The Payne bill's present specific duty on silk velvets and plushes has been very scientifically worked out and as same produces a duty which compensates only for difference in wages and expenses abroad and here; and, furthermore, as the importations thereunder have been large, giving the Government a considerable revenue on these articles of luxury, we respectfully urge that you retain said duty as it is to-day. If, however, in your judgment, you decide to alter these rates at all, we implore you, in this peculiar industry, not to adopt any rates other than specific rates of duty.

As large importers (it is estimated by experts that we, the silk velvet and plush manufacturers of the United States, pay 50 per cent to 55 per cent of the total duty paid) of spun and schappe silk yarns (our raw materials), we desire to place before you special reasons why the duties on said yarns should be continued as they are now, viz, specific:

Large quantities of these yarns are imported in the dyed state. Practically all of the black yarns are weighted in the dyeing from 10 per cent to 100 per cent. Now cotton, wool, or worsted yarns are not so weighted in the dyeing, these silk yarns being the only ones where this weighting is indulged in to this very large extent.

The value to-day of a medium quality of schappe silk yarn in French count or No. 200 2 is, in the gray, 23 francs per kilo, and under any ad valorem rate of duty it would be invoiced, if in the undyed state, at 23 francs. When dyed black, however, if weighted 50 per cent (and large quantities are so dyed and so weighted) the same quality would be invoiced at only 15.50 francs per kilo, plus the dyeing charge (which, of course, is nothing near the value of the silk). We give table of same as follows:

Quality, medium.

Count or number before dyeing, 200/2.

Market value in gray, per kilo, 23 francs.

Invoiced price, if shipped in gray, per kilo, 23 francs.

Invoiced price (under any ad valorem duty) when received in dyed state, 25 per cent weighted, 18.50 francs.

Invoiced price (under any ad valorem duty) when received in dyed state, 50 per cent weighted, 15.50 francs.

The above table shows at a glance that a spun or schappe silk yarn, worth in gray or undyed state 23 francs per kilo, if dyed black and weighted 25 per cent, would (under any ad valorem duty) be invoiced at only 18.50 francs per kilo, plus dyeing charge; worth in gray or undyed state 23 francs per kilo, if dyed black and weighted 50 per cent, would (under any ad valorem duty) be invoiced at only 15.50 francs per kilo, plus dyeing charge.

Now, we maintain that no expert is able to accurately determine the amount of weighting in said weighted yarns, and hence is unable to judge whether the value thereof is 15.50 francs or 18.50 francs.

We print at the end of this brief exact copy of price list, dated January, 1912, of the Circle of Dyers (or Dyers' Trust), of Crefeld, Germany, which we desire to have printed and made part of this record. From this price list we print the different dyeings for spun and schappe silk yarns, viz:

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DYEINGS OF SCHAPPE SILK YARN FOR VELVET AND PLUSH.

[From page 1 of said price list.]

Class of dyeing.	Amount of weighting.	Class of dyeing.	Amount of weighting.
	<i>Per cent.</i>		<i>Per cent.</i>
Ordinary black.....	15-20	Reinschwarz.....	30-40
Do.....	20-30	Do.....	40-50
Do.....	30-40	Do.....	50-60
Do.....	5-10	Do.....	70-80
Brilliant black.....	5-10	Do.....	80-100
Do.....	15		
Do.....	20-25		
Do.....	30-35		
Genuine blue black.....	15-25		
Do.....	30-40		
Reinschwarz.....	10-20		
Do.....	20-30		
		TUSSAH SCHAPPE.	
		Black.....	15-20
		Do.....	20-30
		Do.....	30-40

You will please note that out of 20 kinds of dyeings only 1 is not weighted and 19 are weighted from 5-10 per cent up to 80-100 per cent.

We affirm positively and defy contradiction thereof that it is absolutely impossible for the best experts to tell from examination of these dyed and weighted spun or schappe silk yarns either the amount of weighting thereof, and consequently the correct value, or the count or quality of the yarn as it was in the gray before dyeing. Now, if we can prove this to your honorable board (and we know we can), you must see that the only rate of duty permissible is strictly a specific rate.

The present silk-yarn examiner, Mr. Maguire, of the New York customhouse, is acknowledged to be one of the best experts in this line in the country. We quote his testimony in the schappe silk yarn case, before the United States General Appraisers January 7, 1911:

By Mr. SHARRETT:

Q. Mr. Maguire, are you one of the United States examiners at the port of New York?—A. Yes.

Q. Do you pass on schappe silk yarns?—A. Yes, sir.

Q. Both—do you pass on both the undyed and the dyed yarns?—A. Yes, sir.

Q. Well, in examining the undyed yarns—the gray yarns—have you found gum in those yarns?—A. I do.

Q. Do you find that that gum is variable at all, the amount of gum in them?—A. Yes.

Q. What are the limits of variation?—A. Well, from 1 per cent up to about 15 per cent.

Q. Do you ever have occasion to determine the number of these yarns?—A. Yes; we have to determine them to classify them.

Q. In determining the number of a dyed yarn, would it be possible to figure back to what the number was in the gray from this dyed yarn?—A. My opinion is that you can't do it accurately; no.

Q. Can you tell how much gum has been boiled out of the yarn in the process of dyeing?—A. I couldn't tell. A chemist might be able to tell.

You will see from this that the best Government expert has to acknowledge that he can not tell, from weighted dyed yarn, even the number or thickness of gray yarn before it was dyed, much less the quality thereof.

The Salt Textile Manufacturing Co. have sent schappe silk yarns weighted 55 per cent to the best-known experts in this country, with request to test and report amount of weighting. Their reports all varied. Some made the weighting 18 per cent, others up to 30 per cent, but none higher than 30 per cent, whereas the yarn was actually weighted 55 per cent.

In the gray or undyed spun or schappe silk yarn there is left in the yarn from the spinning process a certain amount of gum. This gum is boiled off before the yarn is dyed. This process already changes the quality of the gray yarn somewhat. Then, to obtain these large amounts of weighting the yarns are loaded up to the utmost carrying capacity and the original character of the yarn is destroyed. We therefore assert positively again, and defy contradiction by anyone, that when a spun or schappe silk yarn is dyed and heavily weighted no expert can accurately tell either the original quality of the undyed yarn or the amount of the weighting thereof.

You might ask, under these circumstances, how did this industry operate when the duties on spun or schappe silk yarns were ad valorem? Relative to this we would

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say that our industry has been entirely created since 1893, and principally since 1897, during which time compound or specific duties have been in force. This is evidenced by the increased importations of spun-silk yarns:

Fiscal year.	Imported.	Foreign value in dollars.	Duty collected.
	<i>Pounds.</i>		
1893-94.....	427,438	\$719,390	\$251,785
1897-98.....	956,974	1,176,677	449,328
1900-1901.....	1,652,177	2,505,272	939,803
1908-9.....	2,232,354	3,450,843	1,311,512
1910-11.....	3,236,231	5,696,788	2,115,088

As we, the silk velvet and plush manufacturers, pay 50 per cent to 55 per cent of said yarn duty received, the Government has collected from us in 1911 revenue to the extent of \$1,163,250.

There are several single manufacturers of silk velvets and plushes in the United States who are paying per annum larger amounts of duty than the amount of \$251,785 collected in duties from all sources by the Government on spun silk and schappe silk yarns in 1894, when the silk velvet and plush industry started in this country.

From this you can see—and we wish you to please bear in mind the fact—that we are not United States spinners of yarns asking for specific duties to protect us, but we are the actual importers of at least 50 per cent of all of said yarns imported, and consequently large payers of revenue to the United States, and therefore when we ask for specific duties on these yarns (our raw materials) it should prove to you that in this particular industry nothing but a specific rate is permissible, and we do not believe there is any other way to protect the honest man against the dishonest one and to insure the Government's proper revenue.

Under the present specific duty the duty is assessed upon the weight of yarn as found at the time of importation, and consequently 1 pound of yarn imported in the dyed state and weighted 50 per cent would pay duty on 1½ pounds of yarn (and in addition thereto the cost of said dyeing), but we, as importers, would rather pay on dyeing materials as silk than to be confronted with the uncertainty—under any ad valorem rate—of dishonest importations, which it is utterly impossible to check or prevent. Besides, the specific rate of duty has a tendency to discourage these very heavy weightings, resulting in the consumer obtaining a finished product of greater merit.

Previous to the Payne bill the manufacturers of silk velvets and plushes and the United States spinners of spun and schappe silk yarns tried to work out a specific duty on these yarns, but were unable to work out an equitable one. This, however, was accomplished in the Payne bill, after much study and thought and after many conferences had been held by all parties interested, viz, manufacturers, importers, and United States spinners, and the result was the incorporation in the Payne bill of the present specific rate of duty on spun and schappe silk yarns. The United States manufacturers of spun and schappe silk yarns claim they must have the present Payne rates in order to exist, and we, as the largest importers and payers of duty to the Government on said yarns also request (subject to the duties on our finished product, viz, silk velvets and plushes, being left specific and not materially reduced) that the present specific duties on spun and schappe silk yarns be left as they are at the present time. If, however, in your wisdom you decide to change the rates in any way, we again implore you not to make said duties other than specific under any circumstances.

Recapitulating, we would say:

First. As manufacturers of silk velvets and plushes we insist—owing to the peculiarities of these goods, the great amount of seconds, and the inability of anyone to determine what a second is without examination of the entire piece yard by yard—that the specific duties be positively retained. Silk velvets and plushes are luxuries, and the revenue collected under present rates is only the same as under previous tariffs and only such as the Government should collect on a strictly revenue basis. Therefore we request not only that the duties on silk velvets and plushes be specific, but that the present rates of specific duties be adopted.

Second. Notwithstanding that we are importers and payers of duties to the United States Government to the amount of at least 50 per cent of all duties collected on spun and schappe silk yarns, paying duties in 1912 of approximately \$1,200,000, we realize

PARAGRAPH 399 —VELVETS, PLUSHES, ETC.

the utter impossibility of any ad valorem rate of duty collecting an honest rate or the rate stipulated by law, owing to the facts enumerated, namely:

The large amounts of said yarns imported in the dyed and weighted state.

The utter impossibility of even the best experts being able to judge the degree of weighting in said yarns, and being therefore also unable to accurately judge the value of said dyed and weighted yarns.

Therefore we consider that the only practical rates at all on spun silk and schappe silk yarns are the specific rates of duty.

As the present rates are needed on a luxury, both for the Government revenue and for the protection of the United States spinners (subject to duties on silk velvets and plushes also being specific), we strongly recommend that the present specific rates on spun and schappe silk yarns be retained in their present form.

Respectfully submitted by—

Frederic E. Kip, president the Salt's Textile Manufacturing Co., mills at Bridgeport, Conn., and Lyon, France, and signed by the following manufacturers of silk velvets and plushes in the United States, viz: Collins & Aikman Co., Thos. M. Doody, assistant secretary, mills at Manayunk, Philadelphia, Pa.; the Salt's Textile Manufacturing Co., Fred. E. Kip, president, Bridgeport, Conn.; Sidney Blumenthal & Co. (Inc.), Sidney Blumenthal, treasurer, Shelton, Conn.; the American Velvet Co., Chas. A. Wimpfheimer, proprietor, Stonington, Conn.; the Hind & Harrison Plush Co., P. W. Copeland, treasurer, Clark Mills, N. Y.; the Peerless Plush Manufacturing Co., Otto Jaegory, president, Paterson, N. J.

VERBAND DER SEIDENFÄRBEREIEIEN CREFELD—FARBPREIS-LISTE FÜR DIE SAMMT-FABRIK.

BEDINGUNGEN—DIE PREISE VERSTEHEN SICH PER KILO ERHALTENES GEWICHT (KONDITIONSGEWICHT UNGULTIG).

Qualität.—Für alle Färbungen wird ein Minimalquantum von 500 Gramm, bei echten und alizarin echten Farben von 1.000 Gramm berechnet.

Die Aufgabe von Provenienz der Seide, Titre und Verwendung der Seide und Schappe ist für eine sachgemässe Ausführung der Farbaufgabe unerlässlich.

Zahlung.—Monatliche Abrechnungen.

Die Rechnungen, welche alle Farbaufgaben bis Schluss des Monats enthalten müssen, werden bis zum 15. des folgenden Monats zugestellt und sind ab 22. desselben Mts. zahlbar 3 Monate netto. Für Vorausbezahlung werden 6 procent Zinsen pro anno vergütet. Bankfähige Wechsel werden zum Reichsbank-Diskont angenommen. Nichtbankfähige Wechsel werden bei Verfall unter Abzug der Einziehungskosten gutgeschrieben. Durch Zahlung in eigenen Accepten oder Sola-Wechseln darf das Ziel von 3 Monaten unter keinen Umständen überschritten werden, auch nicht unter Vergütung des Diskonts.

Vergütungen.—Denjenigen Kunden, welche den Mitgliedern des "Verbandes der Siedenfärbereien" ihren ganzen Jahresbedarf zum Färben geben, werden nach Erfüllung dieser Bedingung 15 procent Umschlagssconto gutgeschrieben Ausserdem erhalten die Kunden für den mit allen Mitgliedern erzielten Wertumsatz in Sammfärbungen Schwarz und Couleurs eine Umschlagsvergütung auf den Brutto-Jahresumsatz.

von Mk. 30,000 und mehr 1 procent.

von Mk. 50,000 und mehr 1½ procent.

von Mk. 75,000 und mehr 2 procent.

von Mk. 100,000 und mehr 2½ procent.

von Mk. 120,000 und mehr 3 procent.

Diese Umschlagsvergütung gelangt nach Schluss des Geschäftsjahres zur Auszahlung.

Das Geschäftsjahr des Verbandes läuft vom 1. Juli bis 30. Juni d. f. Js.

Schappe für Sammt und plush.

	SCHWARZ.	Mark.
Ordinär schwarz.....		2. 75
15-20 per cent.....		3. 30
20-30 per cent.....		4. 10
30-40 per cent.....		5. 50

PARAGRAPH 399—VELVETS, PLUSHES, ETC.

	Mark.
Brillantschwarz:	
5-10 per cent.....	3.30
15 per cent.....	4.40
20-25 per cent.....	5.05
30-35 per cent.....	6.15
Echt blauschwarz:	
15-25 per cent.....	5.50
30-40 per cent.....	6.85
Reinschwarz:	
10-20 per cent.....	5.50
20-30 per cent.....	6.15
30-40 per cent.....	6.85
40-50 per cent.....	7.90
50-60 per cent.....	8.80
70-80 per cent.....	10.30
80-100 per cent.....	11.80
Hochglanz.....	Zusatz.. .65
Aetzdruck.....	Zusatz.. 1.35

TUSSAH-SCHAPPE.

Schwarz:	
15-20 per cent.....	5.50
20-30 per cent.....	6.15
30-40 per cent.....	6.85

Seide für sammt.

SCHWARZ.

	Mark.
Ordinär hart.....	2.50
Echt hart:	
10-20 per cent.....	3.60
20-30 per cent.....	4.35
30-40 per cent.....	5.75
St. Etienner-Souple, 30-40 per cent.....	6.15
Ordinär schwarz.....	4.10
Echt blauschwarz ca. pari.....	7.25
5-10 per cent.....	8.40
10-20 per cent.....	9.60
20-30 per cent.....	10.65
30-40 per cent.....	11.45
40-50 per cent.....	12.00
Kragenecht.....	Zusatz.. .75
Hochglanz.....	Zusatz.. 1.35
Aetzdruck.....	Zusatz.. 1.35

TUSSAH-SEIDE.

Schwarz unerschwert.....	5.50
Schwarz, 15-25 per cent.....	7.70

Seide für Sammt.

SCHWARZ.

	Mark.
Catechu blauschwarz:	
90 bis pari.....	6.50
Bis 10 procent.....	7.05
10/20 procent.....	7.60
20/30 procent.....	8.20
30/40 procent.....	8.75
40/50 procent.....	9.65
50/60 procent.....	10.15
60/70 procent.....	11.05
70/80 procent.....	11.90
80/100 procent.....	13.15
100/110 procent.....	13.95
110/120 procent.....	14.85
120/130 procent.....	15.45
Catechu tiefschwarz.....	weniger.. .60
Métallique.....	Zusatz.. .85

PARAGRAPH 399—VELVETS, PLUSHES, ETC.

Seide für Plusch.

	SCHWARZ.	Mark.
Reinschwarz bis:		
20 procent.....		8. 25
20/30 procent.....		9. 60
30/40 procent.....		10. 70
40/50 procent.....		11. 80
50/60 procent.....		12. 90
60/70 procent.....		13. 75
70/80 procent.....		14. 20
80/90 procent.....		14. 55
90/100 procent.....		14. 95
100/110 procent.....		15. 40
110/120 procent.....		15. 95
120/130 procent.....		16. 50

Seide und Schappe für Sammt u. Plusch.

	COULEURS.	Mark.
Seide:		
Alle Farben cuit.....		4. 15
Alle Farben souple.....		4. 70
Kragenecht.....	Zusatz..	1. 25
Für Seide, cuit und hart, die nicht für Polierzwecke bestimmt ist, gelten die Stoffpreise.		
Schappe:		
A. Alle Farben bis 10 kg.....		2. 85
B. Alle Farben 10 kg und darüber.....		2. 75
C. Alle Farben 20 kg und darüber.....		2. 60
D.* Ausnahmepreis ab 1. Januar, 1908, alle Farben bei 10 kg und darüber.		2. 20
D.* siehe Bemerkung Seite 6.		
Weiss und gebleichte Couleuren Zusatz.....		1. 00
Weiss inkl. Bleichen 50 kg und darüber.....		3. 40
Weiss inkl. Bleichen 100 kg und darüber.....		3. 15
Echt für Kragen.....	Zusatz..	1. 30
Echt für Etui.....	Zusatz..	. 65
Echt für Konfektion.....	Zusatz..	. 65
Echt für Möbel.....	Zusatz..	1. 30
Echt für Fahnen.....	Zusatz..	1. 60
Aetzdruck.....	Zusatz..	1. 25
Hochglanz.....	Zusatz..	. 65
Abkochen inkl. weichmachen.....		1. 00
Abkochen inkl. weichmachen 50 kg u. darüber.....		. 80
Schlichten resp. f. den Schnitt präparieren.....		1. 00
Schlichten resp. f. den Schnitt präparieren 50 kg und darüber.....		. 80
Die Preise verstehen sich mit 5 procent Aufschlag.		

Seide und Schappe für Sammt u. Plusch.

COULEURS.

* Ausnahmepreis D wird bewilligt für billige Schappe, Sammt- und Plüsch-Qualitäten, welche hergestellt werden aus den Schappe-Marken.

B und C der Industrie-Gesellschaft.

B und X der Société Anonyme.

Angenstein velours B.

Angenstein subl. A.

Société Cascami.

Sublime II.

Sublime I.

Sublime.

Super V.

Geb. Junkers.

B. B. subl.

O. subl.

N. subl.

S. C. subl.

PARAGRAPH 399—VELVETS, PLUSHES, ETC.

Die Fabrik muss bei Farbaufgaben in diesen Sorten entsprechende Mitteilungen machen und die Schappe in Original-packung der Färberei aufliefen, andernfalls die Preise A B und C in Anrechnung kommen.

An den Ausnahmepreis D wird, wie bei dem Schutzsconto von 15 procent noch besonders die Bedingung geknüpft, dass die Fabriken ihre sämtlichen Farbaufgaben (in den Preis-Positionen A B C und D, also sämtliche couleure Schappe ohne Ausnahme) den Mitgliedern des Verbandes zuweisen müssen.

Tussah für Sammt und Plusch.

TUSSAH.

	Mark.
Tussah-Seide coul.....	3. 75
Tussah-Seide coul gebleicht.....	5. 00
Tussah-Seide noir.....	5. 25
Tussah-Schappe coul.....	3. 40
Tussah-Schappe coul gebleicht.....	4. 70
Tussah-Schappe noir.....	5. 25
für Aetzfarben inkl. Vorbleiche Zusatz.....	2. 00
Abkochen und Lüstrieren.....	1. 60
Abkochen und Bleichen.....	2. 30

Die Preise verstehen sich mit 5 procent Aufschlag.

BRIEF OF THE ASSOCIATION OF NEW YORK IMPORTERS
AND MANUFACTURERS OF MILLINERY GOODS.

NEW YORK, *January 10, 1913.*

Hon. OSCAR UNDERWOOD,

Chairman House Ways and Means Committee, Washington, D. C.

DEAR SIR: This association is interested in paragraph 399 of the present tariff. A careful investigation of this paragraph reveals the fact that the specific duty rates therein put a very heavy duty on the cheaper class of goods. These are the goods that reach the masses of the people, and contrary to the opinion of many, a number of these items are not luxuries. Take the fabric called velvet—it would be quite safe to say that at least 60 per cent of the women of this country had a velvet or plush hat this fall. The department stores of this city were selling velvet hats at \$2 each, which is less than in many cases men's felt hats are sold for, so that an article of this nature can hardly be called a luxury. In the spring of the year a number of the items known as silks, are used in women's hats, and are of such a low price as to be within the reach of any person, and are far removed from being classed as a luxury. We would like to see the inequalities in percentage of duty smoothed out in this section so that the low-priced goods will not have to pay double the percentage of duty paid by the higher grades. We submit a few instances in support of this statement.

Sample A velvet made in France cost in American money per yard 48.8 cents. It weighs 2½ ounces per running yard, and at prevailing rate of \$2 per pound pays 29½ cents duty which is 60 per cent on the cost. This was a quality that was about the lowest priced velvet you could bring in under the old Dingley tariff. Under the present law this quality can not be brought in profitably, because in adding to the above two figures 4 per cent for landing expenses, 7 per cent discount to be given to the customers, and 9 per cent profit to the importer, this velvet would have to be sold for 98 cents; sample B, a domestic velvet, which is exactly the same count, construction, and finish, sells at 75 cents less 7 per cent.

Sample C is a domestic velvet sold this past fall for 34 cents; it runs 2½ ounces to the running yard, and if such an article were being imported it would pay the same duty of 29½ per cent that the quality A above mentioned pays. This cloth sells in Europe for an equivalent of 25 cents per yard, and this would make the duty 120 per cent of the foreign cost. Certainly there can be no such disparity in foreign and domestic labor cost in an article where the raw material is so expensive as in velvet.

Plush, although heavier in weight than a velvet of an equal value, pays a higher rate of duty, and is accorded an even greater protection than velvet.

The cheaper grades of silk are similarly affected. Sample D, a chiffon, foreign cost 0.09½ cents a yard, pays a duty of 0.08½ cents as weighing between one-third and two-thirds of an ounce to the square yard. It is assessed at \$3.50 a pound.

PARAGRAPH 399—SILK GOODS.

It is our opinion that a fair rate of duty on the goods enumerated in this paragraph would be 35 per cent ad valorem. This would put many articles that have not been imported for years on a competitive basis, and yet be ample protection to the domestic manufacturers.

To prove this: Sample A velvet at 35 per cent, would have to be sold by the importer, figured as before mentioned, at 84 cents.

Sample C would sell for 42 cents.

Sample D is as yet not made to any extent in this country. (These samples we send under separate cover; on file.)

You have set aside a hearing for us on January 13, from 2.30 to 2.40 p. m., but, as an association of silk importers of this city will appear before you on that day to advocate a similar rate to ours, we wish to state that we will not avail ourselves of that time to present this brief in person.

Respectfully,

EDWARD L. JOHNSON, *President.*
SIDNEY B. VEIT, *Secretary.*

SILK GOODS.

TESTIMONY OF HORACE B. CHENEY, REPRESENTING THE SILK ASSOCIATION OF AMERICA, SOUTH MANCHESTER, CONN.

Mr. CHENEY. I appear here on behalf of the Silk Association of America, which includes the manufacturers of ribbons of all kinds, silk goods, including the dyers, printers, finishers, and throwsters. The association represents approximately two-thirds of the entire silk industry. There are some 900 mills in this country, and the silk association, while it does not represent the corresponding number of mills, represents approximately two-thirds of the production of the country. I believe they represent somewhere in the neighborhood of 200 mills.

We have filed a brief which comprises the argument which we wish to present to your committee. It is chiefly a brief in favor of the imposition of specific duties upon silk goods of all kinds, and it is based largely upon the theory, or the fact, that silk goods are not a matter of determined value; they are not a thing in which the value is proportionate in any way to the cost of production, but is solely a question of whim. The same article, under an ad valorem duty, might pay three different duties the same identical day. For instance, if you were to have goods which are made in Japan and dyed and printed in Japan, they would pay one duty; if the same goods were exported to France and there dyed and printed, they would pay another duty. And by the way, that industry is so great in France that in the last revision of the French tariff it was considered to be of equal importance to the French weaving industry, and carried its own point against them. Thirdly, if that same article should be produced in France, or some other European country, it would be of another value and would take a third duty.

You have the condition that at the same time in the same article there would be different prints or different colors that have different values, and we ask the kindly consideration of Congress in favor of the poor gentlemen who have to base their business on guesses as to what the women are going to wear six months and a year in advance.

Mr. HARRISON. You regard that as an uncertain quantity, do you?

PARAGRAPH 399—SILK GOODS.

Mr. CHENEY. Yes, sir; I do.

Mr. HARRISON. Your mills are in South Manchester, Conn., I believe?

Mr. CHENEY. Yes, sir.

Mr. HARRISON. Do you know what the total American production of silks is?

Mr. CHENEY. It is a little difficult to ascertain that. I want to warn the committee against drawing any conclusions from the census figures in relation to silks. The census reports that there are \$196,000,000 worth of silk produced in the country; it then proceeds to tell you that there are some \$20,000,000 of duplications. These duplications have been purely guesswork. Nobody knows what the duplications are. They will report to you one item as labor and another as contract work. Well, contract work is practically all labor. They report among the products of the country all the spun and all the thrown silk, and most of that thrown silk and spun silk is not going into silk goods; a considerable portion of it goes into the manufacture of electric wires, into braids, and into woolen goods, cotton goods, and all kinds of other different things; and all of those would have to go out.

Mr. HARRISON. What is your own estimate of the total production in the United States?

Mr. CHENEY. It would be a guess, pure and simple. I should say that it might amount to \$150,000,000, but that is the purest kind of a guess, and I hardly like to make it.

Mr. HARRISON. Assuming that your guess is correct and that the production in the United States is about \$150,000,000, do you regard the importation of \$27,000,000 worth of silk as being serious competition with our market?

Mr. CHENEY. The average importation of silk goods for a number of years has been about \$30,000,000, on which the Government has averaged a revenue of about \$16,000,000. The silk business is on the most closely competitive basis of any business that I know anything about in this country.

Mr. HARRISON. Is it true that the silk business is one in which it is impossible to form monopolies or combinations of manufacturers?

Mr. CHENEY. There have been a number of attempts made to do that, but they have all failed. I do not think, in the nature of the thing, that it is possible to make a combination in silks that can last.

Mr. HARRISON. Will you tell the committee why that is so?

Mr. CHENEY. From the very great variety of the products themselves, and from the very varying conditions under which they are made.

Mr. HARRISON. Is it true that it is a business that any man with a small capital can set up in his own back yard, so to speak?

Mr. CHENEY. There are at the present time three of the successful silk manufacturers in the country who used to be loom fixers in our mill.

Mr. HARRISON. How many silk manufacturers do you suppose there are in the United States?

Mr. CHENEY. There are 852 silk mills reported in the census——

Mr. HARRISON. Does that include all of the small men who manufactured with one loom?

PARAGRAPH 399—SILK GOODS.

Mr. CHENEY. That includes everybody, but it does not include the knitting industry, the dying industry, the printing industry, nor the finishing industry, nor does it include the silk goods which are produced in cotton mills or the silks used in woolen mills, or a variety of other trades.

Mr. HARRISON. Are there any goods which are produced in your mill which could not be reckoned as luxuries?

Mr. CHENEY. I would say that everything that is made of silk is of voluntary consumption; the consumption is voluntary; that is, if a person was in straitened circumstances there is no reason on earth why they should ever use a shred of silk.

Mr. HARRISON. Even though many people in moderate circumstances do use silk?

Mr. CHENEY. Undoubtedly. There is no question about it whatever. People in very moderate circumstances use silk.

Mr. HARRISON. You consider it a matter of voluntary consumption?

Mr. CHENEY. Yes, sir.

Mr. HARRISON. Tell us from what countries there is competition in silk goods.

Mr. CHENEY. The largest silk-producing country in the world is China.

Mr. HARRISON. Do you mean the raw silk or the silk goods?

Mr. CHENEY. Both; but they can not be accurately stated. Different estimates have been made by the people who compiled the French tables of consumption and production of silk. Those estimates were made some years ago, but since then they have been withdrawn, and simply the imports and exports of China shown, so they do not state what the native consumption is. France is the largest country reported in the table to-day, next to the United States, for the consumption of silk.

Mr. HARRISON. It is mostly from the Lyon district, is it not?

Mr. CHENEY. Yes, sir; very largely; but there are many mills throughout France, Italy, Switzerland, and Germany.

Mr. HARRISON. Where does your raw silk come from?

Mr. CHENEY. The largest amount of raw silk is to-day produced in Japan.

Mr. HARRISON. Have you any competition with the manufactured silk goods from Japan?

Mr. CHENEY. A tremendous competition.

Mr. HARRISON. You neglected to mention that among the countries with which you compete; that is why I asked you.

Mr. CHENEY. I mentioned the fact that the same article might be exported from Japan, or exported from Japan to France. There is an enormous industry in taking Japanese and Chinese goods to France and converting them—that is, dyeing or printing or embossing, or putting them through some other treatment, and then selling them as French goods.

Mr. HARRISON. You stated that the raw silk comes from several European countries. Does it also come from Japan?

Mr. CHENEY. More raw silk comes from Japan than from any other country.

Mr. HARRISON. Have we ever made a success of establishing the growth of raw silk in this country?

PARAGRAPH 399—SILK GOODS.

Mr. CHENEY. One of the first things that was done when our forefathers landed in this country was to try to make an arrangement for the establishment of the silk industry in this country, and they have been at it ever since that time. There was never a time in the whole history of the United States that enough silk was produced in this country in one year to operate our mills for one day.

Mr. HARRISON. Is there any raw silk produced in the United States to-day?

Mr. CHENEY. Nothing, except in a very experimental kind of way; a few pounds here and there by somebody who likes to "monkey" with it.

Mr. HARRISON. It is what you would call a noncompetitive product?

Mr. CHENEY. Yes, sir.

Mr. HARRISON. Suppose the committee should decide to impose a duty upon raw silk, which now comes in free from the foreign countries. What effect would that have upon the silk industry?

Mr. CHENEY. Unless there were compensating duties put upon it the result would be—whatever duty was put upon it—it would result in a certain decrease in the imports of raw material and a corresponding increase in the imports of manufactured goods.

Mr. HARRISON. Would it be possible for the silk manufacturers in the United States to hand down the whole of this duty upon their raw material to the consumers of silk goods in the shape of higher prices?

Mr. CHENEY. No, sir.

Mr. HARRISON. On account of competition from foreign silk manufacturers?

Mr. CHENEY. Yes, sir.

Mr. HARRISON. That would be a tax probably borne by the manufacturers and not by the public? Is that correct?

Mr. CHENEY. It would be either paid by the manufacturer or the workmen. The manufacturer is on such a close competitive basis to-day that he is not making much more money than you make on railroad stock. If you put them on any lower basis, it is probably going to come out of the workmen.

Mr. HARRISON. It is improbable in your opinion that the tax would be one that would be imposed upon the public that consumes the silk?

Mr. CHENEY. As I said before it would depend entirely upon what other adjustments were made in the tariff. I think it would be an unwise thing to do.

Mr. HARRISON. Assuming that the rates upon the finished product remain as they now are, and that a low revenue duty was imposed upon the raw silk, it is your opinion that that tax could not be handed down, so to speak, by the manufacturers to the public? Is that correct?

Mr. CHENEY. I do not think it could.

Mr. HARRISON. On account of this sharp competition from abroad?

Mr. CHENEY. On account of sharp competition both in this country and abroad.

Mr. HARRISON. As I understand it your objection to the ad valorem method of assessing duties upon your products is that it is difficult

PARAGRAPH 399—SILK GOODS.

if not impossible to tell what the value of the French goods are. Is that correct?

Mr. CHENEY. Yes, sir. But not only the French goods, but any other goods. Worst of all, it is hardest to tell the value of the Asiatic goods. We have absolutely no basis of getting at the cost.

Mr. HARRISON. You do not regard the invoice as a reliable method of fixing the value?

Mr. CHENEY. Hardly, sir; no.

Mr. HARRISON. Would you think the silk business is any different in that respect from other businesses?

Mr. CHENEY. I can not answer for other businesses, but I know that there are gross undervaluations made under the ad valorem duties in the silk business. It is doubtful whether more than two-thirds of the duty imposed is ever collected.

Mr. HARRISON. Do you suppose that is peculiar to silk—

Mr. CHENEY (interrupting). More peculiar to silk than anything else, because it is almost impossible to tell what the value is; it is purely a matter of guesswork. It may be one thing to-day and another thing to-morrow.

Mr. HARRISON. Explain to the committee why that is so, as distinguished from any other marketable commodities.

Mr. CHENEY. Silks are entirely a question of fashion. If a woman wants a thing she will pay anything she has to pay until she gets it.

Mr. HARRISON. Isn't there more or less a staple trade in silk from year to year?

Mr. CHENEY. There is no such thing as a staple product in silk goods.

Mr. HARRISON. Do you mean that the changes in women's fashions begins at the silk looms?

Mr. CHENEY. Even in the colors. For instance, take one of our chief products, which is foulards. That comes in close competition, by the way, with Asiatic products. Every year we have to make an entirely new series of designs, and everything that we happen to be so unlucky as to have left over from the year before has got to be sold at a reduction of anywhere from 25 to 33½ per cent of the price of the previous year. Those goods come in the class that I speak of. They are competitive goods. They are made in Japan and China, sent to France and converted, and come over here from France.

Mr. HARRISON. What were those three classes you spoke of at the beginning of your remarks? What has that got to do with the changes in fashions?

Mr. CHENEY. I only illustrated that to show that at the same time, for a given article, you have three different values.

Mr. HARRISON. In what way? I do not understand that.

Mr. CHENEY. For instance, if the goods were made in Japan, they would have one value; if they were made in Japan in the gray and exported to France and there converted, they would have a second value; if they were made in France, they would have a third value.

Mr. HARRISON. In exporting to the United States they will be invoiced at a value upon which an ad valorem duty could be assessed, would they not?

Mr. CHENEY. The same ad valorem duty assessed upon that same article from three different ports would in each case be different.

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Mr. HARRISON. But the port from which it is shipped to the United States is the port as of which the duty would be assessed on the ad valorem basis.

Mr. CHENEY. Yes, sir.

Mr. HARRISON. Then why would the fixing of these three different values enter into it?

Mr. CHENEY. You would have the same article paying three different amounts of duty.

Mr. HARRISON. But only one duty would have to be paid by the exporter into our country?

Mr. CHENEY. It would pay three different duties, as I understand it. It would be the value of the goods in the country where they were produced. If the value of the goods is taken in Japan, it would be one thing—

The CHAIRMAN (interposing). The price on which the duty is levied is the value in the market from which it is shipped; the local value.

Mr. CHENEY. Yes, sir; that is just what I mean.

Mr. HARRISON. We collect only one duty upon it.

Mr. CHENEY. Yes; but you would collect three different duties upon the same article produced in three different places.

Mr. DALZELL. Provided it was shipped from those three different places?

Mr. CHENEY. Yes; provided it was shipped under those three different sets of circumstances.

Mr. LONGWORTH. What, if any, countries place a duty on raw silk?

Mr. CHENEY. What countries place a duty on raw silk?

Mr. LONGWORTH. Yes.

Mr. CHENEY. I do not know of any country.

Mr. LONGWORTH. There is no such thing as a duty upon raw silk?

Mr. CHENEY. No; I do not know of any such duty.

Mr. PALMER. Were you the president of the American Silk Association at the time of the Payne revision?

Mr. CHENEY. I am not the president of the association, sir; I am the chairman of the revenue laws committee.

Mr. PALMER. Were you chairman of that committee at the time of the Payne tariff hearings?

Mr. CHENEY. I was.

Mr. PALMER. Did you appear before this committee?

Mr. CHENEY. No; I did not appear before this committee at that time. I beg your pardon. I was not chairman at the time the hearings began. At that time my father was chairman. He appeared here.

Mr. PALMER. Were you then an officer of the Silk Association of America?

Mr. CHENEY. No; not at the beginning. Before the end of that session I was doing the same work that I am now doing. But, of course, I was cognizant of what was going on.

Mr. PALMER. You were cognizant of everything that was being done by the silk association with relation to the writing of the Payne tariff law?

Mr. CHENEY. Yes, sir.

Mr. PALMER. Did your committee prepare the details of this schedule for the assistance of the committee?

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Mr. CHENEY. Yes, sir.

Mr. PALMER. In making the classifications?

Mr. CHENEY. Yes, sir.

Mr. PALMER. And in writing the rates?

Mr. CHENEY. Very largely.

Mr. PALMER. At that time were you of the same opinion that you are now, that specific duties only should be inserted in the bill?

Mr. CHENEY. We first recommended a schedule which should have only specific rates, but it developed that they amounted to such considerable inequalities in administration that there were a large number of rates reduced. To meet that condition there was a catch-all clause, covering the things which were not covered by the specific duties.

Mr. PALMER. Then you made suggestions to the committee providing for the catch-all clause, did you? Was that your suggestion?

Mr. CHENEY. No; that was not our suggestion; but the lower rates made it practically a necessity.

Mr. PALMER. Do you want that catch-all clause taken out now?

Mr. CHENEY. I think as the thing stands to-day the Government would lose large revenue without any compensating advantage, by taking it out. There are a large number of articles that pay very low rates of duty under the specific rates—as low as 5 per cent.

Mr. PALMER. It is a fact then that practically all of the duties in the schedule are specific duties now?

Mr. CHENEY. Well, no; a large proportion of the goods that enter come in under the ad valorem feature.

Mr. PALMER. Yes; but I am speaking about the duties. The duties are all specific, except that in every classification there is a catch-all under the ad valorem.

Mr. CHENEY. Yes, sir.

Mr. PALMER. And you are recommending a continuance of that sort of classification?

Mr. CHENEY. Yes, sir.

Mr. PALMER. You are not asking us to change that in any way?

Mr. CHENEY. We are not asking you to change anything.

Mr. PALMER. You have made no suggestions at all about the rates of duty. Do you want them to remain exactly as they are?

Mr. CHENEY. If the committee decides that they wish to make a new silk schedule, I think there are some changes which could be made without any serious disadvantage—

Mr. PAYNE (interposing). Will you please repeat that. I did not understand you.

Mr. CHENEY. I say if the committee decides that they wish to make a new silk schedule, I think there are some changes which could be made to equalize some points of minor importance. I do not think the things of real great importance need adjustment. These discrepancies which appear are more apparent than they are real. They occur upon items of slight importance and of small importations. The rates upon the factors which are of real importance to the business of the country are fairly reasonable.

Mr. PALMER. Have you recommended such changes in your brief?

Mr. CHENEY. I have not.

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Mr. PAYNE. Let me refresh his recollection about that. I know something about it myself. You made your statement before the committee. In that statement you asked to have some schedules made specific instead of ad valorem. Is not that true?

Mr. CHENEY. Yes, sir.

Mr. PAYNE. In the presence of the committee it was stated to you, by the chairman, that no schedule would be approved that increased the Dingley schedules.

Mr. CHENEY. Yes, sir.

Mr. PAYNE. No matter whether it was ad valorem or specific.

Mr. CHENEY. Yes, sir.

Mr. PAYNE. Did not an importer appear with you also?

Mr. CHENEY. Yes, sir.

Mr. PAYNE. I do not remember his name now. However, I afterwards requested you and the importer to get together and suggest rates on those parts of the schedule that you asked to make specific and submit them to the committee, and that those rates were modified from time to time by you after conversation with me in the presence of the committee.

Mr. CHENEY. There were a large number of modifications made.

Mr. PAYNE. But the Ways and Means Committee refused to take those rates, but put the old rates in the bill that went to the Senate.

Mr. CHENEY. Yes, sir.

Mr. PAYNE. Or the bill that went to the House. I do not know whether it went to the Senate in that shape or not.

Mr. CHENEY. The House did not take the rate which we suggested first. The bill went to the Senate, was modified in the Senate, and was finally accepted by the House.

Mr. PAYNE. It was accepted by the conference committee. Before it was accepted by the conference committee, did I not have several interviews with you gentlemen who represented the imports?

Mr. CHENEY. Yes, sir.

Mr. PAYNE. For the purpose of going over those items specifically?

Mr. CHENEY. Yes, sir.

Mr. PAYNE. And they were figured out by experts, to see whether they exceeded the rates of the Dingley schedule before they were finally accepted by the conference?

Mr. CHENEY. Not only was that done, but the result of the administration of that law has proved that now.

Mr. PAYNE. I wanted to call your attention to that.

Mr. CHENEY. I do not think in any one of those groups of duties that there has been a variation of more than one cent from the rates which ruled under the old bill. I confess that I am surprised myself at the accuracy with which the result was arrived at.

Mr. PAYNE. I had already arrived at that same conclusion from the figures. Was it not announced to you after the hearings that while the committee would accept the Dingley rates they would not accept anything higher?

Mr. CHENEY. Yes, sir.

Mr. PAYNE. That they also regarded silk as an article of luxury and that there was evidently a high state of competition between this country and the other side in the manufacture of these goods?

Mr. CHENEY. Yes, sir.

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Mr. PAYNE. And that was before any of these specific rates were admitted?

Mr. CHENEY. Yes, sir.

Mr. PAYNE. You were asked, in view of the sharp competition here, whether the manufacturers could impose that additional revenue tax on the raw material on the customers, and you gave a negative answer.

Mr. CHENEY. I do not think it could be done.

Mr. PAYNE. You do not think they could impose the duty on the customer because of the sharp competition?

Mr. CHENEY. I think it would result in probably one of two things: That it would either come out of the workmen or else it would go abroad.

Mr. PAYNE. If it would come out of the manufacturer, it would either come out of his profit or out of his capital. In view of the sharp competition, could he take it out of his profits?

Mr. CHENEY. I do not think he can.

Mr. PAYNE. So it would come out of the workman if he would agree to it?

Mr. CHENEY. Yes; if the workman couldn't get better employment somewhere else.

Mr. PAYNE. If it didn't, I suppose the business would stop?

Mr. CHENEY. If there were a very high revenue duty put on raw silk there would not be any importing.

Mr. PAYNE. Is there any way you could continue the business at the present rates of wages, with a fair revenue or moderate revenue duty, or whatever they chose to call it, on raw silk?

Mr. CHENEY. I would be afraid of it, sir. I couldn't say positively what would happen; but I should be afraid of it.

Mr. PAYNE. Do you remember the effort that was made in 1890 to put a duty on raw silk? Or were you too young then?

Mr. CHENEY. I remember it, sir. I was at that time employed in making figures on that question. I am mistaken. It was 1897.

Mr. PAYNE. That was for the purpose of encouraging the growth of the silk worm in this country?

Mr. CHENEY. That proposition has come up in every tariff revision.

Mr. PAYNE. A difference of \$2 a pound or a dollar a pound—

Mr. CHENEY (interrupting). It has been anywhere from \$3.50 a pound down to \$1 a pound. I have never heard anyone suggest anything below \$1 a pound.

Mr. PAYNE. At that time it was stated by your father that with a tariff duty of \$2 a pound on raw silk, he would have to get an average of \$20 a yard on his silk goods in order to compensate and be able to make them.

Mr. CHENEY. It would depend on whether he made goods out of silk or made them out of something else. I think it would promote a tendency to make them out of something else.

Mr. PAYNE. His statement was that it would stop the industry because no one would buy their goods at that price. Do you agree with that statement?

Mr. CHENEY. I think it would decrease the consumption considerably. May I be pardoned for a moment? I want to make one statement before it slips my mind.

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A gentleman here spoke about tie silk. I only want to say that tie silks are any kind of silk that is produced. A necktie is, first or last, made out of anything which a man's fancy happens to induce him to use for that purpose.

Mr. LONGWORTH. You do not agree with his proposition that the duty was substantially increased on tie silks?

Mr. CHENEY. Tie silks are anything in the whole schedule, from yarns to brocades.

Mr. LONGWORTH. You say the Payne duty is not higher than the Dingley duty?

Mr. CHENEY. The average duties in each schedule are just about where they were before.

Mr. LONGWORTH. He said the duty was very much higher.

Mr. CHENEY. The duty on some of the individual items in the schedule might have been higher. If he was talking about some one importation, some one article, his statement may be true.

Mr. LONGWORTH. I asked him the general question whether the duty under paragraph 399 had been increased, and he said, "very largely."

Mr. PALMER. Mr. Cheney, of course, I intended no reflection upon the Ways and Means Committee when I elicited from you the information that your association had written this schedule in 1909. It is a very complicated and technical schedule, as it is a very technical business, and it was perfectly proper for the committee to enlist your services for their assistance. I want to be straight on that.

Now, I want to go back to these rates a moment. The rates in this schedule, as I understand you, are all specific, with the exception of what you call the "catchall clause," and with perhaps one or two other exceptions, where there is a compensatory specific duty and an ad valorem added, such as in goods made from artificial silk—

Mr. CHENEY (interposing). No. Excuse me. On all small articles, like ribbons and laces and things of that kind, it is an ad valorem duty.

Mr. PALMER. Yes, I think so, but there are not many of those items?

Mr. CHENEY. But those duties afford much protection.

Mr. PALMER. Well, the vast majority are as you now desire. Do you want ribbons put in at specific rates, too?

Mr. CHENEY. We tried very hard last time to get a schedule figured out for specific duties on ribbons, but we could not get the ribbon manufacturers together and we dropped the matter.

Mr. PALMER. Now, in each of these classifications the largest importations are under the catchall clause, are they not?

Mr. CHENEY. In which?

Mr. PALMER. Throughout this schedule, as a general rule, the largest importations in each class of goods are under the catchall clause?

Mr. CHENEY. Yes; not always, but in the majority of cases.

Mr. PALMER. Well, that is almost universally so, is it not?

Mr. CHENEY. There are a number of such cases.

Mr. PALMER. That is to say, the catchall clause was written to impose an ad valorem duty on the higher-priced goods?

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Mr. CHENEY. Yes.

Mr. PALMER. So that the largest importations are of the higher-priced goods?

Mr. CHENEY. Yes.

Mr. PALMER. The comparatively cheap goods, which come in under or which carry a specific duty, are not imported to any considerable extent, are they?

Mr. CHENEY. There are some classes of goods that are imported to a considerable extent.

Mr. PALMER. In comparison with those high-priced goods imported under the catchall clause, the importations under specific rates are small?

Mr. CHENEY. I think that your statement is, in the main, correct; that the importations from Europe are, in the main, the high-priced goods.

Mr. PALMER. But the importations are in the main high-priced goods?

Mr. CHENEY. Yes. That is not true of the importations from Japan and China, which are low-priced goods.

Mr. PALMER. Are you making any suggestion of an increase in the catchall rate?

Mr. CHENEY. No; I am not making any suggestion of an increase at all.

Mr. PALMER. Those higher-class goods would come in under a higher rate of duty, would they not?

Mr. CHENEY. They would, undoubtedly.

Mr. PALMER. And would yield more revenue for the Government, of course, would they not?

Mr. CHENEY. Why, I think——

Mr. PALMER (interposing). That goes without saying, does it not?

Mr. CHENEY. I do not think it would be advisable, because while you would get more revenue out of certain articles I am afraid you would lose it on others.

Mr. PALMER. Well, is it your purpose in advising these specific rates to continue the conditions which now obtain by keeping the cheaper articles out of the country?

Mr. CHENEY. It is to be able to maintain the present condition of the trade as near as it is possible to do so.

Mr. PALMER. And to do it by holding back imports of the cheaper grades of silk?

Mr. CHENEY. Well, the imports of some of the cheapest grades are now coming in. It is the medium grade of goods that are most affected by it.

Mr. PALMER. It is the medium grades that are most affected?

Mr. CHENEY. Yes.

Mr. PALMER. Well, I notice in reading the statistics from the department that the goods—as a rule all through the schedule—the goods carrying the smallest specific rates have the smallest imports. Now, those goods are very largely manufactured in this country, are they not?

Mr. CHENEY. I am afraid I do not understand exactly what your question was, sir.

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Mr. PALMER. I say, I see by the report of the department that the goods carrying the smallest specific rates are imported in very small quantities. Is that not correct?

Mr. CHENEY. I can not say. I am not advised. I would have to look up the schedule to be able to answer that question.

Mr. PALMER. Well, is not this the fact, Mr. Cheney, and well recognized by the silk people of the country, that the present rates on the cheaper grades are practically prohibitive?

Mr. CHENEY. They are practically prohibitive upon certain articles. They are not at all high on other articles which come in at the same price and in the same items. There are certain articles on which the duties are very nearly prohibitive.

Mr. PALMER. Take velvets and plushes, for instance; that is a very large part of the business, is it not?

Mr. CHENEY. Yes.

Mr. PALMER. The cheapest grades of velvets and plushes do not come in here at all, do they?

Mr. CHENEY. I do not think they do to any large extent, though I am afraid I can not answer positively.

Mr. PALMER. The cheapest grades, I suppose, are those which are dutiable at a dollar a pound?

Mr. CHENEY. The cheapest grades of velvets are made out of spun silk.

Mr. PALMER. Well—

Mr. CHENEY (interposing). And the duty would be the same whether they were made out of spun silk or made out of reeled silk, and on velvets it is almost an impossibility to tell of which grade they are made.

Mr. PALMER. Take this class, of which the cheaper silk is the larger component part—plushes, not weighing less than $9\frac{1}{2}$ ounces per square yard. That is the heaviest stuff, and of course the cheapest stuff, is it not?

Mr. CHENEY. Not necessarily; no. The heaviest stuff is not necessarily the cheapest stuff. In fact, I do not think it is.

Mr. PALMER. Well, the specific duty on that heavy stuff is a dollar a pound, and on the lighter article it is \$2.40 a pound. Now, did you not say awhile ago in answer to Mr. Payne that the duties were made higher on the higher class goods, or something to that effect.

Mr. CHENEY. Why, I can not recall. I do not think I did.

Mr. PALMER. But, anyhow, if the specific rate on the plushes weighing more than $9\frac{1}{2}$ ounces is a dollar, and on those weighing less than $9\frac{1}{2}$ ounces it is \$2.40, that is an indication that the lighter plushes are the higher priced plushes?

Mr. CHENEY. You are speaking now only of the plushes?

Mr. PALMER. Yes; I am speaking of plushes now.

Mr. CHENEY. Excuse me. I thought you were speaking of that whole velvet range.

Mr. PALMER. No.

Mr. CHENEY. Yes; in the plushes, the heavier goods are the cheaper goods.

Mr. PALMER. Yes.

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Mr. CHENEY. But, at the same time—

Mr. PALMER (interposing). And of these heavier, cheaper plushes there are practically no importations; is not that true?

Mr. CHENEY. I can not answer that. I do not know. Some of the other gentlemen can tell you better about that.

Mr. PALMER. The statistics show that the importations for the year ending June 30, 1912, of the heavy plushes were \$3,741. That would indicate that the rate was practically prohibitive would it not?

Mr. CHENEY. Apparently.

Mr. PALMER. Yes. And does not that condition run through the schedule of the cheapest articles carrying the prohibitive rates?

Mr. CHENEY. No, sir; the cheapest article there is produced and which comes into this country is the ruching, which can not be made in this country at all, because the duty is not high enough to do it.

Mr. PALMER. Now, let me call your attention to the statistics. Take silk, in the grey, in skeins, warps, etc. That is the smallest specific. The imports are \$156, whereas in the higher-priced articles the imports rise until there is on each a specific duty which does not amount to 35 per cent, and the imports are \$985,000 worth, so that in that case the higher-priced articles are the imported articles, and the cheapest rate is practically prohibitive. Is it not so?

Mr. CHENEY. You are speaking of the spun silks?

Mr. PALMER. Yes.

Mr. CHENEY. I did not catch the first end of it.

Mr. PALMER. Yes; I am speaking of the spun silks.

Mr. CHENEY. Well, there is a condition there which is different than any of the others. There is a small product and consumption of tussah spun in this country which is made from the wild cocoons.

Mr. PALMER. I understand.

Mr. CHENEY. And the price of that article has risen, so that it now comes under the ad valorem duty, whereas it was intended it should take the 35-cent rate, and the condition will probably again obtain when the fashions change, so that that is no longer so much in demand, and that will again come down on to the specific class.

Mr. PALMER. It is true then that in that section, whatever may be the reason for it, that the rate on the cheapest article is prohibitive, and the rate on the highest-priced article is—

Mr. CHENEY (interposing). Excuse me. It is not prohibitive, sir, because those goods are coming in now.

Mr. PALMER. Well, \$156 worth came in—

Mr. CHENEY (interposing). Well, that applies to practically—must apply only to noil yarns. I do not know what it is. Excuse me a moment. One hundred and fifty-six dollars?

Mr. PALMER. This is yarn. First, in singles—yarn, in singles.

Mr. CHENEY. Well, I don't know what that is.

Mr. PALMER. Well, you can look that up.

Mr. CHENEY. I am afraid I can not tell you what that item means. There are enormous quantities of singles in the gray imported into this country, of all qualities.

Mr. PALMER. Do the highest-priced singles in the gray come in in the largest numbers?

Mr. CHENEY. I can not say that, sir. I do not think so.

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Mr. PALMER. Well, the record shows that. Numbers 41 to 50 are the cheaper yarns, are they not? The imports of that are \$3,386 worth, increasing as the specific rate goes up, until on those others, on which the specific duty does not amount to 35 per cent, the imports amount to \$1,196,232.

Mr. CHENEY. That is somewhat deceptive, sir. There are all kinds of imports there of all the qualities of spun silk in about the proportion in which they are used, and they do not, any of them, pay exorbitant rates of duty.

Mr. PALMER. These figures may be deceptive, but still they are the official figures of the United States Government. I think you will find, if you look at them, that they show that in every grouping of imports under the classifications in this schedule that the largest amount, with only one or two exceptions, of imports are those which carry this catch-all rate; that is to say, where the specific is not equal to 35 per cent—in other words, the high-priced goods.

Mr. CHENEY. No, sir; not necessarily.

Mr. PALMER. Now, is it not a fact that you silk manufacturers want to retain the specific duties, which are now prohibitive on the cheaper article, because they are prohibitive on the cheaper article?

Mr. CHENEY. No, sir; we want to keep them because under the old system of ad valorem duties there was no protection against anything. Nobody knew what the value of anything was. There is not a man in the United States who can tell you what is the value of spun silk by looking at it.

Mr. PALMER. I understand that, but that is another story.

Mr. CHENEY. That is what you were speaking of, sir.

Mr. PALMER. As far as the high-priced silks are concerned, there is real competition between this country and foreign countries to-day, is there not?

Mr. CHENEY. Between high priced and low priced.

Mr. PALMER. Well, I have just shown you that the Government says the largest imports are in the highest-priced articles, and on that the duty of 35 per cent is not as much an ad valorem as the equivalent of the specific on these cheaper goods, is it?

Mr. CHENEY. We are, ourselves, large importers of spun silks, and we are importing not only the higher qualities, but some of the low qualities as well, in large quantities.

Mr. PALMER. Well, I understand—

Mr. CHENEY (interposing). That means that the rate on the low quality is not prohibitive.

Mr. PALMER. As far as your business is concerned.

Mr. CHENEY. If it is not prohibitive to us manufacturers of spun silk, it can not be prohibitive to anybody else.

Mr. PALMER. Well, can you suggest any better way of determining whether a rate is prohibitive than by an examination of the custom-house receipts under that rate?

Mr. CHENEY. You would have to compare it on the article. There are very many of these things which do not mean anything at all. They relate to articles which are of no importance; of which there would not be any large imports no matter what rate you would put on them.

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Mr. PALMER. Well, I will put it this way: These catchall clauses throughout the silk schedule run from 35 per cent to 55 per cent?

Mr. CHENEY. No.

Mr. PALMER. Thirty-five to 45, as a rule, are they not?

Mr. CHENEY. Spun silk 35 and the rest of the schedule 45, and the ribbons a plain ad valorem of 50, and then 60 on the laces, and so on.

Mr. PALMER. Now, is not that catch-all clause a lower ad valorem than the equivalent ad valorem of the specific on the cheapest goods?

Mr. CHENEY. I think, probably.

Mr. PALMER. In other words, under this silk schedule now the cheap silk pays the high tax or has the high duty, and the high-priced silk pays the low tax and has the low duty, generally speaking?

Mr. CHENEY. Yes, sir.

Mr. PALMER. And you said a little while ago that nowadays the man of moderate means is a very considerable user of silk; that is true, is it not?

Mr. CHENEY. Not the man; the woman.

Mr. PALMER. Well, the woman, yes. Mechanics and workingmen buy silk these days for their families, do they not?

Mr. CHENEY. Yes.

Mr. PALMER. And yet upon those cheap goods that the mechanics and workingmen of the country are buying for their wives the rates are so high as to be practically prohibitive, and this tax is paid to the manufacturer and not to the Government; is not that so?

Mr. CHENEY. I do not follow your reasoning.

Mr. PALMER. Well, if the rates are prohibitive and you have any advantage from the rate—

Mr. CHENEY (interposing). We get precious little advantage out of it, when it comes to the domestic market.

Mr. PALMER. If this specific rate on cheap silk keeps the foreign silk out, do you not consider that duty in making your price to the American consumer?

Mr. CHENEY. Yes.

Mr. PALMER. Certainly you do. That is what you want it for?

Mr. CHENEY. Oh, that is what we want any tariff for.

Mr. PALMER. Yes.

Mr. CHENEY. We want it so we can be able to manufacture.

Mr. PALMER. So as to protect you in your prices?

Mr. CHENEY. We could not manufacture at all if there were not a protective duty.

Mr. PALMER. I understand. That may be right.

Mr. CHENEY. Yes; that is all we want it for.

Mr. PALMER. But my point is this: In these cheap silks, where the duty is prohibitive, used by people of moderate circumstances—working people, and so forth, to some extent, the duty is entirely for the benefit of the manufacturer, is it not?

Mr. CHENEY. No.

Mr. PALMER. Well, none of it goes to the Government, if it is prohibitive.

Mr. CHENEY. It goes to the workingman, most of it does.

Mr. PALMER. It goes to the workingman?

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Mr. CHENEY. For every dollar——

Mr. PALMER (interposing). It filters down to the workingman from the manufacturer?

Mr. CHENEY. For every dollar of revenue you get by decreasing the duty upon silks, which means an increased importation, you would take \$2 out of the pocket of the American workingman.

Mr. PALMER. Would we not take care of the American manufacturer and the American workingman better if we would raise the duty under the catchall clause, and lower the duty on the cheap silks?

Mr. CHENEY. I do not think so.

Mr. PALMER. And would we not then be compelling the rich, who use this silk as a luxury, to pay a tax, because their goods would still come through the customhouse, and would we not be getting cheaper silk for the poor people?

Mr. CHENEY. Sometimes, yes; sometimes, no.

Mr. PALMER. Well, generally "yes," I guess. That is all.

The CHAIRMAN. Mr. Cheney, I want to ask you, is there not a process used in the manufacture of silk, or as an adjunct to silk making, called "dynamiting" silk?

Mr. CHENEY. Yes.

The CHAIRMAN. I wish you would explain to the committee what is meant by "dynamiting" silk?

Mr. CHENEY. It is loading it with tin salts.

The CHAIRMAN. Does your company dynamite silk?

Mr. CHENEY. Yes.

The CHAIRMAN. Mr. Cheney, is not that a fraud on the consumer?

Mr. CHENEY. No, sir. These silks, which have just been spoken of, which are made for the poor people, could not be made within their reach, without that process. There is a point at which that process becomes a fraud upon the public. There is not any doubt about it. When there is enough tin salts put upon silk goods to deteriorate the fibers, and injure the quality of the silk, and it wears out very quickly, it is a fraud.

The CHAIRMAN. Well, now, is it not a fact that they put this tin salts into silk and subject it to this wash for the purpose of making it appear heavier, so the consumer thinks he is getting the heavier grade of silk, and that at the same time it brightens the fiber, is that not so?

Mr. CHENEY. I can not say it brightens the fiber. It does add to the weight of the goods.

The CHAIRMAN. Well, does not the luster of the silk increase?

Mr. CHENEY. I do not know. I could not say that it does. But there is a large industry, which is a very honest and legitimate industry, which is engaged in manufacturing goods which have a certain percentage of tin salts in them. Most of the goods, however, are not tin weighted. I answered your question directly. We do make some goods that are weighted with tin salts, but it is an infinitesimal fraction of our product. Now, some years ago I made some absolutely pure dye taffetas, and put them out in direct competition with the same article made with tin weighting, and we could not sell any of them at all, although they were guaranteed to be pure dye, and the women knew that the others were not.

The CHAIRMAN. This dynamited silk that is subjected to this tin bath, does not a great deal of it rot and fall to pieces? I know I

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had an umbrella—and this is what first brought it to my mind—I had an umbrella covered, and a few weeks afterwards, where I folded it, every fold broke to pieces and rotted out. Now, that is because I bought some of this dynamited silk, is it not?

Mr. CHENEY. Yes; you got some of it that was overweighted.

The CHAIRMAN. Now, that is an exception to the rule, is it?

Mr. CHENEY. It is.

The CHAIRMAN. Do not most of these imported goods come in without being treated in that way?

Mr. CHENEY. Oh, no, sir.

The CHAIRMAN. They come in in the same way?

Mr. CHENEY. It is done just as much abroad as it is done in this country. In fact, I think I could say that it is done more abroad than in this country.

The CHAIRMAN. Well, would it not be a good thing for the public and for the trade, if we were to put such a high tax on silk that had been treated in that way that it could not come in at all, and also provide penalties from the American manufacturer for defrauding the public in that way?

Mr. CHENEY. If a bill can be devised which will do that equitably. We have ourselves been engaged for some time in trying to arrive at a basis upon which it would seem possible to make a bill that would be administrable and not clumsy, which would accomplish that result, and I do not know, but I am inclined to think we are getting in the region where it may be done. The difficulty is, Mr. Underwood, that it is almost impossible to tell with accuracy from a small amount what the percentage of weighting was that was made upon the goods. Now, if you want to prevent the importation of those goods there is nothing that you could do that would do it better than specific duties, because the specific duties are so much a pound. Now, the heavier the goods are weighted the more in proportion to the value of the goods they pay.

The CHAIRMAN. Why could we not levy a tax? The customhouse can tell when a piece of silk is dynamited.

Mr. CHENEY. Yes; they can tell when it is, but they can not tell the percentage.

The CHAIRMAN. I know, but suppose we put a tax of \$10 a yard on all silk that was dynamited, none of it would come in, would it?

Mr. CHENEY. I do not think that would be right. I think it would be a serious injury to the silk business. I do not think it would be fair.

The CHAIRMAN. Why should any of it come in? It is a fraud on the consumer, is it not?

Mr. CHENEY. I do not think it is a fraud when it is done in a reasonable way. When the weighting gets over a percentage which injures the fiber it becomes a fraud, but there would not to-day be the number of working girls wearing silks that there are, and wearing them as long and as satisfactorily as they do, if it were not for that process.

The CHAIRMAN. A while ago, when Mr. Payne asked you what would happen in the event of a certain contingency, you stated that you could not live if you manufactured silk in that way, that you

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would manufacture something else. You meant you would dynamite your goods, did you not?

Mr. CHENEY. Yes, sir. That is just what I meant. I hope you will not drive us into it, however.

The CHAIRMAN. I hope we will prevent you from doing it. A great many silk manufacturers are doing it, and doing it excessively to-day, and perpetrating a fraud on the American people, are they not?

Mr. CHENEY. Undoubtedly.

The CHAIRMAN. Now, if you have any suggestion, I would like the committee to consider that question. I do not know what views they have on it. I am only speaking for myself, but I would like to have them consider this question, and if you have any bill which you would like to submit, which you think would prevent that fraud, as a leading silk manufacturer, I would be glad to have you submit it.

Mr. CHENEY. Well, Mr. Underwood, we are at the present time investigating this matter, with a number of different chemists, and we have reports from a number of those chemists which are narrowing the determining field to a degree which was not known a year or two ago. Now, we hope that it may be possible to determine those percentages of weighting, within a reasonable degree of certainty, so that the man would not run the risk of a jail sentence on the chemical analysis of a material made by an analyst who was not sure of his results.

The CHAIRMAN. I should think if you have some suggestions that you want to make, you had better make them, because you may get a pretty drastic law, if you do not.

Mr. CHENEY. Why, I think that probably the best way to regulate it would be to allow goods which do not more than restore the gum weight to come in as pure dye, and goods which do not go beyond 24 ounces weighting to come in as standard dye, and beyond that, brand them in any way you want to.

The CHAIRMAN. Will you make those suggestions in writing and submit them to the committee?

Mr. CHENEY. I should not like to make that suggestion for practical operation at the present time, for the reason that I have given. That is the nearest that we have gotten to it, but there you run against the factor of whether it is a practicable thing to determine those percentages by analysis. I submitted a lot of samples to an analyst, and he reported that dye of 76 per cent was 97 per cent; he reported that dye of 141 per cent was 160 per cent, and that dye of 160 per cent was 180 per cent.

The CHAIRMAN. Now, let me ask you, Mr. Cheney, is it not a fact that the weaver of silk, taking a pound of silk—raw silk—and subjecting it to this process, often brings it out of this process weighing 3 pounds?

Mr. CHENEY. Well, that would involve another process. There are silks to which that has been done.

The CHAIRMAN. What process is that?

Mr. CHENEY. That means that they load them not only with tin salts, but load them with other materials as well.

The CHAIRMAN. Lead?

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Mr. CHENEY. They will start with gum silk and retain the gum in the silk to begin with, and then they treat it with tin, iron, and other salts.

The CHAIRMAN. Do they put lead into it?

Mr. CHENEY. I do not know of any. We never have dyed silk anything like that, and I do not know just what the process is.

The CHAIRMAN. Do you not think it would be better for the silk trade of this country and for the American consumer if that process of loading silk was absolutely prohibited by a prohibitive tax on the consumers and a penalty on the American manufacturer who indulged in it?

Mr. CHENEY. Mr. Underwood, such a law would redound undoubtedly to the pecuniary advantage of Cheney Bros. We do not compete in that article, but I do not think it would be a fair law to the silk industry.

The CHAIRMAN. Well, why? I have no objection to Cheney Bros. making money out of an honest condition of trade. But do you not think that this is a dishonest condition of trade?

Mr. CHENEY. No, sir; I do not.

The CHAIRMAN. Why?

Mr. CHENEY. I think there is a large class of very good, sound merchandise that is weighted with tin, to a reasonable degree, and that that process has been a great benefit to the silk industry; that it never would have reached where it is to-day, and women in moderate circumstances would not be able to provide the clothing that they have for anything like the prices that they do.

The CHAIRMAN. Well, it makes the clothing when they buy it out of a store look good, but you agree that it rots very much quicker and some of it in a very much shorter space of time?

Mr. CHENEY. If it is overdone.

The CHAIRMAN. Well, does not the treatment by this process of silk, if it is done at all, deteriorate and destroy the fiber and lessen the life of the goods?

Mr. CHENEY. I can not say definitely upon that, whether it does to any degree. The average woman nowadays does not want a silk that wears out to its last ultimate point. We used to make grosgrains years ago, which were a rather coarse-looking material, which could be washed and ironed and would wear for 20 years; but the woman would not want that material now, because she would not want it to last that long, and would prefer the modern fabrics.

Mr. JAMES. The women do not want it to wear very long, but the men are not of that opinion, are they?

Mr. CHENEY. I am inclined to think some of the husbands would agree with you, sir.

The CHAIRMAN. Mr. Cheney, I think that process ought to stop; at least the abuse of it, at any rate.

Mr. CHENEY. I agree with you, Mr. Underwood, that the abuse of the process it is desirable to stop. The process itself I consider a valuable one, and one which has not been a detriment to the public at large.

Mr. KITCHIN. What percentage of this dynamited silk goods is produced in this country?

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Mr. CHENEY. Why, it is pretty safe to say all the yarn-dyed goods have some percentage of weighting upon them.

Mr. KITCHIN. Dynamited?

Mr. CHENEY. Well, they would treat it in one way or another.

Mr. JAMES. How did they happen to give the particular word "dynamited" to this character of silk?

Mr. CHENEY. I do not know, unless it made things go up.

Mr. JAMES. Well, do you refer to the purchasers' pocketbooks or to the silk?

Mr. CHENEY. To the silk.

Mr. HARRISON. Mr. Cheney, does it cost more to produce silk goods in this country than abroad?

Mr. CHENEY. Why, yes, sir; we pay about half the wages they pay in France and about one-quarter of what they pay in Italy.

Mr. HILL. You mean twice as much?

Mr. CHENEY. Yes; about twice what they pay in France, about four times what they pay in Italy, about ten times what they pay in Japan, and about twenty times what they pay in China.

Mr. HARRISON. So, in your opinion, if it were not for a protective tariff, you could not exist?

Mr. CHENEY. Why, several years ago in England they employed 130,000 people in the silk industry. In 1850 they removed the tariff on silk goods. Now the conditions there are very much nearer to the conditions that obtain upon the Continent than they are in this country; yet England has lost that silk industry, and to-day she employs less than 30,000 people in the silk industry, and she imports three or four times as much material as she did at that time. Now, that is the difference. You should not make a comparison between the silk industry in England and the cotton industry in England. In the cotton industry, that was not an industry organized on the Continent, which was able to produce material at a cheaper rate and employ cheaper labor than England did.

Mr. HARRISON. So that in your opinion the difference in the wages that are paid to the laboring man makes the cost of production of all kinds of silk goods in this country higher than abroad?

Mr. CHENEY. Unquestionably.

Mr. HARRISON. Then how does it come that we have such a large export trade in silks? Where do they go?

Mr. CHENEY. The only exporting the United States does in silks are goods which are sent to ports close at hand, because they are novelties, or something which can be delivered right on the spot when it is wanted, and not because it is sold at a lower price.

Mr. HARRISON. Into which ports are they shipped?

Mr. CHENEY. Chiefly to Canada.

Mr. HARRISON. Chiefly to Canada?

Mr. CHENEY. Yes.

Mr. HARRISON. And in Canada they must compete with the French goods?

Mr. CHENEY. They do not compete. The articles which go there are not competitive articles. They go there either because the market is bare of them, or they are something which they can deliver quickly, before they could be gotten from the other side.

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Mr. HARRISON. Do you know what the size of the export trade is? I would like to read here, for your benefit, the figures given for the last three years. In 1910 there were \$1,097,593 worth of manufactures of silk exported from the United States; in 1911 there were \$1,538,543 worth, and in 1912, \$1,992,765 worth.

Mr. PAYNE. Those are all manufactured silk?

Mr. HARRISON. All listed as manufactures of silk.

Mr. CHENEY. I will tell you our own experience in attempting to export silk. I think I told you something about the foulard business, in which, if we have anything left over, we have to sell it next year for less than it cost to produce.

Mr. HARRISON. That is exactly the attitude of all American manufacturers when discussing before this committee their export business; but I will call your attention to the fact that the export trade has grown more than 50 per cent in the last two years, and in the current year it equaled nearly 8 per cent of the imports, which you described as being so large. Does not that look to you as if there were certain classes of silk goods which can be manufactured cheaper in the United States, and sold in Canada in competition with French and Japanese silk goods, and sold cheaper, or they would not have found any market?

Mr. CHENEY. No, sir.

Mr. HARRISON. Now, if that is so, would it not be worth while to inquire whether the cost of production of certain kinds of silk is not cheaper in the United States than in Japan or France?

Mr. CHENEY. I know it is not. The question is simply one of the proximity of the market; not of cost or price.

Mr. HILL. Is not that a question of noncompeting products, such as ladies' dresses, made up, known as manufactured goods, which are all included in the figures the gentleman has given?

Mr. HARRISON. Would not those same goods be noncompetitive if there was a market in this country under free trade?

Mr. CHENEY. There are always novelties in silk goods, and if a man has a novelty which is wanted at the moment he can sell it.

Mr. HARRISON. Is 10 per cent of the whole trade a novelty trade?

Mr. CHENEY. I do not know, sir. I can not say.

Mr. HARRISON. Well, why should you need to fear imports from abroad if it is a question of novelties? Your ingenuity would induce you to supply novelties to the American market, and you do not need to fear the foreigner in that regard, do you?

Mr. CHENEY. We would have to double our ingenuity.

Mr. HARRISON. Well, is it not true in the cheaper grades of silk goods that the American manufacturer can manufacture them cheaper than the manufacturers of any other nation, and are manufacturing them cheaper, and are shipping them abroad and underselling the foreign manufacturers?

Mr. CHENEY. No, sir; it is not true. It is not true in any single instance I know of. We have tried it over and over again ourselves. We have just been through an experience of the kind, where we sent a whole line of samples of practically everything we make to some gentlemen who said they could create a considerable business for us in Mexico. They said the question of whether they were this year's styles in the United States had nothing to do with it; that they could,

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nevertheless sell them down there, and show us a profit on goods that we would have to sell at a loss here. Well, they took them to Mexico, and after having canvassed the market very thoroughly, they said they could not sell any at all for the cost of the labor and materials in them.

Mr. HARRISON. Have you examined the report of the Tariff Board upon the other textile schedules?

Mr. CHENEY. I could not say that I have made a very exhaustive examination of it; no. I have it in my possession, and that is about as much as I could say.

Mr. HARRISON. If you had read the report of the Tariff Board upon Schedule K you perhaps would have been struck by the statement at two places in the report that in the United States the high wages are coincident with a low cost of production. Now, the woolen-trade manufacturers were making the same statements which you are, but after examining into their statements the Tariff Board found that the high cost of labor was coincident with a very low cost of production, and it may be that an investigation of your industry would disclose the same condition.

Mr. CHENEY. We are the only firm in the world that make practically all kinds of silk goods. We make pretty nearly the whole range—dress goods, decorative goods, upholstery goods, ribbons, neckties, both spun and reeled yarns and we have yet to find a single article that we can make here as cheaply as it can be made in the nearest market of the world to our business.

Mr. HARRISON. Some manufacturers found at least \$2,000,000 worth of such business last year.

Mr. CHENEY. No, sir.

Mr. HARRISON. I am only taking the Government figures; of course, the Government may be mistaken.

Mr. CHENEY. You assume that those were sold because they were cheaper. I assume that they were not sold because they were cheaper, but because they were articles which that market did not have from other sources, or because they were articles which could be gotten quicker from this source than any other source. Now, there is not, in the silk industry, any advantage in the matter of machinery. In a great many other industries that is not true. To-day the fastest running machinery that is invented that is in use in the world is French machinery.

Mr. PAYNE. Did you examine the Tariff Board's report on the woolen schedule enough to find out that they ascertained the cost of labor on, say, a thousand yards of goods, of different kinds of goods, and that they found that the cost per unit was from two times upward more here than abroad?

Mr. CHENEY. I am afraid, Mr. Payne, that I am not an authority upon that.

Mr. PAYNE. You do not remember that?

Mr. CHENEY. No; I have not had time to examine it carefully.

Mr. PAYNE. Of course, we have heard a great deal all our lives about going after the markets of the world. It has not come from this side of the House, sufficient to say, and under this woolen schedule we appear to have been going after the markets of the world,

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and increased the exports up to about \$3,000,000—two or three times as much as they were, under the present law—the silk schedule. Would it not occur to you that that was an argument in favor of continuing the present silk schedule on silk goods?

Mr. CHENEY. It would, if it were true, but I haven't any idea that we can ever go after the markets of the world.

Mr. PAYNE. Well, if it is desirable to have the markets of the world. Of course, there are other gentlemen who can argue that more strongly than I.

Mr. CHENEY. No, sir. We have no hope of going after the markets of the world.

Mr. HILL. I have read the Tariff Board's report on the wool schedule, and I have it in mind distinctly now, and the paragraph to which the gentleman from New York refers has nothing to do with the case. It was just this. I studied it particularly, because I understood the national Democratic committee furnished a gentleman with several questions to ask me at a campaign meeting during the campaign, and that was one of them. That refers to the examination of the respective efficiency of labor in 70 different woolen mills in this country, and the board reported that so far as the facts were shown they indicated that in this country the most efficient men were paid the highest rate and got out the greatest production. Now, that principle is a fundamental one, and just as true of your competitors on the other side as it is here. It has in no sense any reference to a comparison between your most efficient men and the most efficient men of your competitors in Italy. It is simply as to the results of the investigation of these 70 mills here. That is all there is to it.

The CHAIRMAN. I hope you gentlemen will confine yourselves to the discussion of this silk schedule.

Mr. HILL. Mr. Chairman, I felt in view of the question having been put now, and having been formerly put by the National Democratic Campaign Committee in the last campaign, as I was advised, that it was a good chance to answer it.

Mr. FORDNEY. In the manufacture of any grade or quality of silk, what proportion of the cost of production is the cost of labor?

Mr. CHENEY. You have asked me a question which it is almost impossible to answer, because it varies all the way from 30 to 80 per cent.

Mr. FORDNEY. The labor is a very large proportion of the cost, is it not?

Mr. CHENEY. Yes; it reaches as high as 80 per cent of the cost.

Mr. FORDNEY. Well, where the cost of production is 80 per cent labor, and where labor, as you have described, in Japan and in China, is ten or twenty times cheaper than it is here, it would be utterly impossible for you to make that grade of silk without protection, would it not?

Mr. CHENEY. Why, we would not attempt it.

Mr. FORDNEY. To offset that cost of labor, where labor is your chief cost—

Mr. CHENEY (interposing). There are to-day in Japan mills being built equipped with the very best American and European machinery, and Japan, according to her last Government report, is weaving more silk upon imported looms than they weave upon their old hand looms

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Mr. HARRISON. Did you ever hear of the city of Osaka, in Japan?

Mr. CHENEY. I can not say that I did.

Mr. HARRISON. Well, one of my colleagues visited Osaka, and there he found one of the largest cotton mills in the Orient, and it was shut down, and when he asked them why with such a supply of cheap labor it was not in operation, they said they could not stand the competition from Fall River.

Mr. CHENEY. That is lucky for Fall River.

Mr. KITCHIN. You say that labor constitutes the greatest part of your product; represents the greatest part of the cost of your product?

Mr. CHENEY. I do not like to try to answer the question for the reason I am afraid it will be applied to specific cases. If you apply it to specific cases, anything I say will be wrong.

Mr. KITCHIN. You said about 80 per cent. I understood.

Mr. CHENEY. That is the maximum. I do not mean to be quoted that that is always so.

Mr. KITCHIN. I ask you if the census report does not show that a smaller part of the cost of finished product of silk goods is labor than substantially any other industry in this country? Do they not give less than 20 per cent of the value of the finished product of silk as the cost of labor?

Mr. CHENEY. I endeavored to explain that some time ago, sir; that you will see on the table where they give you that labor, another item which, so far as I remember, is about one-third of the amount given for labor of contract work. Now, contract work is practically labor. On the next page you will find that there are deductions of \$20,000,000 on account of duplications.

Mr. KITCHIN. That goes with the labor—the labor cost?

Mr. CHENEY. No, sir.

Mr. KITCHIN. The amount of the labor cost, \$38,000,000, includes that.

Mr. CHENEY. No, sir.

Mr. KITCHIN. Well, of course, if \$20,000,000 is added in as a duplicate, then the labor cost of a duplicate would be——

Mr. CHENEY (interposing). The proportion of labor to the materials is varied very greatly when you take out of that the materials which are not used in the industry, or are duplicated in it.

The CHAIRMAN. If Mr. Kitchin will let me interrupt him just a moment, in the census report, the way they ascertain this result is that they give as furnished them by the manufacturer, the total amount of production of the mill—not contracts, but of the mill—and then they give the total labor cost, and then give the number of men employed. Now, from those figures they ascertain the percentage, and they give the total amount paid for labor, and dividing the total amount paid for labor into the total production of the mill, they ascertain the percentage of the labor cost. Now, how could the contract figures enter into that, because that is outside of the mill production?

Mr. CHENEY. No, sir; that is largely a labor cost, that contract work. In addition, the dyeing, the printing, and the finishing industry, which is practically all labor cost, is not reported in the census

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at all, although it is reported in the cost of the finished product. In addition, there are reported in those values, as a part of the cost of the goods, all of the silks that have been used in other trades; those that went into woolen manufacture and into the manufacture of cotton goods, into the manufacture of braids, and electric wires, and all kinds of other things. You can not draw any kind of conclusions from those census figures that will not be erroneous.

Mr. KITCHIN. Well, it is just what you manufacturers swore to the Census Department it cost you.

Mr. CHENEY. But you have not got it all there.

Mr. KITCHIN. And they have it all. They have figured it all.

Mr. CHENEY. No, sir; you have not got it all there.

Mr. KITCHIN. Well, does it take very skilled labor, as a general proposition, in the manufacture of silk goods?

Mr. CHENEY. Yes, sir.

Mr. KITCHIN. Well, how much labor do you employ in your mills?

Mr. CHENEY. About 4,000.

Mr. KITCHIN. How much is the average wage now?

Mr. CHENEY. It is \$1.90 a day.

Mr. KITCHIN. \$1.90 a day?

Mr. CHENEY. Yes, sir.

Mr. KITCHIN. Will you average that, not counting your clerical force and your salaried officers? Will it average \$1.90 a day?

Mr. CHENEY. That is the average of the people who are paid by the day without including the clerical force or without including any salaried persons.

Mr. KITCHIN. Now, how many women and how many children are employed in your mill?

Mr. CHENEY. I have not the figures at hand, but there are approximately half men and half women.

Mr. KITCHIN. How many children?

Mr. CHENEY. We do not employ anybody in our mills who is over 15 years of age.

Mr. PALMER. Under, you mean?

Mr. CHENEY. Yes; under.

Mr. KITCHIN. Do you send your work out to the homes of the people to work on?

Mr. CHENEY. No, sir.

Mr. KITCHIN. I do not know a thing about your industry, or the labor, but I have talked with a great many people from Paterson, N. J. That is a great silk manufacturing town, is it not?

Mr. CHENEY. Yes.

Mr. KITCHIN. In fact, I believe it is the largest, is it not?

Mr. CHENEY. Yes; it is the largest.

Mr. KITCHIN. I have been told by men living in Paterson, N. J., that it took less skilled labor to produce manufactures of silk than probably any other kind of industry.

Mr. CHENEY. I am afraid that your friend was either dreaming or misinformed.

Mr. KITCHIN. I remember a silk industry was established in my section once several years ago in a county near me, and they employed negro help altogether. I asked the man who established

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the plant "If he could work the ignorant colored labor"? He said, "Well, it does not take much intelligent labor to manufacture silk." Now, I want to know whether the impression which I had received from these people, that it does not take much skilled labor, is correct.

Mr. CHENEY. They should send some of that labor up to us. We would like it very much right now.

Mr. KITCHIN. Most of your wage earners are foreigners, are they not?

Mr. CHENEY. In the employ of Cheney Bros., approximately half of them are native born and there are approximately one-third of that number who have been in our employ for over 10 years.

Mr. KITCHIN. But, as a general proposition in this silk business, the proportion of foreign-born workers is larger than in most other industries, is it not?

Mr. CHENEY. I think, sir, that the mills that you have been speaking about probably have been working mills, where they only wind, and which employ rather a low grade of help in winding the silk; and even there, it is of doubtful value, because it is easy enough to ruin enough silk to make up the difference in the cost of labor.

Mr. KITCHIN. Take Paterson, N. J. Are not at least 75 per cent of its help foreigners or foreign born?

Mr. CHENEY. I can not give you any statistics about Paterson. I do not know anything more about it than any person present as to what the population is.

Mr. KITCHIN. Well, the foreigners which you import into your mill, they are not from France or Japan or countries which are manufacturers of silk products, are they?

Mr. CHENEY. Unfortunately, not.

Mr. KITCHIN. And so you take labor from other countries where silk is not produced at all, do you not?

Mr. CHENEY. We get the labor which we can get. The labor which we have—the largest proportion of it is Irish, Swedish, and German. We would be very glad indeed if we could get labor from silk-producing countries.

Mr. FORDNEY. Mr. Cheney, you do not believe then that the gentleman's information is correct, that the mills in Japan have been closed down because you pay your labor only \$1.90?

Mr. CHENEY. I have no idea that in the silk industry mills in Japan are being closed down. The silk industry in Japan has been going up with leaps and bounds. It has been one of the most profitable of all industries in Japan, and the silk industry was invented in China 2,600 years ago, and the Chinese and Japanese were wearing elaborately woven silks when our ancestors were clothed in skins.

Mr. KITCHIN. Yes; and China has been protected with a tariff for the last 2,600 years, and the silk industry there has been on the decline has it not?

Mr. CHENEY. No.

Mr. KITCHIN. They, China and Japan, have shipped less to this country in the last few years than ever before.

Mr. CHENEY. I am very glad to say they do, and I hope you will not put us in competition with Asiatic labor.

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Mr. KITCHIN. The tariff has not helped China, has it?

Mr. CHENEY. If you make legislation excluding Asiatic laborers from the United States, why should you let them work at home and send their products over here?

The CHAIRMAN. Any further questions? [No response.]

The CHAIRMAN. That is all, Mr. Cheney.

BRIEF OF THE SILK ASSOCIATION OF AMERICA.

[For presentation to the Ways and Means Committee at the hearing Jan. 13, 1913.]

The value of silks is a matter of opinion. These goods are the creation of fashion, and values come and go according to the uncertain whims of woman's dress. There is no such thing as a standard silk, even in black. If an article is in demand, it sells at a price giving a reasonable profit. When it ceases to be the fashion it can not be marketed for even the cost of labor and materials. There is not even a fixed value for merchandise of a given character when it is in fashion, as some colors will be considered as more desirable than others. It often happens that in a style of goods on which the principal shades are selling at one price, high novelty shades of which the market is scarce will be selling at another, while other novelty shades which have gone by will be selling at a third price, the difference in price covering a considerable variation in value. Of two prints on the same foundation cloth, one will be fashionable and the other not; one will sell for a profit, the other for a loss; and it is almost universally true that in printed silks styles do not last over one year, and the styles carried over from the previous year are sold at a reduction of from 25 to 50 per cent of the value obtainable when in fashion. Ad valorem duties upon silk goods are, therefore, of very doubtful value. When they have been in operation the Government has been defrauded of enormous revenues through undervaluation of merchandise. They are, moreover, the source of constant annoyance to the importer who tries to do business on an honest basis and frequently finds his values changed by the customhouse officials and himself unable to compete with unscrupulous rivals.

The manufacture of silk was invented in China over 2,600 years before Christ, and the Chinese people were weaving and manufacturing silks when the Anglo-Saxons were clothed in skins. They have from that time down to the present continued to manufacture them and have progressed in their manufacture more nearly to our level than they have in any other manufacture. This is still more true in Japan. Japan last year for the first time manufactured, according to its Government report, more silks upon imported power looms than it manufactured upon hand looms, and we are credibly informed that they have more spindles for the manufacture of spun silk than we have in the United States, and that they have already taken possession of the eastern market for yarns.

Li Hung Chang is said to have advised the Chinese Government against another physical migration, but to have suggested that as an alternative they copy European and American methods of manufacture and migrate while they stay at home, by taking possession of their markets by their superior ability to produce at a lower cost. If there is any industry in the world in which China is able to follow the advice of Li Hung Chang, it is in the silk industry, which she invented and which she has carried on for so many centuries. She has made more than a start in this direction. There is now 400 miles in the interior of China a factory employing the best modern machinery, both for throwing and weaving, in which wages as low as 2 cents per day are paid, and in no case, we understand, over 15 cents per day to the highest paid labor, and for very long hours of work. It is only one of many establishments which are springing up in China and Japan in which silks are being manufactured upon the very best American and French machinery.

The eastern competition can not be measured by the goods imported from there, as many woven fabrics are sent to France, where they are converted by printing, etc., and come here as French fabrics.

Specific duties are the only ones which can protect the American manufacturer and workman against the competition of Asiatic labor, for the cost of manufacture in Asia is less than half of the cost of manufacture in Europe, and, under ad valorem duties, just where protection is most needed, the duties would be smallest, and, due to ignorance of Asiatic cost, almost impossible of collection.

It has been an established principle of the United States Government that American labor should be protected against the competition of Asiatic labor, and legislation has

PARAGRAPH 399—SILK GOODS.

for many years, by both parties, been maintained to prevent the immigration of such laborers into the United States. It is just as necessary that the American laborer should be protected against the products of such cheap labor when those products are made in Asia, as it is that they should be protected against the direct competition with the laborers if imported into this country.

The silk industry in Europe is one of the oldest and best organized of the European manufacturing arts. The wages paid are very low, even when compared with the wages of other industries in those countries, and when compared with those paid in the United States, the discrepancy is so great that direct competition is an impossibility, French labor being paid approximately one-half and Italian labor one-quarter the average wages paid in the silk industry in this country.

The following is a table compiled from the most reliable sources obtainable—census figures, consular reports, State reports, and private information—of the wages paid in the silk industry in the various silk-producing countries of the world; the figures of wages in the United States are very conservative.

Silk wages.

	United States.		Japan.		China.		Italy.		France.	
	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.
Weavers (men).....	\$3.00	\$1.00	\$0.20	\$0.10	\$0.15	\$0.05	\$1.25	\$0.30	\$1.50	\$0.50
Winders (women).....	1.40	.50	.10	.05	.08	.04	.25	.15	.40	.20
Machinists (men).....	4.50	2.00	.40	.20	.....	.....	.75	.35	1.50	.75
Dyers (men).....	2.50	1.65	.....	.....	.....	.....	1.00	.35	1.25	.75
Reeling (women).....	(1)	(1)	.22	.07	.13	.07	.30	.15	.45	.25
Children.....	1.00	.40	.08	.06	.03	.02	.16	.09	.20	.10
Spinners (girls).....	1.50	1.00	.15	.12	.10	.05	.30	.20	.50	.30
Hours.....	10	8	15	12	14	11	12	11	12	10

¹ Not done.

It is frequently argued that American labor is more productive than that of foreign countries, and in many industries this is doubtless true. In the silk industry this is not at all the case. The handling of silk is a delicate matter, and requires smooth hands and careful fingers. In France, Italy, China, and Japan, people have been trained in the same families for centuries in its manipulation, and these countries have developed labor particularly well adapted to the needs of the industry. In this country there is no such cast of people to be drawn from. The best labor employed is American, Irish, Swedish, and German, chiefly people who have come from farming parentage—strong, sturdy, good people, but with coarse and clumsy hands, difficult to train in the handling of such delicate fabrics.

In many industries the United States has a tremendous advantage in the productivity of its machinery, which is far in advance of that used in similar industries in other countries. This is not the case in the silk industry. While there have been many improvements in silk machinery in the United States, and there are still many improvements being made, yet the French industry has kept fully abreast of us in the productivity of its machinery. In fact, the most rapid-running looms in the industry are recently invented French looms, which can be run at a speed heretofore unknown in this country. The operation of these looms requires most expert labor, and they have not yet been successfully operated in this country at the highest speed used in France.

There is no natural advantage to the industry of silk manufacture in this country to give it encouragement. There is small reason to believe that there would ever have been any silk industry here except for the fostering influence of the protective tariff, and there is grave reason to fear its decay and extinction should that protection be withheld. The silk worm is not raised here and we must rely entirely upon imported raw materials. At the beginning we not only had to learn the many and complicated steps in the process of manufacture and create the plants and organization, but we also had to overcome the prejudice in favor of the imported article which was based upon the reputation gained through centuries of success abroad. Yet, in spite of the disadvantages under which the American industry has labored, it has steadily developed until to-day the United States is the greatest silk-manufacturing country in the world, with the possible exception of China, the value of whose products it is impos-

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sible to ascertain, owing to the great internal consumption of silk goods in that country, of which no statistics are obtainable. The United States now consumes \$70,000,000 worth of raw silk each year, gives direct employment to 120,000 people working in silk factories alone, without including such establishments as dyeing, printing, finishing, makers of supplies, and silk manufacturing in cotton mills, reported separately by our census. If these were included it would probably be twice that number. The industry produces products to the value of about \$175,000,000, exclusive of duplications, not including goods woven in cotton mills and other establishments. We make more silk goods than France, Italy, and Germany combined, and more than twice as much as France, which is the next largest producer.

This industry has been developed without decreasing the imports of silk goods, which have practically remained constant for the last 50 years, and during this time the price of silk goods, owing to the keen domestic competition, has steadily fallen. Even during the last five years, when there has been much increase in the cost of living, the price of silk goods has steadily fallen, and is lower to-day than it has ever been. In fact, the chief danger of the silk industry to-day is the keenness of competition among domestic manufacturers. There are no trusts or combinations in the silk industry, and it is unlikely that any such can be successfully formed, owing to the character of the business and its constant changes and variations, due to fashions.

When one considers the census figures of the United States in relation to the silk industry, there are numerous factors which must be taken into account. It is impossible from these figures to arrive at the amount of labor entering into the cost of production, as there are many branches of the industry in which the labor is reported separately, such as dyeing, printing, and finishing establishments. In addition to this a large part of the silk materials there reported are used eventually in other industries, particularly cotton mills. Some are twice reported, and then duplication must be deducted. It must further be remembered that the item of labor enters into all the other factors of manufacture, such as supplies, machinery, and buildings. Also the item of overhead expense is much higher here than abroad.

It is difficult to make direct comparisons of the cost of production of silk goods in the United States and in France, which country would be the nearest to the United States in the cost of production, and figures made of the cost of production in these two countries would mean little if the goods should be produced in China, Japan, or Italy.

Silks are a luxury. It has been the policy of the United States to endeavor to make the burden of taxation fall most heavily upon the luxuries and upon those things which are of voluntary consumption, so that the necessities of life may be provided to the working people at a minimum cost. It is, therefore, only reasonable that the rates of duty which have proved to be equitable, easy of collection, and which have been worked out through the courts, should be allowed to stand with as little change as may be found reasonable.

Spun silks.—The mixed duties which were used for spun silk in the Dingley law were changed in the Payne law to specific duties. These duties have worked very successfully and have proved themselves to be just and equitable. About half of the spun silks imported have come in upon the specific rate, and about half on 35 per cent ad valorem; but had those which paid the ad valorem duty entered upon specific rates, the duties would have averaged about 30 per cent. Those on the two-cord yarns were very nearly the same as the specific rates, while the singles have proved to be a little lower, and would average about 27 per cent.

As a proof that these duties are very reasonable and may be considered upon a revenue basis, it is possible for European yarns to now be imported in close competition with those manufactured in this country. The largest manufacturers of spun silks are also the largest importers. In fact, approximately two-thirds of the spun-silk yarns used in this country are imported. Spun silk yarns have produced more revenue for the Government in the last 10 years than those of cotton, woolen, and worsted put together. The industry abroad is very highly organized, and it is not possible that the domestic industry would be able to continue to thrive under materially lower duties than the present.

Specific duties upon spun silk yarns are just as necessary as they are upon goods. The different qualities of yarn have their value for special reasons, some being good for one purpose, and some for another, and even an expert finds it impossible to give an opinion of the value of spun silk yarns from their appearance. The custom-house examiners have acknowledged that they are unable to do so when the identification marks of the manufacturer are removed. When these yarns are dyed and weighted even an approximation to correct values become impossible. Under the ad valorem

PARAGRAPH 399—SILK GOODS.

and mixed duties there were scandals and the Government was defrauded from much income.

As spun silks are the cheapest form of silk yarns, the goods made from them under specific duties carry a differential duty amply sufficient to compensate for the duty paid by domestic manufacturers on yarns used in making competing goods.

Thrown silk.—The duties on thrown silk amount to less than 25 per cent of the invoice value. They were lowered in the Payne bill and seem reasonable. The industry is a very large one and represents a large amount of invested capital and gives employment to a large body of people.

Velvets.—Among all silk fabrics there are none on which specific duties are more necessary than pile fabrics because of the many difficulties in judging values and making analyses and calculations of cost, as the pile threads are cut so short that it is almost impossible to judge what yarns they are made from. Also the classification of goods into perfect goods and "seconds" is most difficult. When duties were assessed upon an ad valorem basis many frauds were perpetrated by entering perfect goods as seconds, and it was impossible to detect the deceit as judgment can only be formed by an expert after inspecting the entire piece.

Velvet ribbons under the Payne bill were for the first time put on specific duties, which were purposely made low to cover only those qualities made here and were at that time pronounced as entirely satisfactory to the importing interests. It is as yet impossible for the American manufacturer to successfully compete on the highest and lowest grades, which continue to be imported exclusively because of the low import cost.

Piece dyed and printed goods are those which come in closest competition with the products of Asia, and no duties except specific can afford protection to American labor, and as Asiatic costs of production are impossible of ascertainment, they are also the only ones that can be collected. There are several large establishments in France engaged in the industry of converting Japanese and Chinese goods by dyeing, printing, embossing, finishing, and otherwise changing their condition. Afterwards they are usually sold as French merchandise. This industry is of such importance as to receive special consideration and concessions in recent revisions of the French tariff.

Yarn dyed goods, which includes most of the high fancies, are the ones upon which it is most difficult to make specific duties equitable, and an ad valorem catch-all clause is a practical necessity. The duties at present in force work well and are the easiest of collection and most equitable of any tariff ever drawn in the United States.

On ribbons, laces, appliqués, and other similar articles, ad valorem duties are the only ones it has yet seemed feasible to assess, and the present duties are reasonable and not more than necessary. The ribbon industry is at present in a far from healthy condition, and there has been little profit in it for many years. A change might easily kill it.

The artificial or imitation silk industry does not come within the activities of the Silk Association of America and we do not assume to speak for that industry.

The silk schedule is by far the most scientific of any of the textile schedules, and it is also the most difficult of all to adjust. We believe it to be fair and ask that it be retained as at present.

A. W. WATSON,
LOUIS STEARN,
H. SCHNIEWIND, Jr.,
B. EDWIN DAVID,
JACQUES HUBER (for H. B. C.),
HORACE B. CHENEY, *Chairman*,

[SEAL.]

Revenue Laws Committee, Silk Association of America.

Dutiable silk imports at the customs districts of New York, Philadelphia, Boston, Hartford, Bridgeport, Chicago, Cincinnati, and San Francisco.

[Five fiscal years, 1907-8 to 1911-12, July 1 to June 30.]

	Invoice value.	Duty collected.
Fabrics woven in the piece, piece dyed:		
1907-8.....	\$8,478,363.00	\$4,428,393.72
1908-9.....	9,787,418.00	5,514,926.07
1909-10.....	6,530,364.00	3,823,937.97
1910-11.....	6,674,255.00	3,698,250.03
1911-12.....	4,765,172.00	2,696,011.69

PARAGRAPH 399—SILK GOODS.

Dutiable silk imports at the customs districts of New York, Philadelphia, Boston, Hartford, Bridgeport, Chicago, Cincinnati, and San Francisco—Continued.

	Invoice value.	Duty collected.
Fabrics woven in the piece, yarn dyed:		
1907-8.....	\$1,528,562.00	\$839,782.10
1908-9.....	1,229,133.00	634,222.69
1909-10.....	2,045,114.00	1,061,223.91
1910-11.....	2,411,454.00	1,228,423.00
1911-12.....	2,014,197.56	1,018,093.33
Plushes, velvets, chenilles, or other pile fabrics:		
1907-8.....	1,971,851.00	1,119,959.83
1908-9.....	1,379,094.00	794,572.24
1909-10.....	2,089,521.00	1,132,375.71
1910-11.....	2,169,894.00	1,168,618.95
1911-12.....	2,291,588.00	1,228,821.45
Spun silk or schappe silk yarn:		
1907-8.....	3,520,298.00	1,312,241.10
1908-9.....	3,450,843.09	1,311,512.97
1909-10.....	4,319,401.00	1,656,884.11
1910-11.....	5,554,358.00	2,069,533.47
1911-12.....	5,581,155.00	2,061,500.89
Ribbons, not exceeding 12 inches in width:		
1907-8.....	1,282,927.00	641,463.50
1908-9.....	1,620,641.00	810,320.50
1909-10.....	921,720.00	460,860.00
1910-11.....	679,316.00	339,658.00
1911-12.....	589,390.00	294,695.00
Sewing silk—Silk threads or yarns of every description:		
1907-8.....	352,578.50	165,893.56
1908-9.....	191,388.00	57,416.40
1909-10.....	5,978.00	1,714.08
1910-11.....	5,909.00	1,411.90
1911-12.....	5,700.00	1,383.88
Artificial silk yarn:		
1907-8.....	1,288,583.00	386,574.90
1908-9.....	1,427,283.25	428,184.97
1909-10.....	1,774,923.00	641,204.48
1910-11.....	2,177,419.00	867,689.15
1911-12.....	1,708,093.00	715,454.73
Thrown silk:		
1907-8.....	86,565.50	25,969.65
1908-9.....	36,901.75	11,070.54
1909-10.....	45,582.00	19,276.25
1910-11.....	27,771.00	11,134.40
1911-12.....	16,386.00	3,672.18
All other:		
1907-8.....	12,283,711.90	7,084,410.12
1908-9.....	10,635,513.65	6,177,767.24
1909-10.....	11,835,749.15	7,056,469.30
1910-11.....	11,294,257.15	6,820,325.18
1911-12.....	9,119,729.73	5,481,794.08
Totals:		
1907-8.....	30,793,339.90	15,935,688.48
1908-9.....	29,758,215.65	15,739,993.53
1909-10.....	29,568,352.15	15,853,945.81
1910-11.....	30,994,624.15	16,205,064.08
1911-12.....	26,091,492.29	13,501,429.33

ADDITIONAL STATEMENTS SUBMITTED BY CHENEY BROS.

SOUTH MANCHESTER, CONN., *January 17, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

MY DEAR MR. UNDERWOOD: I desire to call your attention to two or three matters in relation to the brief filed by several importers, Mr. Kridel and Mr. Tiederman among them. Mr. Kridel quoted my father as having said that a 40 per cent duty was sufficient protection for the silk industry. What he did say was that with the bill then presented, the first attempt at ad valorem duties was made, that with these ad valorem duties and with a 50 per cent catch-all clause, the schedule would not average in the collection of duties over 40 per cent, which is quite a different proposition and is only a reiteration of the statement which I made to your committee that ad valorem duties could not be collected at their full value.

At the bottom of the same page he refers to a movement among silk manufacturers to have duties removed on schappe, quoting a letter of John W. Stewart to that effect.

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Mr. Stewart is the only exponent of this movement. I have either letters or the personal assurance of all the gentlemen quoted as being in favor of this move—Messrs. Schwarzenbach-Huber & Co., D. G. Derry, Hess-Goldsmith Co., Holmes Silk Co., James Simpson & Co., Stehli & Co., Reiling & Schoen, and Duplan Silk Co., all of which are reliable and considerable houses; that the use of their names by Mr. Stewart was without their warrant or authority and that they have no intention of asking your committee for the removal of duties upon schappe silk or their reduction. Further, that the velvet-ribbon schedule, to which the importers make objection, was in a large measure their own proposal and was pronounced as entirely satisfactory to Mr. Henry F. Tiederman, who acted as their spokesman during the revision of the Payne tariff bill, Mr. Tiederman having been in constant consultation with us in relation to the matter. Further, that there is only one class of velvet ribbons which can be manufactured in this country under the present rate of duty—which is spun pile and reeled silk back—and this on a competitive basis. We, ourselves, manufacturers of velvet ribbons, have found it impossible to compete on the higher grades and are importing them our ourselves. Further, that they propose to place a flat rate, based on broad goods, on velvet ribbons, on which the cost of production varies from \$11.50 a pound down to \$4.50 a pound.

Following is a statement covering that proposition: They have taken the minimum rate of duty for broad goods as a maximum rate for velvet ribbons. The value of broad goods for the same quality of pile ranges from \$3 per pound up; for ribbons from \$4.75 up. Broad goods are entirely single-thickness goods—that is, they only have one face—while ribbons are really two pieces of goods, velvet upon one side and satin on the other. There is at least \$2 per pound more labor in satin-back ribbons of the medium and better qualities than in broad goods with similar qualities of pile. If the broad-goods schedule was to have been applied to ribbons, it should have been a sliding schedule, ranging from \$1.50 per pound to \$4 per pound, instead of a flat schedule at the minimum rate of \$1 per pound. On this schedule in broad goods it has been found that the \$4 a pound rate does not cover the large range of high-priced fabrics which come in on ad valorem duty. The proposed schedule places cotton-pile and silk-pile velvets upon the same basis, although the least difference in cost is \$1.25 per pound for the same weight. The duty proposed is approximately correct for cotton piles in black. They have attempted to reduce ribbons to a yard basis without allowance for the fact that in very narrow ribbons the edges, which are constant for all widths, constitute 60 per cent of the material, while in the widest widths they do not constitute 2 per cent. Ribbons can not be put upon a broad-goods schedule without scaled allowances to cover the cost of labor, which increases rapidly as the width decreases. On the principal quality of velvet ribbon, which we are ourselves manufacturing at the present time, the total cost on the narrowest width is \$11.43 per pound, while the cost of the widest width is \$4.97 per pound. The labor cost on No. 1 ribbon is \$8.90 per pound, while on the widest width, No. 60, the labor cost is \$2.43 per pound. The present allowances for narrow widths of 40 cents additional for each quarter inch under three-quarters of an inch is not sufficient to allow domestic manufacturers to compete at present except upon the very heavy spun-silk quality. Velvet ribbons are a high-class luxury, and this proposition of the importers to make the largest reduction on the highest qualities, that go only to the most exclusive trade, would make it impossible practically to manufacture any velvet ribbons in this country.

I am working upon your suggestion in relation to weighted silks and endeavoring to work out something which seems feasible and administerable to propose to your committee; and if we are able to arrive at any conclusions in the matter, will immediately submit them to you, and in any case will be glad to consult with you upon the subject and show you the results of our investigations.

I have not had time to go through all of the testimony on silk goods. Will communicate further with you in relation to the matter.

Yours, very truly,

HORACE B. CHENEY.

JANUARY 18, 1913.

HON. CLAUDE KITCHIN,

Committee on Ways and Means, Washington, D. C.

MY DEAR MR. KITCHIN: In my examination on Schedule L of last Monday, January 13, you asked me certain questions in relation to the proportion of labor and material in silk goods and about the use of labor in the silk industry, from which it appeared that you were attempting to draw certain conclusions from census figures.

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I am therefore giving you an analysis of the meaning of some of these figures, which follows:

[United States Census. Silk Manufacturing, 1909.]

Total value of products..... \$196, 911, 667

Does not include silks made in other mills, such as cotton mills.

Value of duplications..... 24, 656, 113

This is a guess and far from correct. All yarns reported as product are deducted from both materials and product. Many such are used in cotton, woolen, knitting, and electrical industries and should not be deducted from product, but should be deducted from materials used in silk industry.

Labor reported:

Wages..... 38, 570, 085

Clerks..... 3, 711, 509

Salaries..... 3, 815, 770

Not reported as labor: Contract work..... 12, 008, 744

Contract work is work done on materials belonging to other mills.

None of the labor employed in any dyeing, printing, embossing, finishing plants is included in this section of the census. It is at least equal to 25 per cent of whole labor and is included in the value of the products.

None of the labor employed on any materials or supplies before coming into this section of the census is included, although a large part of the cost of these materials and supplies is labor.

Fuel, rent, taxes, and overhead expense are very largely labor in their cost.

The division of raw materials, profit and labor, might be arrived at as follows:

Value of raw silk imported..... 71, 138, 698

Value of spun silks imported..... 4, 319, 401

Value of waste silk imported (estimate)..... 1, 323, 000

Value of materials brought into this country from abroad..... 76, 781, 099

Does not include imported dyes, chemicals, etc., comparatively small item.

Estimated profit about 6 per cent on capital invested, reported..... \$152, 158, 000

Add one third for subsidiary concerns..... 50, 719, 000

Total..... 202, 877, 000

12, 172, 000

Total cost of imported material and profit..... 88, 953, 099

which, subtracted from value of products (\$196,911,667—\$88,953,099) gives total labor..... 109, 958, 668

Duplications (thrown silk sold to cotton, wool, electric, etc., is not duplication of product)..... 18, 000, 000

91, 958, 668

This is assuming that as affecting the silk industry in the United States, the total value is composed of three elements—the value of the materials brought into the country in their state at import, labor put upon them, and profits.

This statement might answer for the whole trade; but for any branch of it, such as the weaving industry, it is all at sea again.

The reported value of silks follows: Broad goods, \$107,871,146; velvets, \$4,767,990; plushes, \$2,104,768; tapestries, \$332,820; ribbons, \$32,744,873.

These industries represent in their product most of the labor used in the entire report, and also a very large amount of labor not reported. Almost the entire amount used in printing, finishing, dyeing, and embossing.

On the other hand, in the throwing industry (incompletely reported as such, because a large part of it is contract work) there is reported as product for sale, \$12,550,510. This is not more than 10 per cent labor and is largely diverted into the electrical, cotton, and woolen industry.

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The writer was consulted by Mr. Stewart of the Census Bureau when these figures were assembled, and he agreed that it was impossible to arrive at the proportion of labor and materials in an industry from census figures, and that no conclusions relating to the tariff could properly be drawn from them. That their purpose was to show the growth of the industry. They are very dangerous.

You asked also concerning the quality of labor in the silk industry. A consideration of your question leads me to believe that the gentlemen with whom you had talked were unquestionably employed in the throwing industry, an industry which has used a good deal of unskilled labor, I believe very unprofitably.

Raw silk is very valuable, and inferior labor is quite liable to cause waste equal to any saving it can effect in cost. One of the serious handicaps of the silk industry of the United States is the lack of skilled labor in the industry.

You also asked me concerning the employment of children in our mills. My reply was not complete on that point. The law of Connecticut allows the employment of children from 14 years of age. We do not employ children under 15 years of age upon moving machinery, and employ children between the ages of 14 and 15 only upon the special recommendation of the school board and examination of their family condition. In the report of Cheney Bros.' employees, those reported as girls and boys are anybody up to 18 or 19 years of age, and even older, who are employed upon certain classes of work. We do not employ any children such as have been described in magazines by people interested in the uplift movement.

Yours, very truly,

HORACE B. CHENEY.

P. S.—We will be glad to have you include this in the record.

FEBRUARY 1, 1913

Hon. OSCAR W. UNDERWOOD,
Washington, D. C.

DEAR SIR: We are sending you herewith a copy of the silk associations' compilation of duties collected during the 2 years and 11 months from August 9, 1909, to June 30, 1912, under the operation of the present tariff bill, this being as long a period as we have the figures available for. The figures are transcribed and compiled from the Government reports, although somewhat differently arranged, and are arranged to show just what importations there have been under each section of the tariff law as written, which is not done, particularly in the case of spun silks, under the Government compilation. We believe that you will find this compilation more comprehensive and more easily understood than the Government one. It gives in addition to the duties under each paragraph the total duties collected under each section.

An examination of this list will show that there is one item, No. 2270, which has paid 107 per cent, but an examination of the per pound value of the goods which have been entered in the gum shows that the value was only \$2.30 per pound. These were Chinese pongees, made out of wild silk, which, owing to the great diminution in use because of fashion in the United States and Europe, have lost practically half their value during the last two years; in fact, at the time the bill was drawn the raw silk from which these goods were made was worth approximately the per pound value here given for manufactured goods, and it is quite probable that another year will again see the raw materials worth more than the value here given.

The only other place which shows very high rates of duty are in the mixed schedules of cotton goods in the classes which have provided for "Containing more than 50 per cent of silk or wholly of silk." These variations could be remedied by the introduction of a clause of one more line for "Containing more than 50 per cent of silk or less than 75 per cent of silk."

The article referred to as paying over 200 per cent duty is a freak and of no importance to anybody, one which it had not seemed necessary to provide for in the tariff, but if it is thought necessary to provide for such an item in order to avoid the appearance of the rate, it would be necessary to introduce an additional schedule, "Cotton filled goods weighing less than 1½ ounces per square yard." If such a schedule is made, there will be little if any, imports made under it.

We trust that when you consider the silk schedule you will give us an opportunity to consult with you in relation to the matter and to give you any information that may be necessary to a complete understanding.

We are endeavoring to meet your wishes in relation to weighted silk. In that case, frankly, we find ourselves against great difficulties and fears in the trade in general; but if we can see our own way clear, this will not prevent us from making recommendations to your committee, and we are earnestly at work upon the proposition.

Yours, very truly,

HORACE B. CHENEY.

PARAGRAPH 399—SILK GOODS.

Dutiable silk imports at the customs districts of New York, Philadelphia, Boston, Hartford, Bridgeport, Chicago, Cincinnati, and San Francisco.

[Entered for immediate consumption and withdrawal from warehouse for 2 years and 11 months—Aug. 9, 1909, to June 30, 1912.]

Classification.	Number.	Duty.	Pounds.	Foreign invoice value.	Duty collected.
Silk partially manufactured from cocoons or from waste silk, and not further advanced or manufactured than carded or combed silk.	2197	\$0.35	17,076.70	\$18,718.00	\$5,4936.61
Epun silk or schappe silk yarns, valued at not exceeding \$1 per pound:	2198	.35	370,746.62	336,417.00	131,046.27
Whether in singles or advanced beyond the condition of singles by grouping or twisting two or more yarns together.					
Epun silk or schappe silk yarns, valued at exceeding \$1 per pound:					
In the gray—					
In skeins, warps, or cops, in singles and not advanced beyond singles by grouping or twisting two or more yarns together—					
Nos. 1 to 215.....	2199	1.45	734,771.00	1,044,126.00	398,382.52
Nos. 216 and over.....	2200	1.45	111.33	154.00	61.37
Other on which specific duty does not amount to 35 per cent.	2201	.65	1,671,080.77	3,053,091.00	1,080,033.60
In skeins, warps, or cops, advanced beyond the condition of singles by grouping or twisting two or more yarns together—					
Nos. 1 to 215.....	2202	1.50	3,125,989.46	4,811,928.00	1,901,663.74
Nos. 216 and over.....	2203	1.50	43,789.30	93,596.00	36,834.58
Other on which specific duty does not amount to 35 per cent.	2204	.71	1,279,108.72	2,589,826.00	910,065.28
On bobbins, spools, or beams, in singles and not advanced beyond singles by grouping or twisting two or more yarns together—					
Nos. 1 to 215.....	2205	1.55	34,336.00	63,647.00	26,177.24
Nos. 216 and over.....	2206	1.55	.....	.....	.....
Other on which specific duty does not amount to 35 per cent.	2207	.65	3,291.00	6,087.00	2,130.45

The rate of duty is, in addition to the group duty, on Nos. 1 to 215, inclusive, 10/100 cent per number per pound; on Nos. 216 and over 15/100 cent per number per pound.

Other on which specific duty does not amount to 35 per cent.	Ad valorem duty.....	2222	1.95	.68	35	46,250.70	90,039.00	31,413.65
Total spun silk or schappe silk yarns.....			1.72	.64	37	8,966,918.38	15,454,914.00	5,787,938.47
Thrown silk:								
In the gun—								
Singles.....	Specific duty.....	2223	1.86	.50	26	7,390.00	13,781.00	3,695.00
Tram.....	do.....	2224	1.59	.75	47	3,775.00	5,992.00	2,831.25
Organzine.....	do.....	2225	3.13	1.00	32	492.00	1,541.00	492.00
Ungrained—								
Singles.....	do.....	2226	10.00	1.00	10	10.00	100.00	10.00
Tram.....	do.....	2227	3.16	1.25	39	82.81	262.00	103.52
Organzine.....	do.....	2228	3.75	1.30	40	17,967.37	68,043.00	26,951.06
Total thrown silk.....			3.02	1.14	38	29,717.18	89,719.00	34,682.83
Sewing silk:								
Twist, floss, and silk threads or yarns of any description, not specially provided for—								
In the gun.								
Ungrained, wholly or in part, or if further advanced by any process of manufacture.	Specific duty.....	2229	3.06	1.00	33	997.56	3,049.00	997.56
do.....	do.....	2230	6.21	1.50	24	2,342.05	14,538.00	3,512.40
Total sewing silk.....			5.26	1.35	26	3,339.61	17,587.00	4,509.96
Yarns, threads, filaments of artificial or imitation silk, by whatever name known, by whatever process made:								
Singles.	Specific duty.....	2231	1.23	.45	36	1,126,204.50	1,381,357.00	506,792.03
Tram.	do.....	2232	1.22	.50	41	3,164,914.05	3,866,736.00	1,582,457.03
Organzine.	do.....	2233	1.30	.60	46	54,063.00	70,148.00	32,443.80
Other, on which specific duty does not amount to 30 per cent.	Ad valorem duty.....	2234	2.09	.62	30	163,459.99	342,185.00	102,655.50
Total artificial silk.....			1.25	.40	39	4,508,641.54	5,660,426.00	2,224,348.36
Plushes, velvets, chenilles, or other pile fabrics—Plushes, cut or uncut:								
Weighing not less than 93 ounces per square yard.....	Specific duty.....	2235	2.51	1.00	39	5,702.21	14,352.00	5,702.21
Weighing less than 93 ounces per square yard.....	do.....	2236	3.82	2.40	62	19,627.85	75,103.00	47,106.84
Other, on which specific duty does not amount to 45 per cent.	Ad valorem duty.....	2237	5.04	2.26	45	8,062.55	40,624.00	18,280.80
Velvets, chenilles, or other pile fabrics, cut or uncut—								
Weighing not less than 53 ounces per square yard.....	Specific duty.....	2238	2.54	1.35	59	283,994.09	721,411.00	425,991.14
Weighing less than 53 but not less than 4 ounces per square yard, filling not all cotton.	do.....	2239	4.92	2.75	55	43,199.30	212,514.00	118,798.19
Weighing less than 53 but not less than 4 ounces per square yard, filling all cotton.	do.....	2240	3.37	2.00	59	434,970.26	1,466,385.00	869,040.56
Other, on which specific duty does not amount to 45 per cent.	Ad valorem duty.....	2241	6.52	4.00	61	2,671.52	17,416.00	10,686.08
do.....	do.....	2242	5.50	2.48	45	158,640.19	873,008.00	392,853.00

The rate of duty is, in addition to the group duty, on Nos. 1 to 215, inclusive, 10/100 cent per number per pound; on Nos. 216 and over 15/100 cent per number per pound.

PARAGRAPH 399—SILK GOODS.

Duitable silk imports at the customs districts of New York, Philadelphia, Boston, Hartford, Bridgeport, Chicago, Cincinnati, and San Francisco—Contd.

Classification.	Number.	Pound value.	Duty.		Pounds.	Foreign invoice value.	Duty collected.
			Per pound.	Ad valorem per cent.			
Plushes, velvets, chenilles, or other pile fabrics—Plushes, cut or uncut—Continued.							
Velvet or plush ribbons, or other pile fabrics—							
Not over 12 inches and not less than $\frac{3}{4}$ inch in width, cut or uncut, containing no silk except in pile and selvages—							
Black.....	2243	\$2.90	\$1.60	55	3,724.12	\$10,820.00	\$5,958.60
Other than black.....	2244	2.91	1.75	50	903.83	2,626.00	1,581.71
Not over 12 inches and not less than $\frac{3}{4}$ inch in width, cut or uncut, containing silk other than in pile and selvages—							
Black.....	2245	3.55	2.00	56	418,816.83	1,487,632.00	837,633.66
Other than black.....	2246	4.47	2.25	50	103,213.83	461,732.00	232,231.14
Less than $\frac{3}{4}$ inch and not less than $\frac{1}{4}$ inch in width, containing no silk except in pile and selvages—							
Black.....	2247	3.39	2.00	59	25,835.50	87,610.00	61,671.00
Other than black.....	2248	4.43	2.15	48	60.00	286.00	129.00
Less than $\frac{3}{4}$ inch and not less than $\frac{1}{4}$ inch in width, containing silk other than in pile and selvages—							
Black.....	2249	3.64	2.40	66	10,962.44	39,863.00	26,399.88
Other than black.....	2250	4.39	2.65	60	3,420.28	15,018.00	9,059.75
Less than $\frac{3}{4}$ inch and not less than $\frac{1}{4}$ inch in width, containing no silk except in pile and selvages—							
Black.....	2251	3.63	2.40	66	1,354.00	4,919.00	3,249.60
Other than black.....	2252	3.81	2.55	67	108.01	411.00	275.43
Less than $\frac{3}{4}$ inch and not less than $\frac{1}{4}$ inch in width, containing silk other than in pile and selvages—							
Black.....	2253	4.30	2.80	65	10,442.30	44,803.00	29,238.67
Other than black.....	2254	5.21	3.05	58	2,644.22	13,800.00	8,064.87
Less than $\frac{3}{4}$ inch in width, containing no silk except in pile and selvages—							
Black.....	2255	4.41	2.80	63	967.23	4,272.00	2,708.24
Other than black.....	2256	4.66	2.95	63	130.00	605.00	383.50
Less than $\frac{3}{4}$ inch in width, containing silk other than in pile and selvages—							
Black.....	2257	6.36	3.20	60	2,042.63	10,958.00	6,536.44
Other than black.....	2258	5.82	3.45	47	2,012.16	11,727.00	5,562.40

Other on which specific duty does not amount to 45 to 65 per cent.	2259	6.08	2.75	45	153,340.51	933,028.00	419,862.80
Ad valorem duty.....		3.86	2.08	54	1,696,845.95	6,550,993.00	3,529,816.11
Fabrics woven in the piece; plain and dyed or printed in the piece:							
Total plushes, velvets, or other pile fabrics.....							
Weighting not more than 3/4 ounce per square yard.....	2260	6.40	4.00	62	87,121.94	555,202.00	348,487.81
Weighting more than 3/4 ounce per square yard, other on which specific duty is less than 45 to 65 per cent.	2261	9.99	4.49	45	19,764.36	197,498.00	88,574.10
Weighting more than 3/4 but not more than 3 ounces per square yard—							
In the gum.....	2262	4.77	3.00	62	156,031.67	744,529.00	468,096.32
Ungummed, wholly or in part.....	2263	4.97	3.25	65	534,728.23	2,662,423.00	1,737,866.91
Further advanced by any process of manufacture, or otherwise, or dyed or printed in piece.	2264	5.82	3.50	60	408,694.63	2,378,743.00	1,430,430.86
Other on which specific duty does not amount to 45 to 65 per cent.	2265	8.63	3.88	45	247,865.61	2,140,741.00	963,333.45
Weighting more than 3/4 but not more than 1 ounce per square yard—							
In the gum.....	2266	4.85	2.65	55	2,432.00	11,796.00	6,444.80
Ungummed, wholly or in part.....	2267	5.14	3.00	61	467,122.69	2,092,072.00	1,981,368.69
Further advanced by any process of manufacture, or otherwise, or dyed or printed in piece.	2268	5.98	3.25	54	125,021.32	746,431.00	406,666.19
Other on which specific duty does not amount to 45 to 65 per cent.	2269	8.27	3.72	45	99,227.00	820,720.00	369,324.01
Weighting more than 1 but not more than 1 1/2 ounces per square yard—							
In the gum.....	2270	2.33	2.50	107	71,781.73	167,421.00	179,454.38
Ungummed, wholly or in part.....	2271	4.75	2.85	60	116,846.23	554,854.00	333,012.11
Further advanced by any process of manufacture, or otherwise, or dyed or printed in piece.	2272	6.00	3.10	52	93,681.26	562,263.00	290,411.96
Other on which specific duty does not amount to 45 to 65 per cent.	2273	6.79	3.05	45	58,870.66	400,152.00	180,068.40
Weighting more than 1 1/2 but not more than 2 1/2 ounces per square yard (1 to 2 ounces)—							
In the gum—							
Containing not more than 20 per cent in weight of silk.	2274	1.33	.70	52	48,671.05	64,657.00	34,069.74
Containing more than 20 but not more than 30 per cent in weight of silk.	2275	1.48	.85	57	47,384.52	70,139.00	40,276.85
Containing more than 30 but not more than 40 per cent in weight of silk.	2276	1.72	1.05	60	240.00	415.00	252.00
Containing more than 40 but not more than 50 per cent in weight of silk.	2277	2.74	1.25	45	2,324.75	6,855.00	2,905.94
Containing more than 50 per cent, or if wholly of silk.	2278	2.53	2.50	98	12,261.51	31,100.00	30,653.78
Ungummed—							
Wholly or in part, containing not more than 20 per cent in weight of silk.	2279	1.42	.85	59	52,347.00	74,618.00	44,494.95
Containing more than 20 but not more than 30 per cent in weight of silk.	2280	2.26	1.10	48	32,011.50	72,483.00	35,253.50

PARAGRAPH 399—SILK GOODS.

Dutiable silk imports at the customs districts of New York, Philadelphia, Boston, Hartford, Bridgeport, Chicago, Cincinnati, and San Francisco—Contd.

Classification.	Number.	Pound value.	Duty.		Pounds.	Foreign invoice value.	Duty collected.
			Per pound.	Ad valorem per cent.			
Fabrics woven in the piece; plain and dyed or printed in the piece—Continued.							
Weighing more than 1½ but not more than 2½ ounces per square yard (1 to 2 ounces)—Continued.							
Ungained—Continued.							
Containing more than 30 but not more than 40 per cent in weight of silk.	2281	\$1.87	\$1.25	67	1,913.15	\$3,579.00	\$2,391.43
Containing more than 40 but not more than 50 per cent in weight of silk.	2282	3.14	1.50	48	2,437.31	7,650.00	3,655.97
Containing more than 50 per cent, or if wholly of silk.	2283	3.20	3.00	93	56,469.71	181,037.00	169,391.29
Further advanced by any process of manufacture of otherwise, or dyed or printed in piece—							
Containing not more than 20 per cent in weight of silk.	2284	1.54	.85	60	227,758.75	352,472.00	210,594.89
Containing more than 20 but not more than 30 per cent in weight of silk.	2283	2.27	1.10	48	9,916.25	22,005.00	10,907.88
Containing more than 30 but not more than 40 per cent in weight of silk.	2286	1.86	1.25	67	3,754.00	6,993.00	4,692.50
Containing more than 40 but not more than 50 per cent in weight of silk.	2287	3.03	1.50	49	5,376.00	16,297.00	8,064.00
Containing more than 50 per cent, or if wholly of silk.	2288	5.55	3.00	54	151,296.45	839,793.00	453,892.35
Other on which specific duty does not amount to 45 to 65 per cent.	2289	5.85	2.63	45	126,640.32	740,875.00	333,391.05
Weighing more than 2 but not more than 8 ounces per square yard—							
In the gum—							
Containing not more than 20 per cent in weight of silk.	2290	.99	.57½	58	22,893.00	22,584.00	13,163.50
Containing more than 20 but not more than 30 per cent in weight of silk.	2291	1.53	.75	48	39,133.00	60,140.00	29,349.75
Containing more than 30 but not more than 40 per cent in weight of silk.	2292	1.90	.90	47	4,400.39	8,368.00	3,960.35
Containing more than 40 but not more than 50 per cent in weight of silk.	2293	2.11	1.10	52	1,494.00	3,166.00	1,643.40

Containing more than 50 per cent, or if wholly of silk.....	2294	3. 01	2. 25	74	14,057.00	42,417.00	31,628.28
Unrimmed—							
Wholly or in part, containing not more than 20 per cent in weight of silk.....	2295	1. 23	. 70	57	26,444.00	32,651.00	18,510.80
Containing more than 20 but not more than 30 per cent in weight of silk.....	2296	1. 61	. 90	55	3,289.00	5,308.00	2,960.10
Containing more than 30 but not more than 40 per cent in weight of silk.....	2297	2. 30	1. 10	47	3,522.00	8,094.00	3,846.40
Containing more than 40 but not more than 50 per cent in weight of silk.....	2298	2. 45	1. 30	54	5,175.00	12,677.00	6,869.30
Containing more than 50 per cent, or if wholly of silk.....	2299	3. 30	2. 75	83	22,706.67	74,890.00	62,543.47
Further advanced by any process of manufacture or otherwise, or dyed or printed in piece—							
Containing not more than 20 per cent in weight of silk.....	2300	1. 21	. 70	57	119,508.00	145,546.00	83,655.60
Containing more than 20 but not more than 30 per cent in weight of silk.....	2301	1. 81	. 90	50	14,340.00	25,969.00	12,906.00
Containing more than 30 but not more than 40 per cent in weight of silk.....	2302	2. 10	1. 10	52	2,083.50	4,376.00	2,290.75
Containing more than 40 but not more than 50 per cent in weight of silk.....	2303	2. 49	1. 30	52	1,849.50	4,611.00	2,403.95
Containing more than 50 per cent, or if wholly of silk.....	2304	4. 91	2. 75	56	44,415.57	218,293.00	122,142.81
Other on which specific duty does not amount to 45 to 65 per cent.....	2305	3. 95	1. 77	45	172,389.39	681,352.00	306,599.40
Weighing more than 8 ounces per square yard.....	2306	2. 54	1. 42	50	17,956.40	51,077.00	25,538.50
Dyed in the thread or yarn—weight not increased in dyeing beyond the original weight of raw silk—							
Containing less than 30 per cent in weight of silk.....	2307	1. 86	1. 25	67	83,553.80	155,418.00	104,442.28
Containing more than 30 but not more than 45 per cent in weight of silk.....	2308	2. 31	1. 60	69	98,224.36	227,822.00	157,158.97
Containing more than 45 per cent in weight of silk.....	2309	4. 93	3. 00	61	29,634.79	146,143.90	88,910.41
Other on which specific duty does not amount to 45 to 65 per cent.....	2310	6. 35	2. 85	45	52,430.16	332,996.66	149,848.50
Dyed in the thread or yarn—weight increased in dyeing beyond the original weight of raw silk—							
Weighing more than one-third but not more than 1 ounce per square yard—							
Black, except selvages.....	2311	4. 43	2. 25	51	32,202.46	142,940.00	73,455.54
Other than black.....	2312	5. 48	3. 00	54	105,514.03	579,269.00	316,542.13
Other on which specific duty does not amount to 45 to 65 per cent.....	2313	6. 30	2. 83	45	24,091.77	151,983.00	68,392.35
Weighing more than 1 but not more than 1½ ounces per square yard—							
Black, except selvages.....	2314	3. 63	2. 00	54	12,991.94	47,245.00	25,983.88
Other than black.....	2315	4. 50	2. 75	61	8,703.20	39,186.00	23,933.84
Other on which specific duty does not amount to 45 to 65 per cent.....	2316	4. 62	2. 08	45	16,668.24	77,089.00	34,690.05

PARAGRAPH 399—SILK GOODS.

Dutiable silk imports at the customs districts of New York, Philadelphia, Boston, Hartford, Bridgeport, Chicago, Cincinnati, and San Francisco—Contd.

Classification.	Number.	Pound value.	Duty.		Pounds.	Foreign invoice value.	Duty collected.
			Per pound.	Ad valorem per cent.			
Fabrics woven in the piece; plain and dyed or printed in the piece—(continued)							
Dyed in the thread or yarn—weight increased in dyeing beyond the original weight of raw silk—Continued.							
Weighing more than 1½ but not more than 1¼ ounces per square yard—							
Black, except selvages.....	2317	\$3.59	\$1.80	50	4,892.00	\$17,557.00	\$8,796.00
Other than black.....	2318	4.34	2.50	57	19,140.25	83,199.00	47,850.89
Other on which specific duty does not amount to 45 to 65 per cent.....	2319	6.14	2.77	45	11,992.02	73,707.00	33,168.15
Weighing more than 1¼ but not more than 2 ounces per square yard—							
Black, except selvages.....	2320	3.37	1.65	49	12,140.00	40,945.00	20,031.00
Other than black.....	2321	4.24	2.25	50	35,739.25	161,886.00	80,413.25
Other on which specific duty does not amount to 45 per cent.....	2322	5.07	2.28	45	18,621.08	94,419.00	42,488.45
Weighing more than 2 but not more than 8 ounces per square yard—							
Containing not more than 30 per cent in weight of silk—							
Black, except selvages.....	2323	1.54	.75	48	23,106.00	35,680.00	17,397.00
Other than black.....	2324	1.77	.90	60	52,297.00	92,709.00	47,070.95
Containing more than 30 but not more than 45 per cent in weight of silk—							
Black, except selvages.....	2325	2.28	1.10	48	51,796.03	118,218.00	56,975.64
Other than black.....	2326	2.58	1.30	49	29,504.74	76,209.00	37,356.16
Containing more than 45 but not more than 60 per cent in weight of silk—							
Black, except selvages.....	2327	2.74	1.40	50	2,721.00	7,476.00	3,809.40
Other than black.....	2328	3.08	1.60	52	36,989.61	114,096.00	59,183.38
Containing more than 60 per cent, or if wholly silk, and having in the warp not more than 440 single threads to the inch—							
Black, except selvages.....	2329	3.06	1.50	49	45,685.40	140,058.00	68,528.10
Other than black.....	2330	4.08	2.00	49	61,987.32	253,221.00	123,974.65

PARAGRAPH 399—SILK GOODS.

Dutiable silk imports at the customs districts of New York, Philadelphia, Boston, Hartford, Bridgeport, Chicago, Cincinnati, and San Francisco—Contd.

Classification.	Number.	Pound value.	Duty.		Pounds.	Foreign invoice value.	Duty collected.
			Per pound.	Ad valorem per cent.			
Handkerchiefs or mufflers, finished or unfinished— Cut, not hemmed or hemmed only.....	2349			50			
Hemstitched, or imitation hemstitched, or reversed, or having drawn threads, or embroidered, with an initial, monogram, or otherwise, or tambooured, or appliqued, or with fuching or insertion.....	2350			60		\$92,010.50	\$46,005.25
Wholly or in chief value of laces, embroideries, edgings, insertings, etc., made on the Lever or Gotthorough machine.	2351			70		632,000.25	549,200.15
Total handkerchiefs or mufflers.....						13,130.00	9,191.00
Laces, embroideries, etc., and articles made thereof (except wearing apparel):	2352			60		1,037,140.75	604,396.40
Embroideries, including edgings, insertings, and galloons.							
Laces and lace articles, including lace edgings, insertings, and galloons—							
Handmade.....	2353			60			
All other.....	2354			60			
Neck or neckties.....	2355			60			
Veils or veillings.....	2356			60			
Flouncings, neck rufflings, rufflings, bracks, fringes, trim- mings, ornaments, and articles made wholly or in part of any of the foregoing, or of chiffons and articles embroi- dered, or tambooured, or appliqued, made of silk or of silk and metal, or of which silk is the component mate- rial of chief value, whether in part of india rubber or otherwise (60 per cent laces included in this total).	2357			60		8,255,293.00	4,953,174.45
Made on the Lever or Gotthorough machine—							
Embroideries, including edgings, insertings, and gal- loons.....	2358			70			
Laces, including lace edgings, insertings, and galloons.	2359			70			
Neck and neckties.....	2360			70			
Veils.....	2361			70			
Flouncings and trimmings.....	2362			70			
Bracks, laces, embroideries, galloons, neck rufflings, ruff- lings, fringes, trimmings, edgings, cords, tassels, ribbons,	2363	\$5.59	\$3.81	68	497,323.79	2,782,545.28	1,803,176.05

PARAGRAPH 399—SILK GOODS.

TESTIMONY OF SAMUEL KRIDEL, OF NEW YORK, N. Y.

The witness was duly sworn by the chairman pro tempore.

Mr. HARRISON. You are representing J. Kridel Sons?

Mr. KRIDEL. I come here representing one of a committee appointed for the purpose of protesting against the present specific rates of the present tariff as being altogether intricate and befogging the public as to the nature of the rates imposed. I represent the importers of merchandise, who have delegated me to come here and present to you various samples of merchandise showing that through these specific rates quite a number of them have become prohibitive.

I wish to add that I speak of the paragraphs enumerated under Nos. 399 to 401, inclusive, of the present tariff, and this committee which I represent prays that in finding your new tariff an ad valorem rate of 35 per cent may prevail.

Mr. PALMER. Are you an importer?

Mr. KRIDEL. Yes, sir; and representing as well domestic manufacturers. We are also allied with domestic mills, interested as such.

On January 6, 1890, Mr. Frank Cheney, the father of the gentleman who testified here to-day, testified before the Ways and Means Committee on the McKinley bill, and he at that time testified that a 40 per cent ad valorem rate was sufficient protection for any manufacturer here. The record shows his testimony, if you will refer to it.

Mr. FORDNEY. You say you are a manufacturer?

Mr. KRIDEL. No, sir; I am not, but we represent manufacturers, and we are interested in domestic mills as well.

Mr. FORDNEY. You are representing manufacturers here in asking for a lower rate of duty?

Mr. KRIDEL. No, sir.

Mr. FORDNEY. Pardon me; I misunderstood you.

Mr. HILL. You will admit there is a vast difference in the weight cost now as compared with 1890? That is 22 years ago.

Mr. KRIDEL. Not in the silk industry of this country, so far as I could ascertain.

Mr. HILL. The silk industry was then different from the other industries of the country in this respect?

Mr. KRIDEL. That I really do not know. I do not think we had the high wages at that period that we have to-day.

Mr. HILL. As a natural supposition, the wage scale of the United States in 1890 was lower than it is now, was it not?

Mr. KRIDEL. In a general way; yes.

Mr. HILL. And that would make a difference as to the rate of duty, would it not?

Mr. KRIDEL. Possibly.

Mr. HILL. From our standpoint?

Mr. KRIDEL. Yes.

Mr. LONGWORTH. I am not quite sure just exactly whom you are representing when you say "manufacturers."

Mr. KRIDEL. I am representing the importers of silk goods of the United States under paragraphs 399 to 401, inclusive.

Mr. LONGWORTH. But Mr. Fordney asked if the manufacturers you represent desire a decreased duty, and you said no.

PARAGRAPH 399—SILK GOODS.

Mr. KRIDEL. I, as chairman of this committee, do not represent any manufacturers, but my firm personally is interested in domestic manufacturers as well as importing goods.

Mr. LONGWORTH. But you are not representing any manufacturers in desiring a decrease of duty?

Mr. KRIDEL. No, sir.

Mr. HILL. You speak only as an importer when you want lower rates of duty?

Mr. KRIDEL. I also speak for the interests of domestic manufacturers as well, who, at the rate that I recommend, would not suffer in comparing certain samples that are made here and those which are imported.

Mr. DALZELL. Will you be kind enough to name one manufacturer in this country that wants a lower rate of duty? He would be a curiosity, and I would like to know his name.

Mr. KRIDEL. I did not say a lower duty.

Mr. DALZELL. A lower rate of duty than the existing law?

Mr. KRIDEL. I do not know that I can name any.

Mr. PALMER. We have had several here who suggested lower rates perfectly acceptable to them.

Mr. HILL. Was it not invariably accompanied by a request for free raw materials?

Mr. PALMER. Oh, no.

Mr. FORDNEY. I have never yet seen one.

Mr. KRIDEL. I wish to bring before you certain articles which, through these specific rates, have been prohibited from being brought into the United States, and I wish to state that these rates that are specific range all the way, under this paragraph, from a catchall clause of 45 per cent to 259 per cent ad valorem value.

Mr. HARRISON. That refers to articles which are not imported because of that very fact?

Mr. KRIDEL. There have been a few imported, but after they had been found to have been assessed at this high rate, the importations stopped and have been stopped for quite a number of years; but in the first year of the tariff when these rates became applicable, without many importers knowing the exact amount of duty applied and before we were up to the intricacies of the specific rate, we discovered exactly what they had to pay, and these are the samples that I bring before you now.

Mr. FORDNEY. Has that high rate of duty on those specific articles increased the value of that product to the consumer of this country?

Mr. KRIDEL. He has not been able to receive them. Yes; it has.

Mr. FORDNEY. The manufacturers of this country are getting more for that grade of goods than they did get before for them?

Mr. KRIDEL. No. They are not making these goods, not this exact grade.

Mr. FORDNEY. It is not used?

Mr. KRIDEL. Yes; it is used, because it was used prior to the present tariff.

Mr. FORDNEY. You say it is not being imported now, and again you say it is not being made here, and yet it is being used. Where did it come from?

PARAGRAPH 399—SILK GOODS.

Mr. KRIDEL. It is used in a different form, sir. It is used in better qualities of goods that are made here.

Mr. HILL. In presenting your samples, if not too much trouble, name the foreign manufacturer and the country of origin.

Mr. KRIDEL. This [indicating] is an article known as cotton china silk. There is 90 per cent of cotton in that article and 10 per cent of silk, classified under the silk schedule, having a little bit of silk therein, as being silk of cheap value. The goods are made in France. They sell at \$3.10 a pound under the complex classification, and would pay 259 per cent of their value.

The article abroad costs 65 centimes per meter, 20 and 2 per cent discount, bringing it to about 10 cents a yard abroad.

Mr. PALMER. Who is the manufacturer?

Mr. KRIDEL. The principal manufacturer I do not know. This is a current article made there.

Mr. HILL. So far as you do know, kindly name the manufacturer and the country where it is manufactured.

Mr. KRIDEL. I can name one manufacturer who made this article [indicating]; yes. The name of the firm is Pelletier Freres & Co.

Mr. PALMER. Would 259 per cent equalize the difference in cost of production at home and abroad, together with a reasonable profit to the American manufacturer?

Mr. KRIDEL. No.

Mr. PALMER. It would not equalize it?

Mr. KRIDEL. No.

Mr. FORDNEY. You say the duty is 259 per cent ad valorem?

Mr. KRIDEL. Yes, sir.

Mr. FORDNEY. Is that article being used in this country?

Mr. KRIDEL. Used in a different form, sir. It has been supplanted by the manufacture of cotton goods.

Mr. FORDNEY. When was it used in this country?

Mr. KRIDEL. Prior to the enactment of the present law it was brought over in considerable quantities, and used for the linings of ladies' hats.

Mr. FORDNEY. What is the difference in the rate between the rate now under the Payne tariff law and under the Dingley law on that article?

Mr. KRIDEL. Under the Dingley law it was 60 cents a pound.

Mr. FORDNEY. That is the existing law?

Mr. KRIDEL. No.

Mr. FORDNEY. The so-called Payne law?

Mr. KRIDEL. Yes. It is now \$3.10.

Mr. FORDNEY. And under the old Dingley law it was how much?

Mr. KRIDEL. Sixty cents.

Mr. LONGWORTH. Point out in paragraph 399.

Mr. KRIDEL (reading):

Goods weighing below one and one-third pounds per square yard, containing less than 20 per cent of the weight of silk, dyed.

Mr. FORDNEY. Your contention is the duty is so high that it is prohibitive and therefore it is not imported?

Mr. KRIDEL. It is not imported; no, sir.

PARAGRAPH 399—SILK GOODS.

Mr. FORDNEY. Why is not the manufacture of that article then encouraged in this country, if foreign competition is absolutely shut off? Is not the duty high enough to compensate?

Mr. KRIDEL. When they make mercerized cotton cloth, it takes its place completely.

Mr. FORDNEY. Then it is not article that is used?

Mr. KRIDEL. It could be used if there were a rate of duty that would permit its importation, and it could be used again.

Mr. FORDNEY. Why don't they make it here again?

Mr. KRIDEL. They make these cotton goods, as I said before, to replace it. It is cheaper, still cheaper.

Mr. FORDNEY. I can not quite understand, when a duty of 259 per cent is prohibitive, if it is an article of common use, an article the people would use, why they will not use it now at all.

Mr. KRIDEL. Some of it has been made here now, but not in any quantity.

I want to point out another illustration of an article made by the same manufacturer in both countries. I have before you an article made by a manufacturer of Switzerland. This very identical manufacturer has a mill in this country that he constructed within the last year, and is making in both mills the identical quality of goods of the same texture. The price of the article abroad is 59 cents per yard. The price of the same article here, both being 36 inches wide, is 68½ cents per yard, showing the difference in cost in the labor abroad and here.

Mr. HILL. Read those prices again.

Mr. KRIDEL. Fifty-nine cents per yard—

Mr. HILL (interposing). That is abroad?

Mr. KRIDEL. Yes, sir.

Mr. HILL. And how much here?

Mr. KRIDEL. Sixty-eight and one-half cents per yard.

Mr. HILL. What is the duty?

Mr. KRIDEL. The duty on that article is \$2.25 per pound.

Mr. FORDNEY. What is the ad valorem rate of duty on that article?

Mr. KRIDEL. The ad valorem rate is, I should judge, about 55 to 60 per cent.

Mr. LONGWORTH. You hear Mr. Cheney state awhile ago that in no case that he knew of was there a larger difference between the two laws on the same articles than 1 per cent.

Mr. KRIDEL. I am afraid Mr. Cheney was wrong. I can enumerate many instances where the rates were a good deal higher.

Mr. HILL. What is it that you call this particular article? What do you call it?

Mr. KRIDEL. That is an all-silk satin, 36 inches wide.

Mr. HILL. An article of common use?

Mr. KRIDEL. Yes, in common use.

Mr. HILL. The duty, you said, is 55 per cent?

Mr. KRIDEL. Yes, sir.

Mr. HILL. The price abroad is 59 cents and the price here is 68½ cents?

Mr. KRIDEL. The price of the domestic article made here by the same manufacture is 68½ cents.

PARAGRAPH 399—SILK GOODS.

Mr. HILL. Consequently the difference is 9½ cents?

Mr. KRIDEL. Yes, sir.

Mr. HILL. Which is 16 per cent?

Mr. KRIDEL. Yes, sir.

Mr. HILL. The public is not paying for that duty, then, is it? No man pays over 16 per cent duty on that article, does he?

Mr. KRIDEL. Yes, they are. I think you are getting this confounded.

Mr. HILL. I think that very likely I am, but the fact is that no consumer pays over 16 per cent then because of the tariff?

Mr. KRIDEL. No, on account of buying the domestic article here.

Mr. HILL. He buys the domestic article at an advance of 16 per cent, notwithstanding the tariff arrangement is 55 per cent?

Mr. KRIDEL. Yes, sir.

Mr. HILL. Consequently doing nobody any harm?

Mr. HARRISON. Consequently a rate of 16 per cent ad valorem would equalize the difference in cost of production here and abroad.

Mr. KRIDEL. Exactly. I figure it about 20 per cent.

Mr. HILL. If you could confine it to the specific thing.

Mr. KRIDEL. Exactly.

Mr. HILL. But nobody is being harmed by leaving it as it is. Is anybody paying 1 cent over 16 per cent?

Mr. KRIDEL. No.

Mr. HILL. Then what is the matter with it?

Mr. KRIDEL. I am only showing the relative condition of cost of labor between here and abroad and directing attention to the different items I have here.

Mr. HARRISON. In your judgment, would 20 per cent cover the difference in cost of production between the different schedules?

Mr. KRIDEL. Yes, sir.

Mr. HARRISON. In this specific thing it would not?

Mr. KRIDEL. Oh, yes, sir. I think only a difference of 30 per cent would generally cover the difference in cost between here and Europe in these articles.

Mr. HARRISON. Do you think the employment of specific duties throughout this schedule makes many cases of prohibitive duties as to cheaper classes of goods, such as the one you first showed us?

Mr. KRIDEL. Absolutely only in the cheaper classes of goods.

Mr. HARRISON. Will you enumerate by name the classes of these goods in which these instances occur?

Mr. KRIDEL. Yes, sir.

I have before you cheap linings of caps, cheap linings of white satins used for the lining of coffins—

Mr. HARRISON. What is the specific duty upon that?

Mr. KRIDEL. Eighty-five cents a pound.

Mr. HARRISON. What is that ad valorem?

Mr. KRIDEL. Eighty-five per cent.

Mr. LONGWORTH. Do any of those importations come from Japan?

Mr. KRIDEL. No, sir.

Mr. PAYNE. How do you get at the valuation of that article there [indicating]?

Mr. KRIDEL. By the importations we made of the goods.

PARAGRAPH 399—SILK GOODS.

Mr. PAYNE. That you pay abroad for the goods?

Mr. KRIDEL. Yes, sir.

Mr. PAYNE. Landed at New York?

Mr. KRIDEL. Yes, sir.

Mr. PAYNE. Do you import large quantities of that?

Mr. KRIDEL. We did before the present tariff bill went into effect.

Mr. PAYNE. And sell it in this market?

Mr. KRIDEL. We sold it in this market; yes, sir.

Mr. PAYNE. After paying the duty?

Mr. KRIDEL. Not this duty; no, sir; previous to this duty, because it has been prohibited from coming in here now at the rate of 85 cents a pound.

Mr. PAYNE. You made your profit out of it? You do not do business for nothing?

Mr. KRIDEL. No, sir; we do not.

Mr. PAYNE. You made a profit out of it?

Mr. KRIDEL. Yes, sir; we tried to.

Mr. LONGWORTH. In the Dingley bill, what was the rate on that?

Mr. KRIDEL. Sixty cents a pound.

Mr. HARRISON. What is that you are referring to now?

Mr. KRIDEL. Lining for little boys' caps.

Mr. HARRISON. What is that other article you have just referred to?

Mr. KRIDEL. That is a lining for coffins.

Mr. HARRISON. What is the duty on that?

Mr. KRIDEL. Eighty-five cents a pound.

Mr. RAINEY. That equals how much ad valorem?

Mr. KRIDEL. Eighty-five per cent.

Mr. RAINEY. Does that keep these cheaper coffin linings from coming in?

Mr. KRIDEL. It does.

Mr. RAINEY. Do they come in at all?

Mr. KRIDEL. In very moderate quantities.

Mr. RAINEY. The effect of this particular clause in the Payne-Aldrich bill is to make it more expensive to die than it would otherwise be?

Mr. KRIDEL. Yes, sir.

Mr. FORDNEY. Is it being manufactured in this country now since it has been prohibited, as you say?

Mr. KRIDEL. Yes, sir.

Mr. FORDNEY. What is the difference in the cost now as compared prior to the adoption of the Dingley law?

Mr. KRIDEL. This article, under the Dingley law, costs to import—the value abroad—

Mr. FORDNEY. No; I am speaking of the cost to the consumer.

Mr. KRIDEL. This article [indicating]?

Mr. FORDNEY. Any article. How much more does the consumer pay for that now than he did pay for it under the Dingley law?

Mr. KRIDEL. For this article [indicating], 4 cents per yard.

Mr. FORDNEY. What is the relative value?

Mr. KRIDEL. The value of that per yard is 20 cents to-day. He bought it for 16 cents before this bill came into effect.

PARAGRAPH 399—SILK GOODS.

Mr. FORDNEY. This is an increase from 60 per cent to 310 per cent?

Mr. KRIDEL. I did not say 310. This is 85 per cent.

Mr. FORDNEY. What was it under the Dingley bill?

Mr. KRIDEL. 60 cents per pound. To-day it is 85 cents.

Mr. FORDNEY. It has increased the selling cost price to the consumer 20 per cent?

Mr. KRIDEL. Yes, sir.

Mr. HARRISON. Which is just about the ad valorem increase in duty?

Mr. KRIDEL. Yes, sir.

Mr. JAMES. He asked if the yellow piece which you have exhibited there was not manufactured here before the Payne-Aldrich law.

Mr. KRIDEL. Yes, sir; it has been.

Mr. JAMES. It was manufactured and sold here?

Mr. KRIDEL. Yes, sir.

Mr. JAMES. And sold 4 cents per yard cheaper than it is sold now since the Payne-Aldrich tariff bill raised the rates on it?

Mr. KRIDEL. Yes, sir. That law raised the rates 4 cents a yard.

Mr. JAMES. And they just lifted up the price of the article to about that extent?

Mr. KRIDEL. Yes, sir.

Mr. RAINEY. Is that cap lining to which you have referred manufactured here?

Mr. KRIDEL. Yes, sir; on the better qualities of goods.

Mr. RAINEY. The bill had the effect of stopping those altogether?

Mr. KRIDEL. Yes, sir.

Mr. FORDNEY. But being made in this country, American labor gets the benefit of it, does it not?

Mr. KRIDEL. Certainly.

Mr. JAMES. It was being made here before that rate was established on it, was it not?

Mr. KRIDEL. Yes, sir; that is correct.

Mr. FORDNEY. But it is made in larger quantities now than it was before the Payne rate was put on?

Mr. KRIDEL. Yes, sir.

Mr. RAINEY. But it costs more now, does it not?

Mr. KRIDEL. Yes, sir.

Mr. FORDNEY. But American labor gets it?

Mr. KRIDEL. Yes, sir.

Mr. RAINEY. They certainly get it when they die.

Mr. HARRISON. You have given us two or three instances of articles as to which the rates of the Payne law are in effect prohibitive. Can you give us any other instances than those?

Mr. KRIDEL. Yes, sir; I have quite a few here.

Mr. HARRISON. If so, are they all of the cheaper grades of silk goods?

Mr. KRIDEL. They are all of the cheaper grades of silk goods, yes.

Mr. HARRISON. So in your judgment the effect of the complicated paragraphs in the silk schedule of the Payne law has been to raise the duty upon most of the cheaper grades of silk manufacture?

Mr. KRIDEL. Exactly, sir.

PARAGRAPH 399—SILK GOODS.

Mr. HARRISON. You might give the committee some more instances. They will be of great use to us in framing a new schedule.

Mr. KRIDEL. I have before you, gentlemen, velvets and plushes on which the rates today vary all the way from 120 per cent in the cheapest qualities of goods down to rates varying in amount 74 per cent, 66 per cent, 78 per cent, 66 per cent, and so on, in the fairly medium qualities of goods.

All of the higher priced goods come under the catchall clause, 45 per cent ad valorem.

Mr. HILL. Are those higher than they were under the Dingley law?

Mr. KRIDEL. Yes, sir; much higher.

Mr. HILL. From whom do they come? Where are they bought?

Mr. KRIDEL. They are bought probably in Germany and France.

Mr. HILL. Are any bought in Italy?

Mr. KRIDEL. Very few in Italy, but there have been some. The industry hardly exists there any more.

Mr. HILL. When did the change occur in the price—immediately upon the passage of the Payne tariff bill?

Mr. KRIDEL. How do you mean?

Mr. HILL. When did the change of price occur?

Mr. KRIDEL. Immediately upon the passage of the Payne bill.

Mr. HILL. Give me the names of some of the manufacturers.

Mr. KRIDEL. Abroad?

Mr. HILL. Yes; manufacturers of these articles.

Mr. KRIDEL. Scheibler & Co.

Mr. HILL. Who else?

Mr. KRIDEL. I can give dozens of them.

Mr. HILL. Are not every one of them in the German-Italian-French syndicate?

Mr. KRIDEL. No, sir.

Mr. HILL. None of them? Remember, this is under oath. Are not every one of the producers of these goods in a syndicate in Germany and Italy and France?

Mr. KRIDEL. I know these velvets I am producing here are made by a man who is not in a syndicate.

Mr. HILL. You have not given the names.

Mr. KRIDEL. Scheibler & Co.

Mr. HILL. Are not Scheibler & Co., of Germany, in the syndicate?

Mr. KRIDEL. I do not think so.

Mr. HILL. Do you know or do you think?

Mr. KRIDEL. I do not know, but I do not think so.

Mr. HILL. Is not every yard of these goods sold under prices fixed and controlled by a foreign syndicate?

Mr. KRIDEL. Not these in Germany.

Mr. HILL. Do you not get a 10 per cent rebate at the end of the year on every bit of these goods you buy?

Mr. KRIDEL. No, sir; I have imported velvets myself from France and I got no rebate.

Mr. HILL. Is not that price fixed uniformly by the German and French and Italian syndicate?

Mr. KRIDEL. Not that I know of.

Mr. HILL. Are not Scheibler & Co. members of that syndicate?

PARAGRAPH 399—SILK GOODS.

Mr. KRIDEL. I do not know. I do not think so.

Mr. HILL. You do not say they are not?

Mr. KRIDEL. I do not, because I am not positive.

Mr. HILL. I think the evidence will be submitted that Scheibler & Co. are members of a syndicate, and that these goods are sold under a fixed agreement, with distribution of territory, and a rebate of 10 per cent at the end of the year.

Mr. HARRISON. Mr. Chairman, the testimony of this witness has been with reference to prices of American-made goods, and he has shown here, by exhibiting the goods, that American-made goods have advanced in price since the passage of the Payne bill, so that the remarks of my friend, the gentleman from Connecticut (Mr. Hill), are not exactly in point.

Mr. HILL. I want to ask particularly when the syndicate was formed?

Mr. KRIDEL. I have no idea.

Mr. JAMES. If there is a syndicate over there that sells goods cheaper to the people than the manufacturers they are more benevolent than the people who control the market here.

Mr. HILL. Certainly. The only question I ask is, what is the use of placing an ad valorem duty on an article, the price of which is arbitrarily fixed and controlled by 90 per cent of the producers of Europe in a syndicate, which gives a rebate to the importer after those goods are sent over here? That duty could not operate under those circumstances.

Mr. KRIDEL. I have bought velvet in France which I supposed to come from the so-called syndicate over there, or from one of the members of it, and I have never received a rebate nor have I had any proposed to me nor did I ever seek any.

Mr. HILL. Do you know the concern of J. L. de Ball & Co., of Germany?

Mr. KRIDEL. Yes, sir; by reputation.

Mr. HILL. Do you know the firm of Niedick & Co., of Germany?

Mr. KRIDEL. Yes, sir.

Mr. HILL. Do you know the firm of Roche & Co., in Lyon, France?

Mr. KRIDEL. Yes, sir.

Mr. HILL. Do you know the firm of Pelzer Bros., of Germany?

Mr. KRIDEL. Yes, sir.

Mr. HILL. Do you know the concern of Von Beckwith, of Germany?

Mr. KRIDEL. Yes, sir.

Mr. HILL. Are not all of those members of the syndicate?

Mr. KRIDEL. I do not know, sir.

Mr. HILL. You do not know either of them?

Mr. KRIDEL. I do not know whether they are.

Mr. HILL. You do not know either whether they fixed prices or distributed territories and make a rebate subsequent to the first invoice?

Mr. KRIDEL. No, sir.

Mr. HILL. And you do not know that they do not do it?

Mr. KRIDEL. I do not know that they do. You have not mentioned one manufacturer that I have bought goods from where I ever received a rebate.

PARAGRAPH 399—SILK GOODS.

Mr. HILL. How about the firm of L. F. Domerick & Co.?

Mr. KRIDEL. They are importers here. They are merchants here.

Mr. HILL. Do not they buy their goods from these people?

Mr. KRIDEL. I do not know whether they do or not.

Mr. HILL. You have bought from these men?

Mr. KRIDEL. No, sir; I have not.

Mr. HILL. Consequently you have not received any rebate from them, if you have not bought from them?

Mr. KRIDEL. No, sir; I have not.

Mr. HILL. Do you think it would be possible under that system to safely and properly administer an ad valorem rate?

Mr. KRIDEL. I do not think it would be proper if such a syndicate is in existence.

Mr. HILL. I agree with you fully.

Mr. KRIDEL. I would not advocate it, but I would advocate a specific duty based upon lower percentages of ad valorem duties.

Mr. HILL. That is really an argument, but I mean with the whole system handicapped by such an arrangement, it would not be possible in your judgment, would it, to safely administer an ad valorem rate?

Mr. KRIDEL. Not if such a syndicate were proven to exist that would give a rebate of 10 per cent, as you have mentioned.

Mr. FORDNEY. Will you give the names of some American firms or manufacturers of this class of goods which you have exhibited here who have advanced the price 4 cents per yard on these goods you have exhibited here on the adoption of the Payne tariff law?

Mr. KRIDEL. I did not say they advanced the rate 4 cents per yard.

Mr. FORDNEY. Yes; you say it sells for 4 cents per yard more than it did before.

Mr. KRIDEL. So it does, the imported article?

Mr. HILL. Pardon me; you said that this advance came upon the adoption of the Payne tariff law.

Mr. KRIDEL. In imported goods, sir.

Mr. FORDNEY. No; the manufactured goods to the consumer.

Mr. LONGWORTH. I understood you to say it very positively.

Mr. FORDNEY. I asked whether or not the increased duty under the Payne tariff law had increased the cost to the consumer, and you said, "Yes, to the extent of 4 cents per yard."

Mr. KRIDEL. On the imported article, but not on the domestic article.

Mr. LONGWORTH. That is a very different reply than you made to Mr. James a while ago.

Mr. KRIDEL. If you will look at the record I believe you will find I answered it as I had said.

Mr. FORDNEY. Perhaps you did not intend to mislead, but you did certainly mislead me. Can you tell me any domestic manufacturer of that class of goods who increased the price on his goods 4 cents per yard upon the adoption of the Payne tariff law?

Mr. KRIDEL. No, sir.

I have before me some more umbrella silks which also come under that class, and have been prohibited from coming in here and which show various duties under these specific rates ranging between 65½ per cent to 77 per cent.

PARAGRAPH 399—SILK GOODS.

Mr. HILL. Have umbrella silks been increased in price by the American manufacturer since the passage of the Payne bill?

Mr. KRIDEL. It was the imposition of these rates that has prevented them from coming in here, allowing the domestic manufacturer naturally—

Mr. HILL (interposing). Have the domestic prices been increased?

Mr. KRIDEL. No; but they have been able to obtain the prices which they were prevented from obtaining under the conditions existing previous to the Payne bill.

Mr. HILL. Has the domestic price fallen off since the Payne tariff bill was passed?

Mr. KRIDEL. No, sir.

Mr. HILL. You are quite sure of that?

Mr. KRIDEL. I am quite sure of that.

Mr. HILL. Mr. Chairman, there is a large umbrella silk factory in the town in which I live, and I will undertake to furnish the prices for the last four years.

The CHAIRMAN. We would like to have the gentleman from Connecticut (Mr. Hill) furnish the information, but we would also like to have the witness before us.

Mr. HILL. I will endeavor to bring him down.

Mr. JAMES. What has been the effect on these articles, where they have reduced the rate from the Dingley bill to the Payne rate?

Mr. KRIDEL. It has not increased the revenue. We are importing less silk goods of that kind.

Mr. JAMES. So the revenue has fallen off?

Mr. KRIDEL. Yes.

Mr. JAMES. To what extent?

Mr. KRIDEL. Not to a very great extent. I should think last year there were \$27,000,000 of silk goods imported, and previous to that there were \$29,000,000 or \$30,000,000. It has remained practically stationary. The entire importation of silk goods has remained stationary for quite a number of years.

Mr. RAINEY. On these goods you have here, the Government gets no revenue now?

Mr. KRIDEL. Absolutely none to speak of.

Mr. RAINEY. It completely destroyed the revenue, so far as it concerns the Government?

Mr. KRIDEL. Entirely.

Mr. HILL. Do you know of the firm of Muller & Co., of the Gloria Silk Mills?

Mr. KRIDEL. Yes, sir.

Mr. HILL. They make umbrella silks?

Mr. KRIDEL. Yes, sir.

Mr. HILL. You would accept their signed statement as to prices, would you not?

Mr. KRIDEL. Yes, sir.

Mr. HILL. I will ask Mr. Muller to furnish statements and put them in as a brief.

Mr. FORDNEY. He states that on account of increased duty in the Payne tariff these goods are prohibited from importation, yet on the domestic goods there has been no increase in price. That stands in the record in that way.

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The CHAIRMAN. I understand that is the way he states it.

Mr. JAMES. Do you want it taken out?

Mr. HILL. No.

The CHAIRMAN. In reference to these goods you suggested to the committee where there is a prohibitive rate. Have you in your brief set out a description of these goods, so that the committee can arrange them in a reclassification?

Mr. KRIDEL. Yes, sir.

The CHAIRMAN. Is that all you desire to say?

Mr. KRIDEL. I only wish to say that I think that a rate, as I have said before, of 35 per cent ad valorem would not destroy the domestic industry at all. In suggesting that rate I simply do it so as to enable the importation of such goods as have been prohibited, and it will not tend to hurt the domestic industry, because I feel at a 35 per cent rate of duty it fully covers the cost of labor between this country and abroad.

The CHAIRMAN. There are some portions of that paragraph that are quite competitive at the present time; some portions of this paragraph where a good deal of goods are imported?

Mr. KRIDEL. Yes, there are; but not as competitive as you would imagine.

The CHAIRMAN. As far as I am concerned—I am speaking only for myself, but I am probably voicing the view of this side of the House—what we want to do is to get a large amount of revenue out of the luxuries, so that we can put less tax on the necessities of life, and if there is a portion of this schedule where there is great competition and a large percentage of the imports would not be stopped by such a rate, even if it were a high rate, because it is a luxury, we want to put a tax on that. We are desirous of cutting the rate on those articles where there is no competition and where we do not get any revenue, and the committee would be glad to have you differentiate between those.

Mr. KRIDEL. I would be perfectly willing to have the high-class goods pay a higher rate of duty, sir—

The CHAIRMAN (interposing). I would be glad if you can supplement your brief by making a showing of that kind.

Mr. KRIDEL (continuing). If we could get the lower class in on a basis that would help the importation and bring a lot of revenue to the Government without hurting in a great way the domestic production.

The CHAIRMAN. We would be very glad to have you submit a supplemental brief in that way, if you desire to do that, that would indicate that to the committee.

Mr. PAYNE. In making that out, bear in mind the pressing necessity for more revenue.

PROPOSED DUTY ON RIBBONS SUBMITTED BY MR. KRIDEL AS SUPPLEMENTARY TO HIS REMARKS.

Velvet or plush ribbons, or other pile fabrics not over 12 inches in width, cut or uncut, with fast edges or cut edges, of which the pile is composed, of silk, artificial silk, cotton, or any other vegetable fiber weighing not less than $6\frac{1}{2}$ ounces per square yard, \$1 per pound; weighing less than $6\frac{1}{2}$ ounces per square yard, but not less than $5\frac{1}{2}$ ounces, \$1.50 per pound; weighing less than $5\frac{1}{2}$ ounces, \$2 per pound. But in no case shall any of the foregoing pay a less rate of duty than 35 per cent ad valorem.

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Ribbons, bandings including hat bands, beltings, bindings, all of the foregoing not exceeding 12 inches in width, and if with fast edges, bone casings, braces, cords, cords and tassels, garters, gorings, suspenders, tubings, and webs and webbings, composed wholly or in chief value of silk, or of artificial silk, and whether composed in any part of india rubber, in part metal threads, or otherwise, if not embroidered in any manner by hand or machinery, 35 per cent ad valorem.

SILK AND SILK GOODS.

GENTLEMEN: The following statement is made in behalf of the importers of silks, velvets, and other articles of merchandise embraced within the designation of silk and silk goods, covered by Schedule L of the present tariff act of August 5, 1909, paragraphs 399 to 401, inclusive, and 405 as to piece goods and ribbons.

The importers of silk goods during the one single fiscal year ending June 30, 1912, paid into the Government of the United States the sum of \$14,000,000 upon importations valued at \$27,000,000, of which \$10,000,000 is imported under paragraphs 399 to 401. Seventy million dollars worth of raw silk, to be used by American manufacturers, was imported free of duty, but the several rates of duty collected on the different classes of merchandise included in the total valuation of \$27,000,000, ranged from 45 per cent ad valorem, on the highest quality or most expensive goods, upward. Thus on plushes, velvets, chenilles, and other pile fabrics, the specific duties applied varied in equivalent ad valorem from 52.34 to 69.85 per cent and, including the ad valorem of 45 per cent on the highest price goods, the average duty assessed was 53.64 per cent.

On fabrics woven in the piece, the equivalent ad valorem was 56.68 per cent; on laces, 60 per cent; and on edging, insertions, and galloons, 70 per cent; and, taking the entire schedule into account and including therein items where the duty assessed on ungunmed thrown silk (the specific duty being \$1 a pound on a valuation of \$10, the equivalent ad valorem is 10 per cent), even including this 10 per cent item, the equivalent ad valorem on the total schedule is 52.03 per cent.

It must not be overlooked that in addition to this excessive rate of duty, which actually ranges between 45 and 70 per cent on goods admitted to entry, there is a further incidental protection resulting from freight rates, insurance, interest, and additional duties resulting from wrong classifications due to the intricacies of the present schedule, and legal expenses in having these classifications corrected.

There is another very important matter which adds to the incidental protection afforded the domestic manufacturer, and that is that the importer is compelled by the American buyer to sell these goods f. o. b. American shipping points duty paid. This gives to the American purchaser the option to accept or refuse delivery after the goods have passed through the customhouse and duties have been paid. Thus, if the goods do not meet with the approval of the domestic buyer, he will reject the entire shipment and these goods can only be disposed of at a considerable loss.

In the McKinley Act of 1890 the duty was 50 per cent; in the Wilson-Gorman bill of 1894, 45 per cent; and in the act of 1897—the Dingley Act—the minimum duty was 50 per cent. In the Payne-Aldrich Act the minimum duty was fixed at 45 per cent, but as heretofore shown, the actual duty was very much in excess of this amount. It is interesting to note that the domestic manufacturers have at no time been stayed or retarded in the increase of their production. In 1860 the domestic production of manufactured silk goods amounted to \$6,607,771, and in 1905 it was \$133,288,072, whereas, with regard to imported merchandise in 1860, the value of manufactures of silk amounted to \$32,961,120, and in 1905 it amounted to \$28,702,445, and the importations for the year 1912 are even less, to wit, \$27,092,355.84.

From 1789 up to March 2, 1861, the duty was at no time in excess of 30 per cent, and ranged down to as low as 10 per cent. Under the act of July 3, 1846, it was 25 per cent, and under the act of March 3, 1857, it was 19 per cent; and, notwithstanding this fact, the silk production increased in value in this country from \$1,809,000 to \$6,607,000. From 1861, to wit, under the war tariff, the duties were increased to 40 per cent, then to 50 per cent, and finally to 60 per cent, and under the acts of 1874, 1883, and 1890 the rate was substantially 50 per cent, but it is to be noted that from 1870, when the domestic production amounted to approximately \$12,000,000, to 1905, when it totaled \$133,000,000, the actual increase has been over 1,000 per cent. Hence it is perfectly evident that during all this time the domestic manufacturers have had all the protection if not more than they needed.

Our argument in this behalf is that a flat ad valorem of 35 per cent is amply protective and would increase the revenue, and by reason of the increased demand for

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goods of this character, in which demand the domestic manufacturer will share, the increase in the revenue and the reduction of duty will be an actual benefit to the domestic manufacturer.

When hearings were being had before the Ways and Means Committee in preparation of the McKinley bill, on Monday, January 6, 1890, Mr. F. W. Cheney, of South Manchester, Conn., addressed the committee as follows:

“Mr. CHENEY. Mr. Chairman and gentlemen of the committee, we have not any prepared argument to make in the presentation of this matter. We have only to say that the Senate bill was very carefully prepared under Mr. Fairchild’s administration of the Treasury Department, and so far as it can be silk was placed upon a specific basis instead of all together an ad valorem basis. The bill is acceptable to the silk manufacturers generally. We think, however, that instead of 50 per cent, that this bill gives us of protection, that on an average it is not more than 40 per cent.

“The CHAIRMAN. This Senate bill is a reduction of the present law.

“Mr. CHENEY. We may say that the Senate bill as it is written probably averages about 40 per cent protection. There will be great inequalities in all duties in any specific system. It is absolutely impossible to have uniformity under specific duties in silk unless you introduce many classifications, by which you bring in more complications in ascertaining the foreign market value. You will readily understand that you can take a pound of silk and make 5 or 50 yards of cloth, yet the duty at one end is prohibitive and at the other it will reach a vanishing point almost. We are satisfied that this Senate bill is an honest attempt to provide for a specific duty. We do not know how it can be made better. All we can say about it is that we think the rates are very low indeed on the better class of goods, goods which are worth from \$2.50 to \$3 per yard. The duty on that will only be about 25 per cent. On goods that are worth, say, \$1 a yard, about 2 ounces to the yard, it will be 30 per cent, and when you get down to the lower grades you will get about 50 per cent and over.”

Here was a presumably frank statement to the effect that the silk manufacturers of this country were satisfied with 40 per cent. That any specific system for the assessment of duties would result in inequalities and complications.

It may be as well to state here parenthetically that in addition to the proposition that this industry has grown practically 1,000 per cent in the last generation, in addition to the fact that as far back as 1890 the industry had so far ceased to be an infant industry that the manufacturers expressed themselves as willing to accept a protective duty of 40 per cent without going back for any period of years in the statistical records it is sufficient to show that domestic manufacturers of silk and silk goods, by reason of manifestly favored conditions, have been able to export their merchandise and sell it on the foreign market in competition with the foreigner; thus the monthly summary of commerce and labor of the United States for June 1911 and June 1912, shows the exports in 1909 to be \$847,894; in 1910, \$1,097,593; in 1911, \$1,538,543; and in 1912, \$1,992,765, or roundly \$2,000,000 worth.

The present duty on schappe is approximately 35 per cent ad valorem. A concerted effort is being made by the domestic manufacturers of silk and silk goods to have this duty removed and it would seem that their position in this matter was eminently proper. Attention should be called to the fact, however, that the removal of this duty constitutes a further or additional argument for the reduction of the duty upon the completed article. In other words, if the domestic manufacturer can pay a 35 per cent duty on his raw material and is content with a 40 per cent duty on his manufactured article, it seems fairly reasonable to assume that if the duty is removed on the raw material an ad valorem duty of 35 per cent on the manufactured article would be amply protective. The letter setting forth the position of the silk manufacturers of America in this behalf is reproduced here for the information of the committee:

“DEAR SIR: A movement has been started to secure for the silk manufacturers of America the abolition of duties on what to us is raw material, viz, ‘schappe’ and ‘artificial silk.’

“The Ways and Means Committee have appointed Monday, January 13, to hear the wishes of silk manufacturers, and a large number of concerns, among whom are Messrs. Schwartzbach, Huber & Co., D. G. Dery, Hess, Goldsmith & Co., Holmes Silk Co., James Simpson & Co., Stehli & Co., Reiling & Schoen, and Duplan Silk Co., and many others, have instantly and most heartily indorsed the plan to secure these two classes of silk free of duty.

“As far as ‘schappe’ is concerned, there are only three concerns in the country spinning it, and the entire production is so insignificant that it seems unjust that the manufacturers and consumers should be made to pay a tribute of 35 per cent to these three producers to the detriment of both manufacturers and consumers.

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"With 'artificial silk' the situation is largely the same, but of a more aggravated type, inasmuch as there is only one concern producing it in this country. They are protected by a duty of 45 cents a pound on what they produce.

"These duties have been established, in the case of 'schappe' for many years, and in the case of 'artificial silk' for at least 4 or 5 years, but they have not resulted in the building up of a great industry in either case, and it would therefore seem as though the doctrine of freeing 'raw materials,' common to both the Republican and Democratic Parties, could fairly be urged in the silks here named, without doing injustice to any but very insignificant interests, while the great mass of consumers and the silk manufacturers at large would be largely benefited.

"You may not be a user of either of these silks, but in any event we think you will approve of any plan by which cheaper 'raw materials' would be obtained for the silk industry.

"It is impossible for the writer to personally visit all the silk manufacturers to explain this proposition, especially when the time is so soon coming when our views must be presented at Washington.

"If, however, you approve of this movement, will you kindly let me know whether I may incorporate your concern among the number who are in favor of this plan?

"In replying, if you are in favor of it, will you kindly let me know about how many looms you have and about how many hands you employ?

"Trusting I may hear from you by return of mail, I am,

"Yours, very truly,

"JNO. W. STEWART."

Numerous examples of specific cases wherein a duty of 35 per cent is more than ample can be furnished to this committee. It will suffice, however, to call your attention to a few cases of this character. For instance, we have here a sample of satin made in Switzerland and the same article made in America by the same manufacturer; in other words, Stunzi Sons have a mill in Switzerland and one here. The article made in Switzerland is $37\frac{3}{4}$ inches wide and the selling price in Zurich is fr. 4.20 less 20 per cent and 1 per cent, or 58.93 cents net per yard. If a duty of 35 per cent be added, the net price is 79.56 cents per yard, not including packing, forwarding and transportation charges. This same article made in America by the same manufacturer 36 inches wide is produced at a cost of $68\frac{1}{2}$ cents net, including all manufacturing expenses.

Another example consists of certain piece dyed silks known as silk corduroys, made in France, width 80 centimeters, $31\frac{1}{2}$ inches, selling price Lyon fr. 11.10, less 20 per cent and 2 per cent, equals \$1.5437 net per yard. With a duty of 35 per cent added the price is \$2.0839, not including packing, forwarding, and transportation charges. The same article made in America—width 34 inches instead of 31—at a net mill cost of \$1.35, including all manufacturing expenses. It is interesting to note in connection with this article that the manufacturer here in America can undersell the foreigner to the extent indicated notwithstanding the fact that he is compelled to pay 35 per cent duty on his raw material.

An interesting exhibit is found in connection with a plain all-silk taffeta ribbon with respect to which the raw material and labor cost each represent 50 per cent. The width of the ribbon is $7\frac{1}{4}$ inches; its cost abroad is 9.1 cents per yard, at which price it is offered freely to all purchasers in the foreign market. A domestic manufacturer figuring on this article has offered to produce the same here at a price, including a mill expense of 10 per cent, of 11.8 cents per yard. If a duty of 35 per cent were assessed it is evident that the domestic manufacturer could sell the goods at the price stated with a fair margin of profit. A duty of 30 per cent would equalize exactly the difference between the cost abroad and the cost here, not taking into consideration the transportation charge, which is certainly not less than 5 per cent.

A further example consists of certain louisines. The foreign article sells in Lyon at 6.25 francs per meter net. This is equivalent to \$1.25 f. o. b. New York without duty. The same article exactly manufactured here sells at \$1.20 a yard less 7 per cent.

As an illustration of the inequality of the present duty on velvet ribbons, which is \$2 a pound for blacks, we are in a position to exhibit samples of merchandise, the value of which abroad is 88 cents per square yard, weight $7\frac{1}{4}$ ounces, and the duty at \$2 per pound is equivalent to 104 per cent ad valorem. A little lighter grade of silk-faced ribbon composed of spun silk instead of a pure silk, the value abroad being 95 cents per square yard and the weight 6.6 ounces, the present duty at \$2 per pound is equal to 85 per cent ad valorem. Taking an extreme case, we can produce samples of merchandise valued at \$1.90 per yard, weight 5.4 ounces; the duty at \$2 per pound is equivalent to $35\frac{1}{2}$ per cent ad valorem, but on which the minimum rate under the present act of 45 per cent prevails. This shows that the cheapest quality pays 104

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per cent and the richest quality would pay 35½ per cent but for the minimum provision of 45 per cent ad valorem.

We can also produce for the information of this committee a vast number of cases in which the present rates are absolutely prohibitive. For instance, take a black silk-faced velvet, silk chief value, 44 to 46 centimeters wide; weight under 5¼ ounces and over 4 ounces per square yard; rate of duty \$2 per pound; market price Crefeld 45 cents yard; amount of duty paid, 30 cents yard; percentage of duty, 66.66 per cent; selling price New York, 90 cents less 6 per cent discount, 8 per cent commission and 3 per cent expenses. The domestic selling price of this same article is 67½ to 70 cents. Hence the importation of this merchandise is absolutely prohibited.

Take a black schappe faced velvet, silk chief value, 44 to 46 centimeters wide, weight over 5¼ ounces per square yard, rate of duty \$1.50 per pound, market price in Crefeld 43½ cents per yard, amount of duty \$0.238 per yard. Percentage of duty 66 per cent. Selling price for New York 87½ cents.

Take a colored schappe-faced velvet, silk chief value, 44–47 centimeters wide, weight under 5¼ ounces and over 4 per square yard, duties \$2 per pound, market price, Crefeld, 42½ cents per yard; amount of duty, \$0.317, and the rate of duty is 74½. Selling price, New York, 90 cents per yard, less 6 per cent discount, 8 per cent commission, and 3 per cent expenses, and the domestic selling price in this market is 75 cents.

One more example of this merchandise in black schappe faced plush: Silk chief value, 58–60 centimeters wide, weight less than 9½ ounces per square yard. Market price at Crefeld, \$0.478. Amount of duty paid, \$0.528. Rate of duty, 110 per cent. Selling price in New York is \$1.20, less 6 per cent discount, 8 per cent commission, and 3 per cent expenses. The duty on this merchandise is absolutely prohibitive.

This same situation is true with regard to a large class of umbrella silks, as to which we are in a position to produce samples. The merchandise is dutiable at from 70 to 85 cents a pound, and the duty ranges from 65½ to 83½ per cent, and is altogether prohibitive.

There are numerous other examples to which the attention of your committee might be called, and we have the samples and will be pleased to do so; but it would seem unnecessary. We will, however, call your attention to one striking example of the operation of the present tariff act. Messrs. Rusch & Co. imported and entered ex steamship *St. Paul*, entry number 193600, from Lyons, July 29, 1909, certain 50 pieces of 36-inch silk and cotton pongee; weight, 193.50 kilos; 5.191 meters; at 65 francs per meter equals 0.3374.15 francs, the net value of the case in United States money being \$510.54. Owing to the great intricacies of the present schedule the appraiser at the port of New York was uncertain as to whether or not this merchandise was provided for in the schedule, and he came to the conclusion that it was not and would, therefore, be dutiable at 50 per cent ad valorem. He subsequently changed his mind, however, in regard to this classification, and the merchandise was assessed at \$3.10 per pound. The importers, assuming that the appraiser had knowledge of the law, took delivery of the goods and upon liquidation of the entry at the customhouse they were subsequently called upon to pay the sum of \$1,322.42. The duty on this merchandise, therefore, was at the rate of 259 per cent. It is a fairly reasonable presumption that merchandise of this character is likewise prohibited.

This last example naturally brings us to the absurdly intricate nature of the present tariff schedule. If an importer of long experience in the silk business and the appraiser of merchandise at the port of New York, having at his elbow all the expert information available, are unable to determine what the rate of duty is, it seems reasonable that the law should be so changed that all who run may read. The fact is, that without a dissenting voice customs officers would welcome a change from specific to ad valorem duties, and some of the intricacies of the act and the difficulties of administering it may be visualized to the committee by an examination of a consular invoice covering a varied lot of silk goods. This schedule, we feel, was drawn up on the specific-duty basis, with the intent of increasing the protection without, on the face of it, admitting the extent, or, we might say, the enormity of the equivalent ad valorem secured thereby. No reasonable body of legislators would have stood for the proposition of 259 per cent duty, or even 120 per cent, and we are inclined to believe that even the most hide-bound standpatters would have approached the matter with some temerity, if they had been frankly asked to increase the duty under the Dingley Act from 50 per cent to 60, 70, 80, 90, or 100.

A specific example of how the present act operates is illustrated with respect to cheap satin weighing between 1½ ounces and 2½ ounces per yard, costing in Lyons 0.80 franc per meter, with 20 and 2 per cent discount. These cheap-dyed goods come under the specific rate of 85 cents a pound, which on this quality is equivalent to 65 per cent ad

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valorem. All low-priced silk and cotton satins which are used by the poorer classes of people pay under the specific schedule from 65 to 85 per cent ad valorem. If the wording in paragraph 399 referring to this class of merchandise had been left as it originally passed both House and Senate—that is, “if weighing not less than $1\frac{1}{2}$ ounces and not more than 2 ounces,” etc., it would have been bad enough, but the record shows that the above wording was changed in some unaccountable manner in the conference committee to read “weighing more than $1\frac{1}{2}$, but not more than $2\frac{1}{2}$ ounces per square yard, and weighing more than $2\frac{1}{2}$ but not more than 8 ounces per square yard.” This little change of one-half ounce shut out absolutely a large class of low-priced goods, putting them into the higher rate, which was absolutely prohibitive.

It was alleged that these specific rates of duty were to be adopted for the reason that it was so difficult to ascertain market value and, secondly, to the end that the Government might not be subjected to loss by reason of undervaluation. With regard to the first of these propositions, it would seem sufficient to call your committee's attention to the letter of Mr. Cheney above set forth and secondly the fact is that the cheese and fig frauds upon the customs were made possible by reason of the specific duties. The fact is that the experts at the appraisers' stores are abundantly able to ascertain market value, and furthermore, at the present time they are not only compelled to apply the intricate specific-duty schedules; but in each and every instance to ascertain the market value also. If the gentlemen framing the present tariff act were fully desirous of seeing to it that no excessive ad valorem rate were assessed under the guise of a specific duty, it might have been eminently proper, in addition to the ad valorem minimum of 45 per cent to include an ad valorem maximum under which the duty assessed should not be in excess of, say, 50 per cent.

We feel—in fact, we know—that 35 per cent is amply protective. It is admitted that a large quantity of merchandise would be brought in at that rate which is now prohibited. There are thousands of small manufacturers all over the United States who cut up silk goods; and even at very much lower rates of duty than are now assessable, they are unable to compete with the foreign manufacturers of finished articles in their line. Thus, as an example, a great many artificial flowers are imported, the rate of duty on the manufactured article being 60 per cent. The domestic flower makers, being obliged to use silks and satins which are protected all the way from 45 to over 100 per cent, naturally have a hard time to compete against the importation of the finished article, which pays a lesser rate of duty than they do on their raw material. These people are absolutely thrown out of business, because they can not purchase the merchandise here.

With regard to more expensive lines of merchandise, a decrease in the duty would unquestionably mean an increased demand for the goods, and if, as stated by the domestic manufacturers, 40 per cent is amply protective, then, if the duty were written in the act at 35 per cent, the incidental protection of freight rates, charges, interest, etc., would this protection to approximately 45 per cent and under this principle the domestic manufacturer would have 5 per cent more than he states is amply protective.

It is extremely difficult to estimate the increase or decrease in imports by paragraphs which would result from suggestive modification of duties, and it is questionable whether the reduction of 35 per cent would result in doing more than to permit the importation of merchandise, which is at present prohibited, and on this basis alone the duties would be but slightly increased over those which are collected at the present time. It is hoped that this reduction of duty would result in the reduction of the selling price to the ultimate consumer and that thereby an increased demand would be created for these goods and it is perfectly obvious that the domestic manufacturers would more largely share in this increased demand than would the importers. If the domestic manufacturers can to-day supply \$133,000,000 worth of goods to the domestic trade, as against \$27,000,000 imported, and can incidentally export \$2,000,000 of goods, in competition with the foreigner, it is a reasonable presumption that the imports would not be greatly increased.

Now, one more word in regard to the questions of luxuries. What are luxuries in the first place, and having ascertained or formulated a correct and adequate definition of the term, do silk and silk goods come within the term?

The Century Dictionary defines the word as—

“A free or extravagant indulgence in pleasure, as of the table; voluptuousness in the gratification of any appetite: also the free expenditure of wealth for the gratification of one's own desires as in costly dress and equipage—

“Luxury does not consist in the innocent enjoyment of any of the goods things which God has created to be received with thankfulness, but in the wasteful abuse of them

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to vicious purposes, in ways inconsistent with sobriety, justice, or charity." (Clarke, Works II, cxiv.)

"Learn the luxury of doing good." (Goldsmith, Traveller I, 22.)

This latter connotation of the word is one which we most earnestly present to the attention of the committee with regard to removing the present prohibitive rates on silks and silk goods.

An expensive automobile used for mere pleasure and gratification is a luxury, but the physician who to meet the demands upon him employs an automobile that he may more promptly and adequately minister to the sick and dying is not luxurious, but humanitarian.

Illustrations of this character might be repeated indefinitely, all tending to show, as stated by Clarke, that it is the particular use, or rather abuse, that determines. But with reference to silks, a vast quantity of silks could not by any stretch of the imagination be designated luxuries. It may be argued that the expensive qualities are. Well, let it be admitted. What then? The Payne-Aldrich Act fixed the duty on these expensive goods at 45 per cent. The domestic manufacturers say 40 per cent is ample, but why make the duty range from 50 to 100 per cent on the cheaper goods which are not luxuries?

SAMUEL KRIDEL.
HENRY F. TIEDEMAN.
JOSEPH A. BLUM.
C. A. STREULI.
A. H. SANDS.
M. E. MAILHOUSE.

 ADDITIONAL BRIEF OF SAMUEL KRIDEL ET AL. ON SILK AND SILK GOODS.

GENTLEMEN: Pursuant to the request of the committee by its chairman, Mr. Underwood, at the time that Mr. Samuel Kridel appeared before the committee, the following recommendations are made with respect to the provisions to be included in the silk schedule with reference to merchandise covered by paragraphs 399 to 401, inclusive, and 405 as to piece goods and ribbons, of the act of August 5, 1909.

First. It is desirable to have the fact borne in mind that the schedule submitted herewith has been prepared by a committee composed of merchants who are not only importers, but men likewise representing distributing agencies for domestic manufacturers. It is, therefore, evident that these men are interested solely in an increased outlet for silk goods, both foreign and domestic. To the end, therefore, that no recommendation be made which would in any sense sacrifice either of these interests, it has been necessary for the committee to go over the matter with great care, safeguarding the interests of the domestic manufacturer against any radical reduction and at the same time providing for reductions with respect to goods heretofore prohibited and on goods with respect to which there is no domestic competition.

In the act of 1890, known as the McKinley Act, the duty was purely ad valorem, and in the Wilson bill of 1894 it was likewise purely ad valorem. In the Dingley Act of 1897 specific duties were introduced for the first time, and these specific-duty provisions were largely increased in the Payne-Aldrich Act of 1909. In this latter act provision was made for a minimum ad valorem of 45 per cent, but experience has demonstrated that on many lines of merchandise theretofore imported the specific duties provided ranged upward anywhere from 60 to 100 per cent or more, and hence, in many instances, were absolutely prohibitive, although the domestic manufacturers have, on several occasions, admitted that they were content with a protection of 45 per cent, and in the tariff hearings on Schedule L, before the present Ways and Means Committee, in response to a question propounded by Mr. Palmer, Mr. Cheney stated that he did not think that this duty should be increased. Mr. Cheney made the further statement, on page 1507, as follows: "It is doubtful whether more than two-thirds of the duty imposed is ever collected."

If Mr. Cheney be satisfied with 45 per cent and two-thirds of the duty is collected, then a provision for 30 per cent that is collected would, according to his statement, be amply protective. Following out this line of thought, and bearing in mind the fact that American manufacturers are to-day imitating most silk fabrics created by foreign manufacturers and selling them far below the cost of importation, with but 30 per cent duty added, your committee has prepared a schedule of specific duties to be applied to the importation of silk goods, coupled with the proposition that provision is made

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for a minimum of 30 per cent and a maximum of 45 per cent. This condition is modified in its operation by the provision that goods valued at 65 cents per ounce or more shall pay the maximum duty provided for, and thus all goods of such a character as can properly be designated as luxuries are subject to the highest rate of duty imposed by the act. At the same time many lines of merchandise of the cheapest character are provided for at specific rates, which work out on the basis of an equivalent ad valorem at 50 per cent or more, but which, by virtue of the maximum clause, will be dutiable at 45 per cent. The balance of the schedule ranges approximately between 37 to 43 per cent, or an average of about 40 per cent. Manifestly, it is perfectly impossible to prepare any schedule on the specific-duty basis without greatly multiplying the provisions in order to avoid a fluctuation of equivalent ad valorem duties of anywhere from 15 to 50 per cent. The provision for a minimum ad valorem and a maximum ad valorem is the only way possible to prevent these fluctuations. Silk goods are subject to violent and rapid fluctuations in value, inasmuch as their demand is largely determined by the question of fashion, and the committee therefore unanimously came to the conclusion that specific duties were more properly applicable to silk goods than a straight ad valorem, but that whereas specific duties would be unfair to the American manufacturer in the case of some high-priced goods, they were likewise unfair to the importer in the case of some low-priced goods, and hence in the schedule proposed a minimum rate is provided to protect the domestic manufacturer, and a maximum rate is included to protect the importer against such rates as might otherwise be prohibitive.

It has been demonstrated that the silk schedule in the Payne-Aldrich Act is really based on intrinsic values, and it only required some readjustments to meet prevailing conditions in order to make it fairly competitive, and the importers and the members of the committee representing distributing agencies of American manufacturers have had this object in view in framing the schedule submitted herewith.

It may be of interest to refer to some of the figures furnished by the Bureau of Statistics with reference to the importation of dress and piece goods imported from France, Switzerland, and Japan.

France, 1905.....	\$5, 598, 882
France, 1910.....	4, 792, 272
Switzerland, 1905.....	2, 496, 366
Switzerland, 1910.....	1, 542, 677
Japan, 1905.....	5, 171, 080
Japan, 1910.....	2, 044, 402

In fact, the record shows that the importation of dress and piece goods from all the world in the year 1905 amounted to \$15,120,615, whereas in the year 1910 they amounted to \$9,608,985. The year 1905 was a good average year, and the importations were not as great as in the years 1906 and 1907, but the comparison was made on the basis of an average year under the act of 1897 and the act of 1909. The record further discloses that in the year ended June 30, 1912, the importations of this class of merchandise were between \$10,000,000 and \$11,000,000. These figures establish beyond a peradventure that the importations of this class of merchandise have decreased 30 per cent or more under the present tariff act. When it is considered that the increase under the Payne-Aldrich Act was responsible for this condition, it is obvious that with an adjustment of the ad valorem ratio and of the specific duties in such manner as to prevent the prohibition of the cheaper class of goods that more revenue will be collected than we collected under the Dingley Act. Admitting that the importations on the basis of those shown for the year 1910, to wit, \$9,000,000, were doubled so as to provide for an importation of \$18,000,000, this would be no greater than has been heretofore imported and the tariff would, although purely a protective tariff, be more nearly on a revenue basis than is the present act.

We think it is established, by the figures quoted from the reports of the Bureau of Statistics, that Japan is not in any sense a "yellow peril." In truth, a vast quantity of the Japanese goods are now prohibited and their use substituted by a fabric composed of cotton and silk, in the manufacture of which this country can undersell the world.

It is regrettable that the Tariff Board did not conclude an investigation in regard to the silk industry in this country. Undoubtedly, had it done so, the facts demonstrated by its investigation of the cotton industry would have been shown to exist in large measure with respect to the silk industry. There was imported last year practically \$70,000,000 free raw silk, which is comparable to the free raw cotton used by the cotton manufacturer, and we feel that such an investigation would have developed many other analogies.

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We have appended hereto the schedule which we desire to have adopted by the committee, and to the end that there may be no misunderstanding as to its application, we have set forth some tabulations showing its operation as to given lines of merchandise. As before stated, the extreme high goods and the extreme low goods will pay the maximum duty, and the balance of the importations will range, as nearly as it is possible to have them, in and about the average of 40 per cent.

This committee may further state that this entire schedule, as herein submitted, has been gone over by the examiner of silk and silk goods in the office of the appraiser of merchandise at the port of New York, and that he has found it is more than reasonably fair to the interests of the American manufacturer. Should there be any question with regard to this fact, your committee would be very pleased indeed to have the schedule submitted to the appraiser of merchandise at New York for a demonstration of its practical application.

SCHEDULE L: SILK GOODS.

[To replace paragraph 399.]

399. Velvet and other pile fabrics, not specially provided for in this section, cut or uncut, composed wholly or in chief value of silk, or artificial silk; if the warp is cotton, and the filling is cotton, eighty cents per pound; if the warp is silk, and the filling is cotton, or if the warp is cotton, and the filling is silk, one dollar and twenty cents per pound; but in no case shall any of the foregoing pay a less rate of duty than thirty per centum ad valorem, nor a greater rate of duty than forty per centum ad valorem; if the warp is silk, and if the filling is silk, two dollars and fifty cents per pound; but in no case shall any of the foregoing pay a less rate of duty than thirty-five per centum ad valorem, nor a greater rate of duty than forty-five per centum ad valorem.

Plushes, cut or uncut, composed wholly or in chief value of silk, or artificial silk; if the warp is cotton, and the filling is cotton, seventy-five cents per pound; but in no case shall any of the foregoing pay a less rate of duty than thirty per centum ad valorem, nor a greater rate of duty than forty per centum ad valorem; if the warp is silk, and the filling is cotton, or if the warp is cotton, and the filling is silk, or if the warp is silk, and the filling is silk, one dollar and twenty-five cents per pound; but in no case shall any of the foregoing pay a less rate of duty than thirty-five per centum ad valorem, nor a greater rate of duty than forty-five per centum ad valorem.

The duty shall be levied upon the total weight of the goods including the selvages. The distinction between "plushes" and "velvets" shall be determined by the length of the pile; those having pile exceeding one-seventh of one inch in length to be taken as plushes; those having pile one-seventh of one inch or less in length shall be taken as velvets. The distance from the end of the pile to the bottom of the first binding pick shall be considered as the length of the pile.

399A. Velvet or plush ribbons, or other pile fabrics not over twelve inches in width, cut or uncut, with fast edges or cut edges, of which the pile is composed of silk, artificial silk, cotton, or any other vegetable fiber, weighing not less than six and one-half ounces per square yard, one dollar per pound; weighing less than six and one-half ounces per square yard, but not less than five and three-quarters ounces per square yard, one dollar and fifty cents per pound; weighing less than five and three-quarters ounces per square yard, two dollars per pound; but in no case shall any of the foregoing pay a less rate of duty than thirty-five per centum ad valorem, nor a greater rate of duty than forty-five per centum ad valorem.

399B. Woven fabrics in the piece, composed wholly or in chief value of silk or of artificial silk, not specially provided for in this section, weighing not more than one-quarter of one ounce per square yard, three dollars per pound; weighing more than one-quarter of one ounce, but not more than one-half of one ounce per square yard; if in the gum, one dollar and seventy-five cents per pound; if un gummed, wholly or in part, two dollars per pound; if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, two dollars and twenty-five cents per pound; if weighing more than one-half of one ounce, but not more than three-quarters of one ounce per square yard; if in the gum, one dollar and sixty cents per pound; if un gummed, wholly or in part, one dollar and eighty cents per pound; if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, two dollars and ten cents per pound; if weighing more than three-quarters of one ounce, but not more than one ounce per square yard; if in the gum, one dollar and fifty cents per pound; if un gummed, wholly or in part, one dollar and seventy cents per pound; if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, two dollars per pound; if weighing more than

PARAGRAPH 399—SILK GOODS.

one ounce but not more than one and one-quarter ounces per square yard; if in the gum, one dollar and forty cents per pound; if un gummed, wholly or in part, one dollar and sixty cents per pound; if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and eighty-five cents per pound; if weighing more than one and one-quarter ounces, but not more than two ounces per square yard, and if containing not more than twenty per centum in weight of silk, if in the gum, fifty-five cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, sixty-five cents per pound; if containing more than twenty per centum but not more than thirty per centum in weight of silk; if in the gum, seventy cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, eighty cents per pound; if containing more than thirty per centum but not more than forty per centum in weight of silk; if in the gum, eighty-five cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, ninety-five cents per pound; if containing more than forty per centum, but not more than sixty per centum in weight of silk; if in the gum, one dollar and ten cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and twenty-five cents per pound; if containing more than sixty per centum in weight of silk, or if wholly of silk; if in the gum one dollar and forty cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and seventy-five cents per pound; if weighing more than two ounces per square yard, and if containing not more than twenty per centum in weight of silk; if in the gum, forty cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, fifty cents per pound; if containing more than twenty per centum, but not more than thirty per centum in weight of silk; if in the gum, fifty cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, sixty cents per pound; if containing more than thirty per centum, but not more than forty per centum in weight of silk, if in the gum, sixty cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, seventy-five cents per pound; if containing more than forty per centum, but not more than sixty per centum in weight of silk; if in the gum, seventy-five cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar per pound; if containing more than sixty per centum in weight of silk, or if wholly of silk; if in the gum, one dollar and twenty-five cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, one dollar and sixty cents per pound.

Woven fabrics in the piece, composed wholly or in chief value of silk, or of artificial silk, if dyed in the thread or yarn, and the weight is not increased in dyeing beyond the original weight of raw silk, if containing less than thirty per centum of silk, one dollar per pound; if containing more than thirty per centum, but not more than forty-five per centum of silk, one dollar and thirty cents per pound; if containing more than forty-five per centum, but not more than sixty per centum in weight of silk, one dollar and sixty cents per pound; if containing more than sixty per centum in weight of silk, two dollars and fifty cents per pound; if weight is increased in dyeing beyond the original weight of raw silk; if weighing not more than one ounce per square yard; if black (except selvages), one dollar and eighty cents per pound; if other than black, two dollars and thirty cents per pound; if weighing more than one ounce, but not more than one and one-third ounces per square yard; if black (except selvages), one dollar and sixty cents per pound; if other than black, two dollars and ten cents per pound; if weighing more than one and one-third ounces, but not more than one and two-thirds ounces per square yard; if black (except selvages), one dollar and fifty cents per pound; if other than black, two dollars per pound; if weighing more than one and two-thirds ounces, but not more than two ounces per square yard; if black (except selvages), one dollar and forty cents per pound; if other than black, one dollar and eighty cents per pound; if weighing more than two ounces per square yard, and if containing not more than thirty per centum in weight of silk; if black (except selvages), sixty cents per pound; if other than black, seventy cents per pound; if containing more than thirty per centum, but not more than forty-five per centum in weight of silk: if black (except selvages), ninety cents per pound; if other than black, one dollar per pound; if containing more than forty-five per centum in weight of silk, but not more

PARAGRAPH 399—SILK GOODS.

than sixty per centum; if black (except selvages), one dollar and fifteen cents per pound; if other than black, one dollar and thirty cents per pound; if containing more than sixty per centum in weight of silk, and if having not more than four hundred and forty single threads to the inch in the warp; if black (except selvages), one dollar and twenty cents per pound; if other than black, one dollar and fifty cents per pound; if having more than four hundred and forty, but not more than five hundred and twenty single threads to the inch in the warp; if black (except selvages), one dollar and thirty cents per pound; if other than black, one dollar and sixty cents per pound; if having more than five hundred and twenty, but not more than six hundred single threads to the inch in the warp, if black (except selvages), one dollar and forty cents per pound; if other than black, one dollar and seventy cents per pound; if having more than six hundred, but not more than six hundred and eighty single threads to the inch in the warp, if black (except selvages), one dollar and fifty cents per pound; if other than black, one dollar and eighty cents per pound; if having more than six hundred and eighty, but not more than seven hundred and sixty single threads to the inch in the warp, if black (except selvages), one dollar and sixty cents per pound; if other than black, one dollar and ninety-five cents per pound; if having more than seven hundred and sixty, but not more than eight hundred and forty single threads to the inch in the warp, if black (except selvages), one dollar and seventy cents per pound; if other than black, two dollars and ten cents per pound; if having more than eight hundred and forty, but not more than nine hundred and twenty single threads to the inch in the warp, if black (except selvages), one dollar and eighty cents per pound; if other than black, two dollars and twenty-five cents per pound; if having more than nine hundred and twenty single threads to the inch in the warp; if black (except selvages), two dollars per pound; if other than black, two dollars and fifty cents per pound; if printed in the warp, and weighing not more than one and one-third ounces per square yard, two dollars and seventy-five cents per pound; weighing more than one and one-third ounces, but not more than two ounces per square yard, two dollars and forty cents per pound; weighing more than two ounces per square yard, two dollars and twenty-five cents per pound. But in no case shall any of the foregoing, including such as have India rubber as a component material, pay a less rate of duty than thirty per centum ad valorem, nor a greater rate of duty than forty-five per centum ad valorem: *Provided, however,* That all fabrics enumerated in this paragraph valued over sixty-five cents per ounce shall pay the maximum rate of duty as herein provided.

[To replace paragraph 400.]

Handkerchiefs, mufflers, or flags, composed wholly or in chief value of silk, finished or unfinished, if cut, not hemmed or hemmed only, shall pay thirty-five per centum ad valorem; if such handkerchiefs, mufflers, or flags are hemstitched or imitation hemstitched, or revered, or have drawn threads, or are embroidered in any manner, whether with an initial letter, monogram or otherwise, by hand or machinery, or are tamboured, appliqued, or having tucking or insertion, forty-five per centum ad valorem.

[To replace paragraph 401.]

Ribbons, bands, including hat bands, bandings, beltings, bindings, labels, all of the foregoing not exceeding twelve inches in width, and if with fast edges, or cut edges, bone casings, braces, cords, cords and tassels, garters, gorings, suspenders, tubings, and webbs and webbings, composed wholly or in chief value of silk, or artificial silk, and whether composed in any part of India rubber, or of metal threads, thirty-five per centum ad valorem.

[To replace such part of paragraph 402 relating to veils or veillings.]

Veils or veillings, made of chiffons, woven in the piece not less than 18 inches in width, if not hemstitched, appliqued or tamboured, shall pay the same rate of duty as imposed on woven fabrics in the piece in paragraph 399.

[To replace paragraph 403.]

All manufactures of silk, or of artificial silk, or of which silk is the component material of chief value, including all fabrics or articles that are tamboured, embroidered, or appliqued, either by hand or by machinery, and including such as have

PARAGRAPH 399—SILK GOODS.

India rubber or metal threads as a component material, not specially provided for in this section, forty-five per centum ad valorem: *Provided*, That all manufactures of silk enumerated under any paragraph of this schedule, if composed in any part of wool, shall be classified and assessed for duty as manufactures of wool.

[To replace paragraph 404.]

In ascertaining the weight of silk under the provisions of this schedule, either in the threads, yarns, or fabrics, the weight shall be taken in the condition in which found in the goods, without deductions therefrom for any dye, coloring matter, or other foreign substance or material. The number of single threads to the inch in the warp provided for in this schedule shall be determined by the number of spun or reeled singles of which such single or two or three-ply threads are composed.

	Under proposed schedule.							Present tariff.	
	Quality in momms.	Weight per piece.	Cost per piece.	Duty per piece.	Cost per square yard.	Duty per square yard.	Equivalent per cent duty.	Equivalent duty per square yard.	Equivalent per cent present duty.
Weight $\frac{1}{4}$ to $\frac{1}{2}$ ounce per square yard, at \$2 per pound, boiled off.....	$2\frac{3}{4}$	Lbs. 1.1	\$5.70	\$2.20	Cents. 11.40	Cents. 4.40	P. ct. 38	Cents. 7.15	P. ct. 63
	3	1.2	6.00	2.40	12.00	4.80	40	7.80	.....
	$3\frac{1}{4}$	1.3	6.40	2.60	12.80	5.20	40	8.45	66
	$3\frac{1}{2}$	1.4	6.75	2.80	13.50	5.60	41	9.10	.....
	$3\frac{3}{4}$	1.5	7.15	3.00	14.30	6.00	42	9.75	.....
Weight $\frac{1}{2}$ to $\frac{3}{4}$ ounce, at \$1.80 per pound.....	4	1.6	7.50	2.80	15.00	5.60	37	10.40	70
	$4\frac{1}{4}$	1.7	7.90	3.06	15.80	6.12	39	11.05	.....
	$4\frac{1}{2}$	1.8	8.30	3.24	16.60	6.48	39	11.70	.....
	$4\frac{3}{4}$	1.9	8.70	3.42	17.40	6.84	39	12.35	70
	5	2.0	9.25	3.60	18.50	7.20	39	13.00	.....
	$5\frac{1}{4}$	2.1	9.40	3.78	18.80	7.56	40	12.60	.....
	$5\frac{1}{2}$	2.2	9.90	3.96	19.80	7.92	40	13.20	.....
	$5\frac{3}{4}$	2.3	10.50	4.14	21.00	8.28	39	13.80	66
Weight $\frac{3}{4}$ to 1 ounce, at \$1.70 per pound.....	6	2.40	11.35	4.08	22.70	8.16	36	14.40	63
	$6\frac{1}{2}$	2.60	12.10	4.42	24.20	8.84	37	15.60	.....
	7	2.80	12.95	4.76	25.90	9.62	37	16.80	65
	$7\frac{1}{2}$	3.00	13.75	5.10	27.50	10.20	37	18.00	.....
	$7\frac{3}{4}$	3.10	14.20	5.27	28.40	10.54	37	18.60	66
Weight 1 to $1\frac{1}{4}$ ounces, at \$1.60 per pound.....	8	3.20	14.70	5.12	29.40	10.24	34	18.24	62
	$8\frac{1}{2}$	3.40	15.70	5.44	31.40	10.88	35	19.38	.....
	9	3.60	16.75	5.76	33.50	11.52	34	20.52	61
	$9\frac{1}{2}$	3.80	16.90	6.08	33.80	12.16	36	21.66	.....
	$9\frac{3}{4}$	3.80	17.40	6.24	34.80	12.48	35	22.23	64
Weight over $1\frac{1}{4}$ ounces, at \$1.75 per pound.....	10	4.00	17.85	7.00	35.70	14.00	39	22.80	63

Japanese Habutais.

YARN DYED SILKS.

	Per cent weighted silk.	Singles per inch.	Black.		Colors.	
			A.	B.	A.	B.
Weighing not more than 1 ounce per square yard.....			2.25	1.80	3.00	2.30
Weighing more than 1 ounce and not more than $1\frac{1}{4}$ ounces per square yard.....			2.00	1.60	2.75	2.10
Weighing more than $1\frac{1}{4}$ ounces and not more than $1\frac{3}{4}$ ounces per square yard.....			1.80	1.50	2.50	2.00
Weighing more than $1\frac{3}{4}$ ounces and not more than 2 ounces per square yard.....			1.65	1.40	2.25	1.85

PARAGRAPH 399—SILK GOODS.

YARN DYED SILKS—Continued.

	Per cent weighted silk.	Singles per inch.	Bluek.		Colors.	
			A.	B.	A.	B.
Weighing more than 2 ounces and not more than 8 ounces per square yard.	Not more than 30.....		0.75	0.60	0.90	0.70
	More than 30 and not more than 45.....		1.10	.90	1.30	1.00
	More than 45 and not more than 60.....		1.40	1.15	1.60	1.30
	More than 60.....	Not more than 440.....	1.50	1.20	2.00	1.50
		More than 440 and not more than 520.....	.....	1.30	.....	1.60
		More than 520 and not more than 600.....	1.65	1.40	2.25	1.70
		More than 600 and not more than 680.....	.....	1.50	.....	1.80
		More than 680 and not more than 760.....	1.80	1.60	2.50	1.95
		More than 760 and not more than 840.....	.....	1.70	.....	2.10
		More than 840 and not more than 920.....	2.00	1.80	2.75	2.25
	More than 920.....	2.25	2.00	3.00	2.50	

YARN DYED, NOT WEIGHTED.

<i>Per cent weight in silk.</i>					
Less than 30.....		1.25	1.00	1.25	1.00
More than 30 and not more than 45.....		1.60	1.30	1.60	1.30
More than 45 and not more than 60.....		3.00	1.60	3.00	1.60
Over 60.....		3.00	2.50	3.00	2.50

A. Provided that in no case shall the duty be less than 45 per cent; present duty.
 B. Provided that the duty shall be no less than 30 or over 45 per cent; proposed duty.

PIECE DYED SILKS.

	Per cent weighted silk.	In gum.		Ungummed.		Dyed or printed.	
		A.	B.	A.	B.	A.	B.
Weighing not more than ¼ ounce per square yard.....		\$4.00	\$3.00	\$4.00	\$3.00	\$4.00	\$3.00
Weighing more than ¼ ounce and not more than ½ ounce per square yard.....		3.00	1.75	3.25	2.00	3.50	2.25
Weighing more than ½ ounce and not more than ¾ ounce per square yard.....		.....	1.60	.....	1.80	.....	2.10
Weighing more than ¾ ounce and not more than 1 ounce per square yard.....		2.65	1.50	3.00	1.70	3.25	2.00
Weighing more than 1 ounce and not more than 1½ ounces per square yard.....		.....	1.40	.....	1.60	.....	1.85
Weighing more than 1½ ounces and not more than 2 ounces per square yard.	Not more than 20 per cent.....	.70	.55	.85	.65	.85	.65
Do.....	More than 20 and not more than 30 per cent.....	.85	.70	1.10	.80	1.10	.80
Do.....	More than 30 and not more than 40 per cent.....	1.05	.85	1.25	.95	1.25	.95
Do.....	More than 40 and not more than 60 per cent.....	1.25	1.10	1.50	1.25	1.50	1.25
Do.....	Over 60 per cent.....	2.50	1.40	3.00	1.75	3.00	1.75

PARAGRAPH 399—SILK GOODS.

PIECE DYED SILKS—Continue 1.

	Per cent weighted silk.	In gum.		Ungummed.		Dyed or printed.	
		A.	B.	A.	B.	A.	B.
		Weighing over 2 ounces per square yard.	Not more than 20 per cent.	\$0.57½	\$0.40	\$0.70	\$0.50	$0.70	$0.50
Do.....	More than 20 and not more than 30 per cent.	.75	.50	.90	.60	.90	.60
	More than 30 and not more than 40 per cent.	.90	.60	1.10	.75	1.10	.75
	More than 40 and not over 60 per cent.	1.10	.75	1.30	1.00	1.30	1.00
	Over 60 per cent.....	2.25	1.25	2.75	1.60	2.75	1.60

WARP PRINTS.

Weighing not more than 1½ ounces per square yard.					\$3.50	\$2.75
Weighing more than 1½ ounces and not more than 2 ounces per square yard.					3.25	2.40
Weighing over 2 ounces per square yard.					2.75	2.25

A. Provided that in no case shall the duty be less than 45 per cent; present tariff.

B. Provided that in no case shall the duty be less than 30 or over 45 per cent; proposed tariff.

Cloth cost and duty.

Quality.	Foreign cost per yard.	Present duty.	Equivalent ad valorem present duty.	Proposed duty.	Equivalent ad valorem proposed duty.
			<i>Per cent.</i>		<i>Per cent.</i>
1645, chiffon.....	\$0.0815	\$0.0676	81½	\$0.033	41
110, chiffon.....	.0875	.0716	82	.038	43½
11, chiffon.....	.124	.076	61½	.047	38
1Va, satin.....	.0835	.0725	87	.043	52
11a, satin.....	.1045	.076	72½	.045	43
797, satin.....	.121	.075	62	.045	37
106, marceline.....	.1184	.064	54	.0478	40
B, marceline.....	.1561	.0821	53	.0644	41

Sample 1, cheap cotton-filled pongee hat lining:

Paid on actually entered goods, 259 per cent duty.

Proposed schedule brings these to 54.3 per cent.

Sample 2, cheap cotton-filled satin:

Under present tariff, 65 per cent duty.

Under proposed schedule, 39 per cent.

Sample 3, shantung, made in Austria:

Under present tariff:

Quality 1260, 82½ per cent.

Quality 664, 87½ per cent.

Under proposed schedule:

Quality 1260, 45 per cent.

Quality 664, 50 per cent.

Sample 4, cheap 36-inch satin:

Paid on actually entered goods, 74.3 per cent.

Under proposed schedule, 43.7 per cent.

Sample 5, cheap silk and schappe marceline:

Paid on actually entered goods, 86 per cent.

Under proposed schedule, 52.9 per cent.

The above shows that on very cheap goods even the proposed schedule is rather too high, bringing most of these over 50 per cent, and it is therefore necessary to insert in the tariff a clause fixing a maximum rate of 45 per cent.

PARAGRAPH 399—SILK GOODS.

Some of the above samples represent goods imported shortly after the present tariff went into effect, and the details of these entries are attached to the samples. These exorbitant rates naturally stopped further importation of these goods.

We feel that it is not improper to reiterate the statement that this committee is endeavoring, in all fairness, to submit a schedule which is eminently protective to the domestic interests, and to secure to the United States Government a maximum duty of 45 per cent on the goods which are concededly luxuries. On page 1513, Mr. Cheney stated that he was making no suggestions of an increase at all, and further on he stated that he did not think it would be advisable to increase the duty, "because while you would get more revenue out of certain articles, I am afraid you would lose it on others." Following this suggestion, in our schedule we have proposed 45 per cent therefor as the proper rate applicable to these so-called luxuries, and we feel that your consideration of the suggestions made will convince you of the reasonableness of our proposal. If this rate be proper as to the luxuries, and if it be true that the domestic manufacturer is content with 40 per cent protection, it seems reasonable that such goods as are not luxuries, and come in here for the use of the masses, should pay a somewhat lesser rate of duty, and we have therefore suggested specific rates which will range or average about 40 per cent, as near as this can be done without increasing the specific provisions to an unreasonable extent.

We desire to thank the committee for the opportunity afforded of thus further expressing our views on this situation after the hearings had been closed, and we desire to make the offer to further cooperate with your committee, with the appraiser of merchandise at New York, or other unprejudiced experts to the end that the schedule may be so drawn as to do substantial justice to all parties concerned.

Very respectfully,

SAMUEL KRIDEL.
HENRY F. TIEDEMAN.
JOSEPH A. BLUM.
C. A. STREULI.
A. H. SANDS.
M. E. MAILHOUSE.

TESTIMONY OF C. A. STREULI, NEW YORK, N. Y.

The witness was duly sworn by the chairman of the committee.

The CHAIRMAN. What paragraph are you speaking to, Mr. Streuli?

Mr. STREULI. I wish to talk on the same paragraph Mr. Kridel talked on and simply to submit a few remarks I have to make.

We have been importing silk for Rusch & Co., importers in New York City, and one of the importers for which Mr. Kridel has appeared. We have been importing a great many low-priced goods, mostly for manufacturing purposes, goods used by people who make artificial flowers, umbrellas, ruchings, fancy boxes, coffins, and so on. These importations, through specific rates of the present tariff, have almost been completely killed. The case that Mr. Kridel brought before you of 259 per cent was a case of goods which we imported, and which came in just after the tariff went into effect. We went to the customhouse to inquire what would be the rate on this case of goods, and we were told "Not specially provided for" 50 per cent, so we took the liberty of ordering the case, and they found out in the customhouse that the goods were provided for at \$3.10 per pound. So in this case it is not a theoretical case; it is a fact. We positively paid 259 per cent duty to the Treasury of the United States. In the brief you will find the entry number, so it is easy to verify the statement.

I have samples of other goods.

Here is a cheap satin that has been used for all kinds of linings. This is satin. The entry number of this is 193,600, August 9, 1909,

PARAGRAPH 399—SILK GOODS.

and paid 74.3 per cent duty, which killed the further importation of these goods.

This satin was sold prior to the new tariff at a rate of about 30 cents a yard, 36 inches wide. This new tariff forced us to put the price up to about 34 cents or 35 cents and kills the article.

Here [indicating] is entry 354,815. This is a silk and schappe goods, used for lining ladies' hats. We used to sell these goods at around 37.5 to 40 cents. Now we would have to sell them at 45 to 47.5 cents, the duty on these goods being 86 cents, which we paid.

These are all cases which I can prove. They were actually paid. This duty was actually paid. It is not a theoretical case.

Mr. LONGWORTH. What takes the place of that material in the market?

Mr. STREULI. Gentlemen, that is not made here. They make something similar, but not the same article. This is an article that is used to line French hats, and we have had a few milliners who, notwithstanding that we have to get 45 cents to 47.5 cents, insist on getting the imported article, but there are only a very few left.

Mr. LONGWORTH. What American goods answers that same purpose for lining women's hats?

Mr. STREULI. They use American taffetas.

Mr. LONGWORTH. How much do those sell for?

Mr. STREULI. All the way from 35 cents to 50 cents, according to quality.

Mr. LONGWORTH. They are cheaper than this?

Mr. STREULI. It is a different article. It comes in cheaper than this.

Mr. LONGWORTH. So that nobody is hurt at all by that?

Mr. STREULI. They are not exactly hurt. If you want to buy a hat with satin lining and you are forced to buy a hat with taffeta lining you are not hurt, but at the same time you do not get what you want.

Mr. FORDNEY. It answers your purpose just as well, does it?

Mr. STREULI. Yes; and a cotton dress answers the same purpose as a silk dress.

Mr. FORDNEY. Then the consumer is not very badly damaged, is he?

Mr. STREULI. He does not get what he wants. I will show you where the consumer is in a way damaged. A lot of small manufacturers who are not organized and who do not come down here, such fellows as manufacture ladies' hats and such articles, they get hurt, inasmuch as it results in a great many more ready-made hats being imported, lined with this stuff, because they look Frenchy, and ladies want something that looks Frenchy, while if they could buy this stuff here and make their hats and make them look like the Parisian hats, the consumer would buy them, and he is indirectly hurt that way.

Now, I want to say, just as Mr. Kridel said, that I consider that the duty of ad valorem is the only right duty, because everybody can understand what it means. It takes an expert to figure out these specific duties, and I dare say that this House and the Senate would not have made, possibly, some of these rates if they had known what they were. I do not think it was the intention to put a duty of 259 per cent on any one article.

PARAGRAPH 399—SILK GOODS.

Mr. FORDNEY. It has been proven to this committee time and time again that under the ad valorem rates undervaluations have frequently occurred in this tariff, robbing the Government of their just rate of duty, which can not be done under specific rates.

Mr. STREULI. Excuse me. I want to tell you this, the greatest fraud committed in the customhouse was committed under the specific rates, while Mr. Brown was sent up to Sing Sing, or some State's prison somewhere, for a number of years. That was underweight of Chinese silks, where the Government was robbed, some people say, of \$2,000,000 and others say of \$1,000,000.

Mr. FORDNEY. The sugar importers also went up.

Mr. STREULI. Yes; but all under a specific duty.

Mr. FORDNEY. There was always opportunity for fraud, but the greater fraud consisted of undervaluation under the ad valorem rates. There was always a greater fraud under undervaluation under the ad valorem rates than there are under specific rates.

Mr. STREULI. I do not think so; not under the present administration of the customhouse, which is excellent. I believe you have, owing to the activity of Mr. Loeb, a splendid force, and if that force is kept up I do not think there will be much opportunity for frauds. Of course if you have a crooked examiner there, they might be dangerous, but under the specific rates it would be the same way.

There is something else which makes it very difficult to make a correct specific rate. Silk is an article which in the manufacture of goods in which the raw material enters comes up to a high amount in the manufactured article. In a piece of silk on an average the raw material amounts to from 50 per cent to 75 per cent against labor. We now have a specific tariff based on a raw-silk valuation of about \$4 per pound. If the raw-silk price goes down to \$3 per pound, which has frequently happened, the thing is out of gear. If it goes up to \$6 a pound, which happened about six or seven years ago, it is out of gear in the other direction, while the ad valorem duty automatically follows the market.

The CHAIRMAN. You want an ad valorem duty?

Mr. STREULI. I advocate an ad valorem duty. Thirty-five per cent I believe is enough, or you can make it 40 per cent, but I believe we should have an adequate duty to protect the domestic manufacturer. The way these specific rates are now, nobody knows what they really are. If it should be decided that specific rates should be kept, in order to prevent such occurrences like 259 per cent or 100 per cent or something like this, there should certainly be a catch clause upward, not only downward, not only of 45 per cent minimum, but there should be a maximum clause of, say, 60 per cent maximum. Then the worst features of the specific duty would be all eliminated.

Mr. FORDNEY. Do you know of any domestic manufacturers who have advanced prices on that class of goods since the adoption of the present tariff law on these goods that you have exhibited, where the duty is now prohibitive? Do you know of any domestic manufacturer who has advanced the price of that commodity?

Mr. STREULI. I do not know, sir. I will tell you why. Because domestic manufacturers do not make this exact article or any like it.

Mr. FORDNEY. But they do make an article which the people use with the same amount of satisfaction?

PARAGRAPH 399—SILK GOODS.

Mr. STREULI. We had to stop the importation of these goods. We used to import \$40,000 to \$50,000 worth a year, and after we had made such a big loss on these goods we stopped. Then the people who used this article either did not use any linings for their hats or they used an all-cotton article, which is entirely different. In most instances they use all cotton, and they would have to pay for such an article so much more, if they wanted the same article, but if they preferred to pay a larger price for a better article they paid that price; so you can not say that this very article or something very similar to it was made here.

The CHAIRMAN. The effect of your argument is that by reason of this very high duty poor people are required to wear cotton linings in their hats, and the richer people, instead of paying the tax, wear silk?

Mr. FORDNEY. That would apply on champagne. We have increased the duty on champagne, but that has not prevented any American from using champagne.

Mr. STREULI. No, sir; but champagne is a luxury, and this is not.

Mr. LONGWORTH. The chairman of the committee stated a few moments ago that silks come under the head of luxuries.

The CHAIRMAN. As a rule.

I think the committee understands what you want to present to them. We have got another witness. Is that all?

Mr. STREULI. I think, gentlemen, that is all.

The witness later filed the following paper:

RUSCH & Co.,
New York, February 3, 1913.

Hon. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: I inferred from the hearing on Schedule L, January 13, that it is the intention of your committee to reduce excessive duties which are now prohibitive on a great many low-priced articles of silk fabrics enumerated in paragraph 399 of the present tariff, and the reduction to be sufficient to enable the importation of such articles (if the demand is brisk) in fair competition with domestic goods; and at the same time to raise the rates on real luxuries and novelties, which are well able to stand a higher rate, so as to get the largest revenue possible out of the silk schedule.

The majority of the importers' committee have decided to submit revised specific rates, but I am sure that it is impossible to meet your intentions fully under any specific schedule. The real luxuries and high-priced goods are not necessarily the heaviest articles, but in most cases they are articles which have been manipulated in the most elaborate and artistic way, and consequently a tariff based on weight can never reach them, and some of the very richest goods would continue to enter at the minimum (catch-all) rate.

I therefore take the liberty to submit here a schedule which is very simple, can be understood by anyone, and which would attain the desired object:

Woven fabrics in the piece, composed wholly or in chief value of silk, not specially provided for:

	Ad valorem
Valued not over 50 cents per square yard.....	30
Valued 50 cents per square yard but not over 75 cents per square yard.....	35
Valued 75 cents per square yard but not over \$1 per square yard.....	40
Valued \$1 per square yard but not over \$1.50 per square yard.....	45
Valued \$1.50 per square yard but not over \$2 per square yard.....	50
Valued \$2 per square yard but not over \$2.50 per square yard.....	55
Valued \$2.50 per square yard.....	60

Goods up to 50 cents per square yard, and even up to 75 cents per square yard, comprise mostly silk and cotton goods, which are used by the poor people and by manu-

PARAGRAPH 399—SILK GOODS.

facturers of umbrellas, artificial flowers, neckties, ladies' hats, fancy boxes, and many others who cut up silk goods.

Another reason why it is almost impossible to establish a correct specific schedule is the tremendous fluctuations which take place in the raw-silk prices. Raw silk enters under the free list, and the market price for a standard grade has fluctuated during the last 10 years from below \$3 per pound to over \$6 per pound. In most silk fabrics the value of the raw material amounts to 50 to 75 per cent of the total cost. It is therefore evident that a specific rate, which is based on the present raw silk price of about \$4 per pound and which would be equal now to say 50 per cent ad valorem, will be equal to much more than 50 per cent if the raw-silk market drops to \$3 per pound, and to much less than 50 per cent if it rises to \$6 per pound. The ad valorem rates follow the market prices automatically.

Undoubtedly the above ad valorem schedule would increase the revenues derived from goods covered by paragraph 399 considerably, as it would enable the importation of a great many low and medium priced silk and cotton articles which have been shut out almost completely by the present tariff, and would increase the rate of duty on the high-priced and novelty goods which at present enter mostly under the catch-all clause of 45 per cent. The importation of such will not diminish even if they are taxed up to 60 per cent.

Very respectfully, yours,

C. A. STREULI,
Of Streuli & Howell.
RUSCH & Co.,
New York City.

STATEMENT OF ALBERT HERZOG, NEW YORK, N. Y.

NEW YORK, N. Y., *January 25, 1913.*

The WAYS AND MEANS COMMITTEE,
House of Representatives.

Mr. UNDERWOOD: Permit me to submit to your consideration my plea and briefs for a reduction of excessive duties imposed by the present tariff under Schedule L, silk and silk goods.

In order to make my plea plain, I have taken the liberty to add to my briefs and examples samples of the very goods, which in my special case are all "raw materials" used and made exclusive for an American industry, which in the late tariff did not get any protection, so to speak. I have reference to the manufacturers of "jewelry and silverware cases, jewelers' trays, toilet and manicure cases, etc., covered under the tariff of 1909 under paragraph 215, as follows: Jewelry cases, covered with velvet and satin lined, as manufactures of wood, T. D. 14,502, 35 per cent ad valorem." Under this and other paragraphs such cases have been permitted to pass at no higher rate of duty than 45 to 50 per cent ad valorem, as against the raw material of which I submit samples and illustrations, to prove the excessive duties collected." (Samples, etc., are on file.)

Brief No. 1 concerns a 36-inch silk and cotton mixed brocade, assessed under Schedule L, paragraph 399, silk woven fabrics in the piece, not over 20 per cent in percentage of silk, over $1\frac{1}{2}$, not over $2\frac{1}{2}$ ounces in weight per square yard un gummed, at 85 cents per pound, but not less than 45 per cent ad valorem. My brief shows that the duty on this special article on the specific rate of duty is over 60 per cent ad valorem, as against a provision that it shall be not less than 45 per cent ad valorem.

Brief No. 2 concerns the next better grade of silk and cotton mixed brocade, assessed under Schedule L, paragraph 399, silk woven fabrics in the piece not over 20 per cent in percentage of silk, over $1\frac{1}{2}$, not over $2\frac{1}{2}$ ounces in weight per square yard un gummed, at 85 cents per pound, but not less than 45 per cent ad valorem.

Brief and example No. 2 shows that the duty on this special case covering brocade on the basis of the specific rate of duty of 85 cents per pound is about $53\frac{1}{4}$ per cent ad valorem, as against a provision that it shall not be less than 45 per cent ad valorem.

Brief No. 3 concerns silk and cotton mixed velvet, used exclusively for the manufacture of jewelers' trays, velvet cases, etc., coming under Schedule L, paragraph 399. The weight per square yard of this velvet amounts to 5.71 ounces per square yard, and is for this reason assessed at \$2 per yard, which rate of duty is equivalent to an ad valorem rate of over 57 per cent, while no such goods are manufactured in the United States, and goods that are manufactured in the United States are not suitable for this special purpose.

PARAGRAPH 399—SILK GOODS.

Brief and example No. 4 concerns a silk and cotton mixed velvet, again used exclusively for the covering and lining of jewelry cases, also for the lining of trays, etc. This quality also comes under Schedule L, paragraph 399, but as the ad valorem rate of 45 per cent exceeds in amount any specific rate that might be imposed, the goods pass at 45 per cent ad valorem.

Brief and example No. 4 clearly set forth that the tariff makers did not intend to exact a higher rate of duty than 45 per cent ad valorem, and my plea is for an ad valorem rate all through the schedule, doing away with specific duties which levy a high rate on the cheaper goods, while better quality of goods pay a lower duty.

And a second plea on my part is to lower the rate of duty on the raw materials, or then to advance the rate of duty on the manufactured jewelry case, manicure case, toilet case, etc., under paragraph 215, to at least 75 per cent, so that there is some protection to the American industry of jewelry case, manicure case, and fancy cases in general.

All the above-enumerated materials are not manufactured in the United States, and the velvet qualities can not be made here, so for this reason no American mill or American interest will suffer by a reduction in the excessive duties. On the other hand an ad valorem rate of duty will be much fairer, because goods will then pay according to market value and the better grades will pay a higher amount in duties, as against now, where the lower grades pay a higher amount of duty.

Recommending my briefs and examples to your kind consideration, I remain, gentlemen at all times at your service.

Most respectfully, yours,

ALBERT HERZOG.

A. H. SELF.

Brief and example No. 1.—Silk and cotton mixed fabrics, chief value silk, not over 20 per cent in weight of silk; weight per square yard, $1\frac{1}{2}$ to $2\frac{1}{2}$ ounces. Piece dyed rate, 85 cents per pound, but in no case shall duty be less than 45 per cent ad valorem.

J. C. 2239 entered at the port of New York City, December 16, 1912.

	Francs.
Mts., 447.40; 36-inch brocade tre cot., at 1.20.....	536.90
Disct., 20 per cent.....	107.40
	<hr/> 429.50
Disct., 2 per cent.....	8.60
	<hr/> 420.90
	<hr/> <hr/> \$81.23

Weight per square yard, 1.85 ounces; weight of mts., 447.40;

Kos., 26,070; lbs., 57,474, at 85 cents per pound, \$48.85.

Specific duty equivalent to over 60 per cent ad valorem as against a rate of 45 per cent amounting to \$36.55.

Brief and example No. 2.—Silk and cotton mixed fabrics, chief value silk, not over 20 per cent in weight of silk, weight per square yard, $1\frac{1}{2}$ to $2\frac{1}{2}$ ounces. Piece, dyed rate, 85 cents per pound, but in no case shall duty be less than 45 per cent ad valorem.

J. C. 2239 entered into the port of New York City December 16, 1912.

	Francs.
Mts., 519.60; 36-inch brocade tre cot., at 1.50.....	779.40
Disct., 20 per cent.....	155.90
	<hr/> 623.50
Disct., 2 per cent.....	12.50
	<hr/> 611.00
	<hr/> <hr/> \$117.92

Weight per square yard, 1.97 ounces; weight of mts., 519.60.

Kos., 33,500; lbs., 73,854, at 85 cents pound, \$62.78.

Specific duty equivalent to about $53\frac{1}{4}$ per cent ad valorem as against a rate of 45 per cent, amounting to \$53.06.

PARAGRAPH 399—SILK GOODS.

Brief and example No. 3.—Silk and cotton mixed velvet under paragraph 399, velvets and other pile fabrics weighing less than 5¼ ounces per square yard, but not less than 4 ounces per square yard if all the filling is cotton, \$2 per pound, but in case any goods enumerated in this paragraph pay a less rate of duty than 45 per cent ad valorem.

A. H. 1195 La Savoie, entered at the port of New York, January 6, 1913.

	Francs.
Mts., 234; 24-inch velvet tre cot., at 6.....	1,404.00
Disct., 20 per cent.....	280.80
	<hr/>
Disct., 2 per cent.....	1,123.20
	22.50
	<hr/>
	1,100.70
	<hr/> <hr/>
At 19.30.....	\$212.44

Weight per square yard, 5.71 ounces; weight of mts., 234.

Kos., 27,600; lbs., 60,847; at \$2 pound, \$121.69.

Specific duty equivalent to over 57 per cent ad valorem as against a rate of 45 per cent, amounting to \$95.60.

Brief and example No. 4.—Paragraph 399, velvets and other pile fabrics, 45 per cent ad valorem.

A. H. 1193 La Touraine, entered at the port of New York, January 3, 1913.

	Francs.
Mts., 75.10; 20-inch velvet, at 7.75.....	582.05
Disct., 20 per cent.....	116.40
	<hr/>
Disct., 2 per cent.....	465.65
	9.35
	<hr/>
	456.30
	<hr/> <hr/>
At 19.30.....	\$88.07
45 per cent.....	39.63

BRIEF SUBMITTED BY FRANCIS E. HAMILTON, NEW YORK, N. Y., IN BEHALF OF THE FRENCH CHAMBER OF COMMERCE.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

Speaking for my clients, importers of silk and silk and cotton, I desire to request a re-writing of the entirety of Schedule L, which was evidently the product of the combined brains of the American silk, silk schappe, and silk and cotton manufacturers, and which as at present written, imposes practically prohibitive duties upon all the cheaper grades of silk, silk schappe, and silk and cotton goods, to the great injury of the consuming public.

Goods of pure silk may pay a duty of 45 per cent ad valorem, but by the intricate system of complex specific and ad valorem duties, now existing, goods where silk and silk schappe yarns are mixed, or where cotton yarn is a component part, run the duty up in some cases to fully 110 per cent ad valorem.

This is wrong—wrong to the Government—since so high a duty limits importations; wrong to the consumer, for the reason that such a towering duty wall enables the home producer to charge exorbitant prices, and lastly wrong to the manufacturer himself, since it is temptation to extortion placed before him by the law of the land.

How few men or combinations of men are strong enough to resist such a temptation? As a result, the importations of silk products, especially silk and schappe, or silk and cotton, has fallen off enormously, and the American citizen—the man of the masses—is to-day paying fully twice what he should pay for goods of these combinations.

Of course, such conditions tend to high wages among the 200,000 or 300,000 silk workers in this country, and of course the same conditions result in making millionaires of perhaps two or three lucky manufacturers; but what of the Government,

PARAGRAPH 399—SILK GOODS.

which is stripped of its just dues in duties that do not eventuate upon goods prohibited, importation by this tariff rate, and what of the ninety odd million of citizens of this great Republic who each and everyone pay more for their wearing apparel because of these conditions?

No one will attempt to argue for the justice of the present system, for it is rank injustice, and no one will commend it as a political or economical policy bringing good to the State and its subjects, since it appears upon the most cursory examination that the present tariff act has simply reversed the great rule of government—"the greatest good to the greatest number"—and remade it into a rule "the greatest good to a selected number," we, the manufacturers.

The animus behind the present law makes itself apparent when we realize that the finest goods pay the lowest duty; a system most pernicious, since through it the rich benefit by a low tariff, while the poor suffer under an exorbitant one, and it is further to be remembered that 100, yes, 1,000 times more of the low-grade goods, silk and schappe or silk and cotton, are required by the millions of the masses of the people, than are required of the high classes of goods by the exceedingly few who wear the best of silk, both men and women.

Thus, it appears that in this commodity the poor pay for the benefits of the rich, a condition that points directly to anarchy.

Believing that the Democratic Party desires to try and line up to their promises—when the Republican Party had not even the decency to even pretend to attempt which they formulated a tariff—we earnestly demand a careful revision and reforming of Schedule L, that shall result in equalizing the duties as between high cost and low cost goods, and that shall force a reasonable competition upon the American manufacturer, to the end that importations may increase, thus benefiting the Government and prices may reduce upon the finished article of wear, thus benefiting the consumer.

All of which is respectfully submitted.

THE FRENCH CHAMBER OF COMMERCE,
HENRY GOURD, *President*.

FRANCIS E. HAMILTON,

Counsel for the Importers, 32 Broadway, New York.

SUPPLEMENTAL BRIEF.

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: Supplementing the brief under the silk and silk and cotton paragraph heretofore submitted by me for importers of these goods, I desire to call attention to the following facts:

As long ago as the late seventies Col. Cheney, of the firm of Cheney Bros., New York, at that time largely interested in silk and silk manufactures, stated that a duty of 30 per cent would be all sufficient to protect American silk manufacturers who understood their business and had sufficient capital to conduct the same.

This statement was doubtless made in view of the fact that a high duty upon silk would induce many persons lacking in knowledge and financial means to establish themselves or attempt to establish themselves in the business in this country to manufacture silk, and thus create a competition more dangerous than the European one.

This condition has been realized and the home market is to-day seriously and injuriously affected by many of the smaller manufacturers who produce silk and silk and cotton goods of all grades of imitation, seriously injuring the home product and the home manufacturer of high-grade goods.

At the last annual meeting of the American Silk Association one of the principal speakers made the positive assertion that American silk could now be exported and sold at a profit in Europe.

If such a statement is true, and it would hardly have gone without denial before the American Silk Association if not true, it shows that the industry in this country has been so protected by the high tariff as to produce an enormous profit, and as a result to force the manufacturers to seek a foreign market for the surplus of their production.

In view of this fact it is impossible to deny that a very material reduction of the present tariff rates would not only be just, but would yield a benefit to the Government and as well to the consumer.

PARAGRAPH 399—SILK GOODS.

The present ad valorem duty, involved as it is in the several paragraphs of the tariff act from 396 to 406, offers opportunity for the cunning or unscrupulous importer or manufacturer to undervalue his goods and to deceive the public. The true method of imposing the duty is to establish a specific duty to be based upon weight, surface, number of threads, percentage of weight added by the dyer, and such other technical conditions as are thoroughly well known to the trade, and would enable competent inspectors to promptly and without error properly classify importations. A specific duty could be collected with very much less of delay and litigation, and would be far cheaper for the Government and would be much fairer both to the importer and to the honest manufacturer in this country, since it would establish grades and qualities that could not be fraudulently imitated by other competing manufacturers willing so to do.

The present requirements of the silk schedule call for the highest expert knowledge, and even then no expert is clever enough to appraise the value of silk within 8 or 10 per centum, while if rules were established for a specific duty all question of variation would be eliminated.

Finally, we submit to your honorable committee the immense injustice resulting under present conditions where the importer, no matter how honorable, is subject to a fine should the appraiser see fit to advance his goods 1, 2, or 5 per cent above the invoice or entered value.

Three years ago when the silk schedule was revised Congress agreed to permit a margin of 5 per cent on this product before imposing a penalty for undervaluation, but the committee which finally wrote the bill canceled this allowance and the same was not found in the final bill, although Congress had expressed itself in favor thereof.

For all of the above reasons we again earnestly plead with the committee that this schedule should be carefully rewritten and the duty rate very materially reduced and placed under a specific schedule.

FRENCH CHAMBER OF COMMERCE,
HENRY E. GOURD, *President*.
FRANCIS E. HAMILTON, *Counsel*.

STATEMENT SUBMITTED BY HERMAN F. OBERTEUFFER, PHILADELPHIA, PA.

PHILADELPHIA, *February 19, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman of Committee on Ways and Means, Washington, D. C.

DEAR MR. UNDERWOOD: I thank you for your kind letter of February 5, and coming back again to the silk schedule of the new tariff act, please pardon me if I make a few suggestions.

I have gone over this matter very carefully and do not see how specific rates can meet your intention to raise the duty on very high-price silks and novelties, which are really luxuries.

These high-price goods are not the heaviest article. Therefore, under specific rates, a tariff based on weight would hardly reach them, and some of the finest goods would continue to enter at the minimum rate.

I therefore take the liberty to inclose you a schedule which is simple, easily understood, and, I think, meets your views.

Woven fabrics in the piece, composed wholly or in chief value of silk, not specially provided for—

	Per cent ad valorem.
Valued not over 50 cents per square yard.....	30
Valued at over 50 cents per square yard, but not over 75 cents per square yard.....	35
Valued at over 75 cents per square yard, but not over \$1 per square yard....	40
Valued at over \$1 per square yard, but not over \$1.50 per square yard.....	45
Valued at over \$1.50 per square yard, but not over \$2 per square yard.....	50
Valued at over \$2 per square yard, but not over \$2.50 per square yard.....	55
Valued at over \$2.50 per square yard.....	60

Goods up to 50 cents per square yard and even 75 cents per square yard are mostly silk and cotton goods, used by the poor people and manufactures of umbrellas, ladies' hats, and artificial flowers.

PARAGRAPH 399—SILK GOODS.

Another reason why it is difficult, if not impossible, to establish a correct specific rate is the great changes which take place in the raw-silk market.

Beyond doubt the above ad valorem schedule would increase revenue from goods in paragraph 399 very much, as it would allow the importation of a great many low and middle price silk and cotton articles which have been almost shut out by the present tariff, and it would increase the rate of duty on the very high-price goods, and the importation of these very high-price goods will not lessen, even if taxed up to 65 per cent.

Hoping you will excuse me for taking up your valuable time and hoping the pleasure of seeing you in Washington Friday,

Very truly, yours,

H. F. OBERTEUFFER.

PHILADELPHIA, *February 3, 1913.*

Hon. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: Supplementary to briefs submitted by the importers of silks, your attention is respectfully drawn to the inequalities in paragraph 399, Schedule L, and injustice of the specific duties therein as applied to silk and cotton mixed goods intended for use in the manufacturing of umbrellas and low-price dress goods.

Following is a list of some of our own importations. Figures of same can be verified by the Philadelphia customhouse:

Silk and cotton, dyed in the piece, all under 20 per cent in weight of silk.

Quality.	Price.	Duty per pound.	Equivalent ad valorem.	Quality.	Price.	Duty per pound.	Equivalent ad valorem.
	<i>Marks.</i>	<i>Cents.</i>	<i>Per cent.</i>		<i>Marks.</i>	<i>Cents.</i>	<i>Per cent.</i>
K. N.....	1.02	70	65	M. V.....	1.24	85	63
V. P.....	1.00	70	65	F. N.....	1.15	85	60
Z. U.....	1.00	70	65	A.....	1.20	85	71
F. E.....	1.05	85	70	D. X.....	1.40	85	56
C. R.....	1.29	85	70	J. U.....	.64	85	70

Hoping the above figures will receive your careful consideration.

Very respectfully, yours,

GEO. H. OBERTEUFFER'S SON.
H. F. OBERTEUFFER.

BRIEF FILED BY J. M. SULLIVAN, OF THE IRISH INDUSTRIAL ASSOCIATION OF NEW YORK, N. Y.

IRISH POPLIN, MIXED SILK AND WOOL GOODS.

NEW YORK, *January 29, 1913.*

The COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The Irish Industrial Association of New York City, N. Y., a commercial body of American citizens of importers and dealers, representing important interests in foreign and domestic Irish poplins, silk and silk goods, in the United States of America, respectfully submits to the consideration of this honorable committee for adoption, the recommendation respecting duties on the said articles as coming under Schedule L (pars. 399, 400, 401, and 402).

In a general way we consider that the duty on mixed silk and wool goods is excessive and should be considerably reduced for the present duty is practically prohibitive and prevents its importation, thus depriving the United States out of a large revenue. For instance, take mixed silk and wool, flannel, or Irish poplin, which was first made at Avignon, the papal residence, from which its name is derived in 1309 and 1376, and later an attempt to imitate it was made in England, but was not successful, and in 1775 it was introduced in Ireland by the French Protestant refugees, and from that time on Irish poplins have been famous, hence to have put a high

PARAGRAPH 399—SILK GOODS.

duty on a specialty of that sort is simply preventing its importation, for no one will buy anything. Whereupon the dealer is to charge an outrageous price owing to the high duty, and the ultimate result of such legislation injures both the American citizens, who are deprived of comfort and the United States Treasury in that it can not collect any revenue for articles which are prohibited by means of a high tariff.

We, therefore, trust that this honorable committee will give the above-mentioned articles due consideration in revising the tariff law, and reduce same a considerable amount.

Respectfully submitted,

IRISH INDUSTRIAL ASSOCIATION OF NEW YORK.

Submitted by J. M. Sullivan, Emilio Yaselli, and H. Winship Wheatley, attorneys.

MEMORIAL OF DRESS TRIMMINGS WORKERS OF UNION HILL, N. J.

UNION HILL, N. J., *January 14, 1913.*

Messrs. Underwood, Kitchin, and members of the Democratic Tariff Committee:

GENTLEMEN: Inclosed find absolute evidence of the existence and formation of the "American silk trust," in the restraint of trade, to which I will testify if necessary under oath at any time.

The names in the accompanying pamphlet underscored with blue pencil (printed in italic) are those of foreigners, Jews, and others, some of them not naturalized, who have laid their scenes for the exploiting of the consumers and producers of this country in the following cities: Paterson, N. J.; Allentown, Pa.; Bethlehem, Pa.; Greater New York, N. Y.; Philadelphia, Pa., and in numerous towns and cities throughout the Union.

Taking the city of Paterson, N. J., as an instance, I have this to say. That where formerly the city of Paterson was a law-abiding community whose people were happy and free and prosperous, the trust has since 1888, in conjunction with the high unnecessary tariff on all "staples," such as "shaft work" both in narrow and broad goods, enslaved the community, restrained trade, and demoralized the liberty, political and industrial, of the people. The foreign Jew is the only one who has benefited by the high tariff on "shaft-work" staples, broad and narrow.

Women and foreigners (Italian and Jews) are now working for wages, whose mean average is in some instances as low as from \$6 to \$9 per week, in the place of intelligent American citizens, who formerly earned a mean average of \$18 per week.

The only kind of ribbons and broad silks that require the protection of a tariff are those goods, narrow or broad, that are classified as "Jacquard work." In other words, those made on the Jacquard loom.

Ribbons or broad silks made on "plain or shaft looms," require no tariff protection whatever, no matter what any one interested may advance to the contrary, for the following best of reasons, and this is incontrovertible:

On plain (shaft-made goods, broad or narrow) the machinery and facilities in this country have been so improved as to render utterly abortive any attempt at European competition.

Then why a protective tariff on staples (shaft work) you will ask.

For purposes of exploitation to limit the supply and raise the price of product to the consumer is one answer of mine. To debauch the citizen workman and bring him to the level of Asiatics is another reason.

In 1893 there was a general strike in Paterson. Why? Was it because the tariff protected the workmen?

Why did Collector Erhardt, under Grover Cleveland, discover and convict Rosenthal for undervaluation and fraud in the New York customhouse? Do you think that the crime has stopped?

Why is it necessary to give a lot of foreigners and Jews a bounty and protective tariff on manufactured articles that don't require it?

Ribbons and broad silks that are made on a Jacquard loom are the only silks that need a protective tariff. Placed on anything else, simply means limiting the producer and consumer.

Yours, very respectfully,

FRED'K C. MOLT,
131 Main Street, Union Hill (Weehawken P. O.), N. J.

Or address Fred'k Molt, recording secretary, of the Passementerie Union of Dress Trimming Workers, No. 3, Great-Jones Street, New York City.

PARAGRAPH 399—SILK GOODS.

[Inclosure.]

SILK ASSOCIATION OF AMERICA.

[Silk Exchange Building, 487 Broadway, New York.]

Officers and managers, 1912.—President, Jerome C. Read, president Read & Lovatt Manufacturing Co.; first vice president, *Charles Cheney*, treasurer Cheney Bros.; second vice president, David Valentine, president Valentine & Bentley Silk Co.; third vice president, H. Schniewind, jr., treasurer Susquehanna Silk Mills; secretary Ramsay Peugnet. Managers: Otto Andrae, jr., president Norfolk Silk Co.; *Rioichiro Arai*, Morimura, Arai & Co.; *Theodore Boettger*, vice president United Piece Dye Works; Edward E. Bradley, vice president Atwood Machine Co.; *Charles Cheney*, treasurer Cheney Bros.; Joseph W. Congdon; *B. Edmund David*, B. Edmund David; Frank W. Eaton, assistant treasurer Nonotuck Silk Co.; *Isidor Hellman*, Smith & Kaufmann; Jacques Huber; August Hunziker, vice president Weidmann Silk Dyeing Co.; *Henry D. Klots*, president Klots Throwing Co.; Samuel McCollom, McCollom & Post; Russell Murray, Russell Murray & Co.; Jerome C. Read, president Read & Lovatt Manufacturing Co.; H. Schniewind, jr., treasurer Susquehanna Silk Mills; *Robert J. F. Schwarzenbach*, Schwarzenbach, Huber & Co.; *William Skinner*, William Skinner & Sons; Henry J. Soria, vice president Richardson Silk Co.; *Louis Stearns*, secretary and treasurer John N. Stearns & Co.; Emil J. Stehli, Stehli & Co.; Benjamin B. Tilt, president Phoenix Silk Manufacturing Co.; David Valentine, president Valentine & Bentley Silk Co.; Alexander D. Walker, Jardine, Matheson & Co. (Ltd.).

DIVISIONS OF THE INDUSTRY REPRESENTED ON THE BOARD OF MANAGERS.

[Section 13 of the by-laws.]

Division A: *Rioichiro Arai*, Russell Murray, Alexander D. Walker. Division B: Henry D. Klots, Jerome C. Read. Division C: Frank W. Eaton, *Henry J. Soria*. Division D: Otto Andrae, jr., *Charles Cheney*, Joseph W. Congdon, *B. Edmund David*, Samuel McCollom, H. Schniewind, jr., *Robert J. F. Schwarzenbach*, William Skinner, *Louis Stearns*, Emil J. Stehli, Benjamin B. Tilt, David Valentine. Division E: *Isidor Hellman*. Division H: August Hunziker. Division I: Theodore Boettger. Division J: Edward E. Bradley. Division K: Jacques Huber.

ORGANIZED CLASSIFIED DIVISIONS OF THE TRADE.

[Section 11 of the by-laws.]

Division A: Raw silk importers, dealers, and brokers, Alexander D. Walker, chairman; division B: Silk throwsters, manufacturers of and dealers in silk yarns, Jerome C. Read, chairman; division C: Sewing silks and twists, Milo M. Belding, chairman; (1) Pound goods, W. J. Kenney, chairman; (2) Small goods, W. H. Sampson, chairman; division D: Broad silks, Joseph W. Congdon, chairman; (1) Tie silks, Dwight Ashley, chairman; division E: Ribbons and hat bands, *Julius Kaufmann*, chairman; division F: Laces, nets and veilings; division G: Knit goods, fringes, braids and trimmings; *Julius Kayser*, chairman; division H: Skein dyers and dyestuffs, August Hunziker, chairman; division I: Piece dyers, printers and finishers, *Henry W. Boettger*, chairman; division J: Manufacturers of silk machinery and supplies, Otto W. Schaum, chairman; division K: Manufacturers' agents and commission houses, Jacques Huber, chairman.

N. B.—Each and all divisions may, under arrangement with the executive committee of the association, occupy the rooms of the association for meetings, and through its own chairman or executive committee, every division may report to or communicate with the association or the board of managers or executive committee upon any matters of direct interest to its special division of the industry.

STANDING COMMITTEES OF THE SILK ASSOCIATION OF AMERICA FOR THE YEAR.

Arbitration committee.—*Louis Stearns*, chairman; division A, *Emanuel Gerli*, Alexander D. Walker, Geo. Walworth Middleton; division B, Henry D. Klots, Vincent F. Wilcox; division C: *M. M. Belding, jr.*; division D: Otto Andrae, jr., *Charles Cheney*, B. Edmund David, Louis Stearns, Benjamin B. Tilt; division E: M. W. Dippe; division G: *Julius Kayser*; division H: C. L. Auger; division I: *Albert Blum*;

PARAGRAPH 399—SILK GOODS.

Theodore Boettger; division J: Isacc A. Hall; division K: *Samuel Eiseman, Bernard Greeff, sr., Thos. F. Victor.*

Complaint committee.—David Valentine, chairman, Edward E. Bradley, *William Hand, Samuel McCollom, R. von Briesen.*

Committee on admissions.—*Otto Andrae, jr.,* chairman, *H. D. Klots, Walter Kobbe, Emanuel Gerli, George A. Post.*

Committee on revenue laws.—*Horace B. Cheney,* chairman, *Otto Andrae, jr., B. Edmund David, Jaques Huber, Louis Stearns, H. Schneiwind, jr., A. W. Watson.*

Committee on information and statistics.—Division A: H. L. Gwalter; division B: *Henry D. Klots;* division C: B. A. Armstrong; division D: Albert Tilt, Joseph L. Reiling, Joseph Ott, *M. C. Migel,* Raymond Skinner Clark; division E: Carl Forsch; division F: J. P. Huguet; division G: *Julius Kayser;* division H: Dr. August Hunziker; division I: E. Frederick Post; division J: Otto W. Schaum; division K: *A. L. Dommerich;* conditioning, Dr. Russell W. Moore.

Legislative committee.—Joseph W. Congdon, chairman.

Silk conditioning committee.—Carl Forsch, chairman, William Hand, Peter R. Rowson, M. C. Migel, *Isidor Hellman.*

Executive committee.—Jerome C. Read, chairman, *Charles Cheney, H. Schneiwind, jr., David Valentine.*

SILK IMPORTATION FROM ROUBAIX, FRANCE.

L. FOREMAN FECHTMAN & Co.,
NEW YORK, January 27, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: The following details of an importation from Roubaix, France, may be of interest to you in your investigations:

5 pieces York moire, silk and cotton:	Francs.
290.75 meters (weight, 65.9 kilo), at 5.45 francs	1, 584. 60
Discount, 6 per cent.	95. 10
	<hr/>
Charges.....	1, 489. 50
	<hr/>
	1, 521. 10
	<hr/>
At 5.18½.....	\$293. 58
Freight, insurance, charges.....	10. 63
Duty, 65.9 kilos, at 2.2046 (145.283 pounds), at \$1.60 per pound.....	232. 45
	<hr/>
Total cost.....	\$536. 66

These goods were entered under paragraph 399, silk-woven fabrics in the piece, over 30 and not over 45 per cent in weight of silk, duty \$1.60 per pound.

We give you the figuring on the percentages of weight and value of silk and cotton as declared by the manufacturers in the consular invoice:

Cost, \$536.66. Value, 88 per cent silk, \$472.26; duty, 20.52 per cent, \$96.91; 12 per cent cotton, \$64.40; duty, 210.43 per cent: \$135.50.

Weight, 145,283 pounds, 41.7 per cent silk at 60.583 pounds at \$1.60 per pound, \$96.93; 58.3 per cent cotton, 84,700 pounds, at \$1.60 per pound, \$135.52. Value of silk, \$7.79 at 53 cents per pound; value of cotton, 76 cents at 3 cents per pound.

The result of the specific duty is that the cotton has to bear a very heavy duty.

1,494.50 francs, at 19.3 cents, \$288; the duty \$232.45, makes it the equivalent of 80.71 per cent ad valorem.

Under the previous tariff these goods came in at 50 per cent ad valorem, so that the present tariff for these goods is revision upward, not downward.

This is one specimen out of very many.

Yours, truly,

L. FOREMAN FECHTMAN & Co.

PARAGRAPH 399—SILK GOODS.

MEMORANDUM ON SILK—JAPAN STOCK.

Sixteen ounces boiled in soap until the gum is out weigh 12 ounces. This if dyed a perfectly pure dye with only dyestuffs enough to get a good color will be increased in weight to from 13 to 14 ounces. Manufacturers are in the habit of dyeing up to 40 ounces by working in foreign material in the dyeing, or as the boys used to say "filling it with dirt." In fact, there are no black dress goods or any other silk goods in the market better than 16-ounce dye, and very little as good as that. The only test is to strip the color out and see what you have left.

LEWIS E. LEIGH,
Portland, Conn.

STATEMENT OF A FRENCH IMPORTER OF SILK.

COMITÉ DE DÉFENSE DES INTÉRÊTS
LYONNAIS AUX ÉTATS-UNIS DE L'AMÉRIQUE DU NORD,
Lyon, le 30 Décembre, 1912.

Mr. UNDERWOOD,
Committee on Ways and Means, Washington:

We have been informed that a hearing concerning the schedule for silk duties would take place in Washington before a Committee of the Ways and Means department on January 13, 1913, and we solicit herewith the favor to produce a short statement of facts.

In former years Lyon used to export big quantities of silk goods to the States, the largest proportion being by far cheap articles, cotton and silk, or silk and schappe mixtures.

At that the United States of America were the best customer of our district.

Under the present tariff regulations exports from here have fallen down considerably, have been totally annihilated, especially in the cheap articles, which are necessities for all poorer or medium classes of people.

Customhouse figures clearly ascertain it.

This is a proof that the actual tariff is not a law of protection, but a prohibition of competition, going directly against the interests of the consumers, as it has been so strikingly put in light by the broad and high-minded President Wilson.

The argument that silks are luxuries can not be earnestly maintained when silk and cotton or silk and schappe mixtures are in question—goods sold in the States at prices from 20 cents to 55 cents per yard.

Luxuries are the silks sold at and above \$3 per yard.

These pay now 45 per cent ad valorem, whilst the silks for the poor above mentioned pay specific duties ranging from 80 to 113 per cent are consequently prohibited.

We believe that it had never been in the intentions of American legislators to vote such prohibitive duties.

This result was obtained by means of the specific schedules which a few interested domestic manufacturers managed to have adopted in order to be masters and absolute regulators of the selling prices, for their benefit against all democratic principles.

We are aware that before an American committee we necessarily must more or less be suspected to defend our own interests, but, on the other hand, we are so convinced of the spirit of truth and public welfare which animates that body that we feel sure these real true facts will find due consideration.

We are at the disposal of the committee for any information or explanations which may be desired.

Respectfully,

BERTRAM.

Pour le president un de vice president.

TIE SILK.

TESTIMONY OF I. S. WOLF, OF I. S. WOLF & CO., 99 GREEN STREET, NEW YORK.

The CHAIRMAN. What paragraph do you wish to speak to?

Mr. WOLF. Paragraph 399.

I wish to make a statement on behalf of the tie-silk importers.

It must be understood that popular-priced neckties are necessities and the silks from which they are made are always sold at prices that

PARAGRAPH 399—SILK GOODS.

have been established for years. The tariff of 1909 has made it necessary for the foreign manufacturer of tie silks to reduce his qualities to such an extent as to almost preclude their sale in competition with the domestic goods sold at similar prices.

Exhibit A shows the inferior quality of the foreign silks—in many cases cotton warps are used—compared with the domestic silks shown in Exhibit B, which are made of all silk, of superior quality, are more lustrous, finer texture, have better wearing qualities, and consequently are of greater intrinsic value.

Twenty-five cent and fifty-cent neckties are made of goods that cost the tie maker from 55 cents to 57½ cents per yard for the 20-cent ranges, and 82½ to 85 cents per yard for the 50-cent ranges. It therefore is evident that the consumer gets less for his money when he buys ties made of foreign silks than when he buys ties made of domestic silks, and it is also evident that the domestic tie-silk industry is overprotected.

Mr. LONGWORTH. Will you kindly repeat that last sentence?

Mr. WOLF. It therefore is evident that the consumer gets less for his money when he buys ties made of foreign silks than when he buys ties made of domestic silks, and it is also evident that the domestic tie-silk industry is overprotected.

Your attention is called to the fact that men's ready-made neckties are imported in large quantities from France and England at 60 per cent ad valorem, while the silks from which those ties are made in most cases would, if imported, pay as high as 60 per cent or higher, which, of course, shows a discrimination in favor of the foreign necktie makers. In other words, dealers in men's ready-made neckwear are able to import the finished article at lower rates of duty than the American necktie makers pay for their raw materials, namely, tie silks. The disadvantage to the home industry in men's ready-made neckwear is obvious. Exhibit C clearly demonstrates this point.

It is submitted that inasmuch as tie silks are manufactured for the sole purpose of being made into men's neckwear, and are always about 61 centimeters in width, are distinguished from other silk goods by patterns, styles, etc., they should be specially provided for in the tariff, and rates of duty to be provided that would not be affected in any way by rates governing other manufactures of silks, such as dress silks, upholstery silks, etc. This principle has been established with many kinds of merchandise in the present and previous tariffs, and many precedents might be cited. However, a few illustrations should suffice:

Hatters' plush, black, for making men's hats—10 per cent ad valorem (paragraph 477); other silk plushes pay 45 per cent ad valorem.

Button forms, cut to a certain size, 10 per cent ad valorem (paragraph 426); the materials of which these button forms are made would pay, if imported, rates equivalent to four and a half to eight and a half times higher.

Bolting cloth, free (paragraph 514) when stamped. The same class of merchandise when not stamped would pay a high rate of duty.

Ribbons are specially provided for at 50 per cent ad valorem, while other trimmings pay 60 per cent.

PARAGRAPH 399—TIE SILK.

Veilings made on leather machines are exempt from paragraph 350, although all other goods made on leather machines pay 70 per cent ad valorem, etc.

Upholstery silks and dress silks are not sold at staple prices, as is the case with tie silks, but fluctuate or vary according to styles, demand, the class of dealers to whom sold, or other market conditions, and are sold almost invariably at prices from 5 to 20 per cent higher than the same qualities of tie silks, and therefore should not be classified for dutiable purposes with tie silk.

The duty on tie silk should be established at rates that, while affording ample protection for domestic manufacturers, should be sufficiently low to allow this class of merchandise to be imported.

The undersigned all having been large importers of tie silk before the Payne-Aldrich tariff went into effect have seen the imports of tie silk shrink to almost nothing, but are confident that with a fair and equitable adjustment of the tariff the importations would materially increase, as we are all agents of domestic tie-silk manufacturers, and as such are certainly not desirous of injuring the business of those manufacturers.

We feel certain that a new tariff on the basis suggested herewith would afford ample protection to the domestic manufacturers and at the same time would enable us to largely increase our business in imported goods.

It is submitted that for the four years since the enactment of the present tariff the imports of foreign-made tie silks have fallen off 50 per cent, as compared with the imports for the four years preceding August 5, 1909. This fact was obtained by averaging the records of all the subscribers.

After a study of the foregoing statements you are urgently requested to consider the fairness, equity, and advisability of providing special rates for tie silks for the reasons stated, such new rates of duty to indicate a general reduction of 20 per cent from the specific rates as now constituted in paragraph 399 of the act of 1909, with a catchall proviso to read:

But in no case shall any goods enumerated in this paragraph pay a less rate of duty than 35 per cent ad valorem or a greater rate of duty than 45 per cent ad valorem.

I thank you.

The CHAIRMAN. Are there any questions, gentlemen?

Mr. LONGWORTH. I would like to ask you to which paragraph you refer?

Mr. WOLF. Three hundred and ninety-nine.

Mr. LONGWORTH. Do you claim that the Payne tariff increased the duties over those in the Dingley bill?

Mr. WOLF. Certainly. I can show samples that pay as high as 72 per cent.

Mr. LONGWORTH. What is tie silk?

Mr. WOLF. It is silk used for neckties; for men's neckwear purposes.

Mr. LONGWORTH. Is it a particular kind of silk?

Mr. WOLF. It is made especially for neckwear purposes; it is specially manufactured.

PARAGRAPH 399—TIE SILK.

Mr. LONGWORTH. What part of paragraph 399 would it come in under?

Mr. WOLF. Different quantities come in at different rates; \$1.30 a pound; \$1.50 a pound, and \$2 a pound. At 40 per cent ad valorem some of them pay as high as 72 per cent. I have samples to show that.

Mr. LONGWORTH. The first part of the paragraph shows a decrease in duty, does it not?

Mr. WOLF. No.

Mr. LONGWORTH. The Dingley rates were \$1.50 a pound and 15 per cent ad valorem. The Payne rate is \$1.50 a pound.

Mr. WOLF. And some as high as \$2.50 a pound.

Mr. LONGWORTH. I am speaking about the first part of paragraph 399.

Mr. WOLF. There are different qualities. It depends upon the quality.

Mr. LONGWORTH. What quality is that, then?

Mr. WOLF. All kinds of qualities. I am speaking in a general way. Tie silks have paid as high as 72 per cent, and only a few have paid as low as 45 per cent.

Mr. LONGWORTH. What I am trying to find out is what part of paragraph 399 do these tie silks come under?

Mr. WOLF. They come under different subdivisions of the paragraph.

Mr. LONGWORTH. Well, what subdivison?

Mr. WOLF. Well, for instance, 440 threads to the inch in the warp.

Mr. HULL. Was not the present tariff law as it relates to the silk schedule agreed upon by the different representatives of the silk industry four years ago?

Mr. WOLF. Well, we really come over especially as tie-silk importers. We did not act with the silk people or the silk association; we acted independently.

Mr. HULL. Did you accept the rates that were made—

Mr. WOLF (interrupting). We wanted lower rates, but we did not get them.

Mr. HULL. You asked for lower rates?

Mr. WOLF. Oh, yes. We had a number of interviews with different gentlemen here. Mr. Payne was one of them and Mr. Hill was another, but we did not get anything lower than what was eventually published as the law.

BRIEF SUBMITTED BY McCOLLOM & POST ET AL., PATERSON, N. J.

*To the Honorable the Chairman and
Members of the Ways and Means Committee,
House of Representatives,
Washington, D. C.*

In view of the testimony given to your committee at the hearing on the silk schedule in Washington, we, the undersigned manufacturers of tie and fancy silks, desire to submit to you as follows:

There is no branch of the silk industry more in need of the protection afforded by the present schedule than the tie and fancy silk branch. The reason is evident. These are the goods in which labor forms a much larger part of the total cost than is

PARAGRAPH 399—TIE SILK.

the case in any other article. These goods are made on box and on Jacquard looms, are of slow production, require experienced weavers, and are therefore mainly made in Paterson and Hoboken, where wages are relatively high. The cost of production, exclusive of materials in these goods, is rarely less than 50 per cent of their cost price. In an American article costing 75 cents per yard about 45 cents is cost of production, exclusive of material. The German price of the same cloth would be about 50 cents per yard net. The duty, ranging from 45 to 50 per cent and amounting to 22 to 25 25 cents, would cover the difference between American and European cost of production, if American cost of production were only double that of European. As a matter of fact, in many instances it is three or four times as much, so that a duty of from 45 to 50 per cent does not as a rule cover the difference between American and European cost of production. Whenever an article is in vogue which requires more than the usual amount of labor, as is for instance the case in swivel corded goods, the American manufacturer can not possibly compete with foreign merchandise under the present rate of duty, and large quantities of this article were imported two and three years ago when fashion favored it.

Tie silks can not be classified separately in the tariff schedule. If they could, we firmly believe we would be justified in asking for a higher rate of duties on these than on any other goods. In many cases they are not distinguished from other silks by patterns, styles, etc., and goods made for dresses and trimmings are frequently sold for ties, and vice versa, according to the whim and fancy of the buyer. Neither are they uniformly 24 inches wide, but they are made and sold 28, 32, 36, and 48 inches in width as well, and many styles of neckties can be cut from narrower silks to advantage.

Neckties made of fancy silks are not a necessity but a luxury. The man of small means can buy a tie made of plain silk and sometimes even of fancy silks in every 5 and 10 cent store for 5 and 10 cents a piece. A large part of tie silks imported to-day come in under the 45 per cent catchall clause, which was designed and adopted mainly for the reason that the present specific rates in this class of goods in many instances would not yield more than from 30 to 40 per cent ad valorem. While it is true that some styles under the present specific rates pay as high as 45 to 55 per cent, we have never seen a tie-silk cloth which, at the proper European valuation, would pay a duty of 72 per cent or anything like such a figure.

The amount of importation of tie silks can not be ascertained with any degree of accuracy, as they are not classified separately and are dutiable like other silks under the different rates of the schedule. There is therefore no comparison possible between the amount of tie silks imported under the Payne-Aldrich and under the Dingley tariff. However, inasmuch as the Payne-Aldrich tariff reduced the catchall clause from 50 to 45 per cent and did not materially alter the specific rates, it is evident that a falling off in importations, if any, is not due to the tariff rates. It may be justly ascribed to the vogue of the knitted scarf, which greatly reduced the consumption of all tie silks, and furthermore, the fact that the price of American-made tie silks, due to the highly competitive condition of the industry, was reduced about 10 per cent during the last eight years in spite of a considerable increase in wages, and the same price level of raw material.

In consequence of the price reduction and increase in wages the profits to the manufacturer are exceedingly small, and any reduction in duty, causing additional competition from foreign countries, would be nothing less than disastrous.

What is true of tie and fancy silks is to a great degree true of all other silks. Silks are an article of luxury, and nobody who does not care to needs to wear a single shred of silk. The industry is highly competitive. There is no trust or combination, and American silk goods are sold to-day cheaper than ever, the best proof that the tariff does not protect the manufacturers' profits but merely tends to equalize the difference between cost of goods here and abroad.

The importation of silk goods yields a substantial revenue to the Government under the present schedule, which is the best and most scientific ever devised. Specific duties, with an ad valorem catchall clause, are by far the most satisfactory for the Government, the manufacturer, and the importer as well.

We therefore trust that in consideration of the above-stated facts, all of which we stand ready to prove, your honorable body will decide to continue the silk schedule in its present form.

McCULLOM & POST,
Paterson, N. J.
(And 39 others.)

PARAGRAPH 399—UMBRELLA SILK.

UMBRELLA SILK.

STATEMENT SUBMITTED BY OTTO MÜLLER & CO., NEW YORK CITY.

NEW YORK, May 1, 1911.

Hon. OSCAR W. UNDERWOOD,
Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.

HONORABLE SIR: Attached hereto we beg to hand you a statement pertaining to the duties on the cheapest class of silk and cotton mixed goods used principally for cheap umbrella coverings.

The importation of these goods has been made impossible through the enormous increase of duties on occasion of the last tariff revision, when a reduction was asked for.

May we respectfully ask you to give this matter your attention?

At any time we shall be very glad to go to Washington to supply you with such further information as we may have and which you may deem necessary.

We are, honorable sir, respectfully, yours,

OTTO MÜLLER & Co.
 H. G. ADOLPH.

PARAGRAPH 399.

The undersigned hereby respectfully beg to draw your attention to paragraph 399 of the Payne-Aldrich tariff law.

This paragraph 399 tends to exclude from this market textiles of silk and cotton mixed goods dyed in the piece, manufactured in foreign markets.

Previous to the last tariff revision, the leading umbrella manufacturers, who are the principal consumers of this class of goods, presented a petition for the purpose of preventing an increase of duties. The only large manufacturer who did not sign this petition manufactures his own cloth.

This class of goods has heretofore enjoyed a protection of 50 per cent ad valorem, which protection, although always oppressive, permitted the foreign manufacturer to bring to this country a certain amount of such goods which, in spite of being limited, proved ample to give the American consumer, by paying a somewhat higher price for the foreign goods, the advantage of being to a certain degree independent of the domestic manufacturer, who was thus compelled to keep his prices within reason.

The Payne-Aldrich law placed the goods in question in the "weight-duty" class, which in itself is desirable, as all chances for undervaluation and disputes over values are eliminated; the rate, however, was fixed so that all the goods which formerly paid 50 per cent ad valorem are now subjected to a duty averaging 65 to 75 per cent.

The original exceedingly high duty, plus this new enormous addition, enables the domestic manufacturer not only to raise his prices and thereby add to his already large profits, but also to increase the difference in price between the domestic and foreign goods to such an extent that the consumer can no longer pay this difference, and therefore is absolutely compelled to buy at excessive prices, from a very limited number of domestic manufacturers, to the detriment of his own already scant profits.

The section of paragraph 399 referred to, which involves the cheaper and cheapest grades of silk and cotton mixed goods and which needs most consideration, reads as follows:

"If weighing more than 1½ ounces, but not more than 2½ ounces, and if containing not more than 20 per cent in weight of silk, if in the gum, * * * 70 cents per pound; if un gummed, wholly or in part, or if further advanced by any process of manufacture or otherwise, or if dyed or printed in the piece, 85 cents per pound; * * * but not a less rate of duty than * * * 45 per cent ad valorem."

Under the Dingley tariff this same section reads (paragraph 387):

"Weighing not less than 1½ ounces per square yard and not more than 8 ounces per square yard, and containing not more than 20 per cent in weight of silk, if in the gum, 50 cents per pound, and if dyed in the piece, 60 cents per pound; * * * but not a less rate of duty than 50 per cent ad valorem."

On the face of it the new tariff provides for a reduction of 5 per cent (from 50 to 45 per cent) ad valorem. The schedules of weights, however, have been manipulated in such a way that they always exceed the ad valorem rates; in consequence thereof the former are those collected; but aside from raising the rates, for instance, from 60 to 85 cents per pound the range in rate has been reduced from 1½ ounces per square

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yard to 8 ounces per square yard to $1\frac{1}{2}$ ounces per square yard to $2\frac{1}{2}$ ounces per square yard.

This change affects principally the cheapest kind of goods (about three-fourths of all the goods consumed) and the effects of this change are such as to make the importation of the cheapest grades absolutely prohibitive; but, further, for all other grades of this class of goods the rates of weight are figured with such care that hardly any can be imported at the apparently reduced rate of 45 per cent ad valorem. In every case the weight duty exceeds not only the present ad valorem rate of 45 per cent but also the old Dingley rate of 50 per cent.

The difference between cost of manufacture of the goods in question, viz, the foreign and domestic article, averages about 10 per cent. The protection for these same goods is 65 to 75 per cent, the higher figure being for the cheapest and most sought-for grades.

The difference of about 10 per cent in favor of the foreign manufacturer in producing is almost eliminated through freight, brokerage, etc. To illustrate the foregoing statements: There is attached hereto the calculation of a certain grade showing the cost in foreign countries, the duty attached, the cost of the same goods in this country, the difference in price at which these goods are sold by the domestic manufacturer against those of foreign origin, and the resulting profit to the domestic manufacturer.

This remaining enormous balance in favor of the very few domestic manufacturers of this class of goods is a direct result of the very high protection accorded their products, and although this may be well for these manufacturers and perhaps their few hundred mill hands, there are several hundred of their customers and there are several thousand hands using these goods for further manipulation, who can not on account of this enormous balance make a fair and necessary living, nor can they, in spite of hard and arduous work, distribute their final product to the ultimate consumer at a fair and reasonable price.

We therefore respectfully propose that the mode of imposing the duty by weight on this class of goods be maintained, that the range of weight be extended to its old limit, $1\frac{1}{2}$ to 8 ounces per square yard, that the rate for goods in the gum be reduced to 40 cents per pound and for those dyed in the piece to 50 cents per pound, but not less than 40 per cent ad valorem.

Extract from original consignment bill, case No. 319.

Sixty pieces 46-inch iris tape 1728, 3,188 meters, at 98 pfennigs, including 5 per cent for expenses and 8 per cent profit to the mill, 3,124.25 marks.

3,124.25 marks, figured at 23.8 cents per mark.....	\$743.57
Former duty at 50 per cent ad valorem amounted to.....	371.79
Duty amounts now to.....	523.22

Explanation: 3,188 meters weigh 279.210 kilos, or 615.55 English pounds; they amount to 4,454.9 square yards and 1 square yards weighs 2.21 ounces.

Duty imposed is 85 cents per pound, making on 615.55 pounds, \$523.22, or equal to 72 per cent ad valorem.

Foreign goods.

Selling prices in Europe.....	\$743.57
Plus present duty.....	523.22
	<hr/>
	1,266.79
Plus 10 per cent for expenses and commissions on this side.....	126.67
	<hr/>
Selling price in United States of America.....	1,393.46

Domestic goods.

Cost in United States of America, including 5 per cent for expenses and 8 per cent profit to the mill.....	\$817.92
But it sells at.....	1,254.12

Which is 10 per cent less than the importer must have, leaving a balance in favor of the domestic manufacturer amounting to \$436.20, or more than 53 per cent.

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NEW YORK, *May 1, 1911.*

HON. WILLIAM SULZER,
House of Representatives, Washington, D. C.

HONORABLE SIR: Attached hereto we beg to hand you a statement pertaining to the duties on the cheapest class of silk and cotton mixed goods used principally for cheap umbrella coverings.

We respectfully ask you to take this matter up with the Committee on Ways and Means, and also to use your great influence when the question comes before the House of Representatives.

If you desire any other information on the subject dealt with we shall be glad to furnish same as far as we possibly can.

Respectfully, yours,

OTTO MÜLLER & Co.
 H. G. ADOLPH.

Respectfully referred to Hon. Oscar W. Underwood, chairman Committee on Ways and Means.

NEW YORK, *January 23, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman of the Ways and Means Committee,
 House of Representatives, Washington, D. C.*

HONORABLE SIR: We greatly appreciate your sending the copy of the hearings of January 13, Schedule L. We have read with great interest the statements of Mr. Hill, particularly (page 1549) the question addressed to Mr. Kridel "Do you know the firm of Miller & Co., of the Gloria Silk Mills?" and wish to draw your attention to the fact that Otto Muller & Co. (480 Broome Street), and Muller Gloria Mills (South Norwalk), are two entirely separate concerns competing against each other in umbrella silks, the former imported and the latter domestic goods, and we wish to say also that any statements which Mr. Richard Muller (head of the Muller Gloria Mills) may make will be entirely his own presentations and in no way have any connection whatsoever with us. We state this in order to avoid any confusion or wrong impression to the effect that Otto Muller & Co. and Muller Gloria Mills are making the same statement.

Reading further on page 1550, we come to the conclusion that Mr. Hill wishes to bring out through Mr. Richard Muller of the Muller Gloria Mills the fact that since the Payne-Aldrich tariff came into force with its enormous increase of duties on cheap silk mixtures there has been no increase of prices from the domestic product to the consumer, in this case the umbrella manufacturer. Meantime we have had occasion to speak to some umbrella manufacturers on this subject and they do state that since the new tariff came into force, prices, especially on cheaper goods, have been increased repeatedly by one-fourth cent at a time, special care being taken each time to explain this increase through labor troubles and higher cost of raw material.

Within the last four years, during which time cheap imported goods have been kept out of the market, the sale of the better class of imported goods has also fallen off in spite of the fact that they can be imported to advantage, because the consumer finds it difficult to obtain cheap material from the domestic manufacturer if he does not also place the larger part of his business in better grades with the domestic manufacturer, although he can buy his better grades from the importer to greater advantage.

Respectfully, yours,

OTTO MÜLLER & Co.
 H. G. ADOLPH.

BRIEF OF THE DUNDEE TEXTILE CO., PASSAIC, N. J.

PASSAIC, N. J., *February 13, 1913.*

HON. O. W. UNDERWOOD,
Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: Referring to the conversation which our treasurer and manager, Mr. G. Hilgert, had recently with you in Washington, and as per suggestion you made to him, we are sending herewith, statements and samples (on file) of piece-dyed umbrella cloth, which, in connection with the letter, will, we think, make our position plain, and the situation in regard to this cloth clear to your committee. The figures used for the

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cost of the imported cloth are those given by the European manufacturers themselves, and are shown in Schedule L, No. 7, page 1576. The demand for this cloth is limited, the total consumption used in this country probably being not over \$1,000,000 per annum, and up to a very few years ago all of these goods were imported.

There are at present only two mills manufacturing it in this country—our own and the Muller Gloria Mills of Norwalk, Conn. These two mills, running at full capacity, could produce easily the entire consumption used in this country, but due to the importation of foreign goods, and to the fact that the general demand for umbrella cloth in this country has been steadily decreasing for the past six or eight years, partly on account of the mercerized cotton goods now being used for the cheaper grades of umbrellas, the total output of both these mills has probably not exceeded \$700,000 annually. Both of them have been obliged to run on a low rate of efficiency from 75 down to 50 per cent of normal production, in order to prevent a large overproduction at home. There has always been a very keen competition between these two mills, which, together with the importation of foreign goods has prevented even a fair margin of profit, and this company has not as yet been able to earn 6 per cent interest on the capital actually invested.

Both of the two mills, our own and the Muller Gloria Works, are maintained and running on as high a standard of efficiency as can be secured from the kind of help employed in this country, none of which have had either the training or experience of the operatives employed by our competitors in Europe. We have to work under a much higher cost of production here, against the low cost of production in Europe, the higher cost being due to a large extent to the greater cost of construction, repairs, supplies, and considerably higher wages we are obliged to pay in this country.

For the first five or six years and up to two or three years ago, we have also had to compete against the importation of goods which were very much undervalued, and we understand that at present the manufacturers in Italy and Germany, expecting a reduction in the tariff on this cloth, are making preparations to send over immediately thereafter a large amount of manufactured goods they have on hand, in order, if possible, to kill the production of the cloth in this country. As the demand for the article is so limited, a very small percentage of larger importation in competition with the two domestic mills, who have been and are still struggling to make a success and a market here for their own cloth, would practically destroy it so far as we are concerned, and the problem that confronts us means the very life of our mill.

We are confident that everything we can do has been done in order to keep the cost of the production down to where even less than a reasonable profit may be secured, and the only reason that we have been able to continue to make these goods has been on account of the duty, which has so far, to some extent, prevented the overstocking of the American market. The production and consumption of this cloth is so small that the tariff thereon does not affect any other industry and would make no difference whatever to the consumer, the present tariff not affecting the cost of an umbrella more than 1 or 2 cents.

The cheap umbrellas are now being made from all-cotton goods, which is manufactured to closely imitate our goods which have a silk warp, while the cost of the cotton fabric is only one-half of the lowest grade we make. In consequence of this the consumption of cotton goods for umbrellas has increased considerably and cut heavily into the sale of our fabrics.

We believe the foreign manufacturers do not understand or realize this condition, but think there is a very much greater consumption for the kind of cloth we manufacture than actually exists, and they undoubtedly think there is a market for several million dollars of this cloth, and you can readily see how easy it would be to kill this market entirely by greater imports without benefiting the consumer of this cloth in any way.

Besides, we understand efforts will be made to introduce or import this cloth, having it entered under the name of Habuti, which is a silk tissue manufactured largely in Japan and can not be used for umbrella covers at all, but would come in under the tariff at a lower valuation. The foreign manufacturer commands the entire market to-day in yarn dyed, silk and cotton mixed umbrella goods, and the domestic manufacturer is unable to present anything like formidable competition, and is at a great disadvantage on this account with the foreign manufacturer, who can make either yarn-dyed or piece-dyed goods in his mill, as may suit him or the market, while the domestic manufacturers can not do so, as their mills are not equipped for this purpose.

Our mill was started to manufacture this cloth, believing that for many years no change would be made in the tariff on it on account of the small quantity consumed, and we very earnestly request and plead with you to do everything possible to prevent a further and more serious loss to our concern and to allow the present tariff on

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this cloth to remain as it is and as a specific instead of an ad valorem duty. The change from a specific to an ad valorem duty on this cloth will enable the foreign manufacturers to have a very much greater advantage over us than if the duty was specific as at present and we believe will permit of great undervaluations of the foreign cloth entered here. This has been the experience of past years and these undervaluations, which were very serious under the Dingley tariff, will unquestionably be repeated if the duty is made ad valorem.

The proposition is entirely too small to permit of any great active competition between a number of mills either at home or abroad and there is no likelihood that its consumption will be increased or that a reduction in the tariff will benefit any citizen of the United States, but, on the contrary, very seriously damage the two domestic mills.

Our mill here employs local people, some of whom we have had to train ever since we started business, and we understand the same condition prevails in the Muller Mill at Norwalk, Conn. Our employees and those of the Muller Mill are dependent on the mills continuing under present conditions. We have been obliged during the past year to increase wages, while the price of the cloth has not increased, and our employees tell us they can not stand a reduction in wages to bring them anywhere near the level of wages paid by our foreign competitors.

Should your committee require fuller and more detailed figures to verify our statements, the private cost sheets of our mill will be submitted to you. We believe a careful analysis will show the statements made by the foreign manufacturers in regard to this cloth and the cost and profit of the American manufacture of it are not correct and can be easily disproved.

Yours, very truly,

DUNDEE TEXTILE Co.,
By FRANK HUGHES, *President.*

PIECE-DYED UMBRELLA CLOTH.

[Samples on file.]

Estimated cost 46-inch (116.84 cm.) piece-dyed umbrella cloth with tapes like sample.

(Taffeta, black; Ground, warp (including tapes), 6,620 Grege; filling, cotton, English No. 40-1; picks, 104 per inch. Per cent silk, 13; per cent cotton, 87; tariff duty, \$0.85 per pound.)

Cost in—											
United States.....									per pound..	\$2.20	
Europe.....									do.....	1.35	
Cost of manufacturing:											
United States.....									do.....	1.25	
Europe.....									do.....	.51	
Duty necessary to make up the difference in cost of manufacturing.....									do.....	.85	

	United States.						Europe.					
	Manufacturing.	Material.	Selling expense.	Total.	Manufacturing and selling.	Material.	Manufacturing.	Material.	Selling expense.	Total.	Manufacturing and selling.	Material.
					<i>P. ct.</i>	<i>P. ct.</i>					<i>P. ct.</i>	<i>P. ct.</i>
Per yard (cents).....	19.34	17.26	3.40	40.00	57	43	7.37	15.25	1.98	24.60	38	62
Per pound (dollars).....	1.06	0.95	0.19	2.20	57	43	0.40	0.84	0.11	1.35	38	62

Per yard, 24.6 cents against 40 cents = 62½ per cent ad valorem; per pound, \$1.35 against \$2.20 = 85 cents per pound.

10,000 yards 46-inch domestic quality, 111, like sample, weigh.....	pounds..	1,820
10,000 yards 46-inch domestic quality, 111, like sample, weigh.....	ounces..	29,120
1 yard, 46-inch domestic quality, 111, like sample, weigh.....	do.....	2.91
10,000 yards 46-inch domestic quality, 111, cost to manufacture in this country, at 40 cents.....		\$4,000
10,000 yards 46-inch domestic quality, 111, cost to manufacture in Europe, at 24.6 cents.....		\$2,460
		\$1,540

62½ per cent ad valorem duty will cover this item, or \$1,540 + 1,820 = 85 cents per pound.

DUNDEE TEXTILE Co.,
G. HILGERT, *Treasurer and Manager.*

¹ Cost of material abroad is figured less 10 cents per pound for duty on cotton.

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PIECE-DYED UMBRELLA CLOTH.

[Samples on file.]

Estimated cost of 23-inch (58.4 cm.) thin-rolling piece-dyed umbrella cloth with tapes like sample.

[Taffeta, black: Ground, warp (including tapes), 5,200 ends grege; filling, cotton, English, No. 100-1; picks, 140 per inch. Per cent silk, 35; per cent cotton, 65; tariff duty, \$1.25 per pound.]

Cost in—												
United States.....												per pound.. \$6.31
Europe.....												do..... 3.97
Cost of manufacturing—												
United States.....												do..... 3.69
Europe ¹												do..... 1.55
Duty necessary to make up the difference in cost of manufacturing.....												do..... 2.34

Comparative table.

	United States.						Europe.					
	Manufacturing.	Material.	Selling ex- pense.	Total.	Manufacturing and selling.	Material.	Manufacturing.	Material.	Selling ex- pense.	Total.	Manufacturing and selling.	Material.
Per yard.....cents..	18.20	15.00	3.00	36.20	<i>P. ct.</i> 60	<i>P. ct.</i> 40	7.10	13.80	1.80	22.70	<i>P. ct.</i> 40	<i>P. ct.</i> 60
Per pound.....dollars..	3.17	2.62	.52	6.31	60	40	1.23	2.42	.32	3.97	40	60

Per yard, 22.7 cents against 36.2=60 per cent ad valorem; per pound, 3.97 cents against 6.31=\$2.34 per pound.

10,000 yards 23-inch umbrella cloth, thin-rolling, like sample, weigh.....	pounds..	570.10
10,000 yards 23-inch umbrella cloth, thin-rolling, like sample, weigh.....	ounces..	9.120
1 yard 23-inch umbrella cloth, thin-rolling, like sample, weigh.....	do.....	0.91
10,000 yards 23-inch umbrella cloth, cost to manufacture in this country.....		\$3,620.00
10,000 yards 23-inch umbrella cloth, cost to manufacture in Europe.....		\$2,270.00
		\$1,350.00

60 per cent ad valorem duty will cover this item. or $\$1,350 + 570.10 = \2.34 per pound.

DUNDEE TEXTILE CO.,
G. HILGERT, *Treasurer and Manager.*

PIECE-DYED UMBRELLA CLOTH.

[Samples on file.]

Estimated cost, 46-inch piece dyed umbrella cloth, domestic quality, Iris like sample.

[Taffeta, black: Ground, warp, 4,100 ends grege; tapes, 530 ends organdie; filling, cotton, English, No. 36-1; picks, 94 per inch. Per cent silk, 11; per cent cotton, 89; tariff duty, \$0.85 per pound.]

Cost in—												
United States.....												per pound.. \$1.96
Europe.....												do..... 1.19
Cost of manufacturing:												
United States.....												do..... 1.16
Europe ²												do..... .47
Duty necessary to make up the difference in manufacturing.....												do..... .77

¹ Cost of material abroad is figured less 30 cents per pound for duty on cotton.

² Cost of material abroad is figured less 7.2 cents per pound duty on cotton.

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Estimated cost, 46-inch piece dyed umbrella cloth, domestic quality, Iris like sample—Con.

[Taffeta, black: Ground, warp, 4,100 ends grege; tapes, 530 ends organdie; filling, cotton, English, No. 36-1, picks, 94 per inch. Per cent silk, 11; per cent cotton, 89; tariff duty, \$0.85 per pound.]

	United States.				Europe.							
	Manufactur- ing.	Material.	Selling ex- pense.	Total.	Manufactur- ing and selling.	Material.	Manufactur- ing.	Material.	Selling ex- pense.	Total.	Manufactur- ing and selling.	Material.
Per yard.....cents..	18.00	14.30	2.92	35.20	<i>P. ct.</i> 60	<i>P. ct.</i> 40	6.70	12.90	1.8	21.40	<i>P. ct.</i> 40	<i>P. ct.</i> 60
Per pound.....dollars..	1.00	.80	.16	1.96	60	40	36.00	.71	9.7	1.16	40	60

Per yard, 21.4 cents, against 35.2= difference, 13.8=65 per cent ad valorem; per pound, 1.16 cents, against 1.96=77 cents per pound.

10,000 yards 46-inch domestic quality, Iris like sample, weigh.....	pounds..	1,791
10,000 yards 46-inch domestic quality, Iris like sample, weigh.....	ounces..	28,656
1 yard 46-inch domestic quality, Iris like sample, weigh.....	do.....	2.86

10,000 yards 46-inch umbrella cloth, etc., cost to manufacture in this country, at 35.2.....	\$3,520
10,000 yards 46-inch umbrella cloth, etc., cost to manufacture in Europe, at 21.4.....	\$2,140

\$1,380

65 per cent ad valorem duty will cover this item, or \$1,380+1,791=77 cents per pound.

DUNDEE TEXTILE CO.,
G. HILGERT, *Treasurer and Manager.*

STATEMENT SUBMITTED BY RICHARD MULLER, NORWALK, CONN.

NORWALK, CONN., *February 8, 1913.*

With reference to the attack of foreign manufacturers on the present duties of umbrella goods, silk and cotton mixtures which come in under paragraph 399, "if weighing more than 1½ ounces, but not more than 2½ ounces, and if containing not more than 20 per cent in weight of silk, if in the gum, 70 cents per pound; if dyed, 85 cents per pound, but not less rate than 45 per cent ad valorem," I submit the following statements:

(1) Statement showing how various umbrella qualities are affected by the present tariff.

(2) Statement showing the fluctuation of their market value from 1904-1912.

At the hearing on January 13, 1913, on the Schedule L, it is claimed by these manufacturers or importers (a) that the present Payne-Aldrich duty is excessive and prohibitive; (b) that through enormous addition in duty the domestic manufacturers raised their prices and added enormously to their large profits.

These manufacturers or importers wish to give the impression that they are making their attack on the present duties to bring about an increase in the revenue for the benefit of the United States Government (p. 1549). Also to give Congress an opportunity to benefit the poor people by lower prices as a result of lower tariff; also to benefit and protect the interest of the umbrella makers.

Their actual purpose in advocating a 40 per cent ad valorem duty is nothing else but to completely kill off all domestic competition and force these manufacturers to shut their mills and drive same out of business.

With regard to the increase of the United States Government revenues of which the foreign manufacturers are making a point, the record will show by the testimony given on page 1549 by the representative of the foreign manufacturers that the import of silk goods has only decreased about \$2,000,000 out of \$30,000,000 basis, which equals about 8 per cent; but if, in addition to this, the Government would get all the revenues on the amount of business done by domestic umbrella-cloth manufacturers, this amount would be almost infinitesimal, as all the domestic business on these goods amounts to about \$700,000 per annum, and a 40 per cent revenue on this would be about \$280,000 for the Government. So according to the facts it is clearly shown,

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beyond any possible contradiction, that the Government would practically benefit nothing by lower tariff, whereas the domestic makers of the cloth would be ruined.

The poor man would not benefit by this proposed reduction for two reasons: First, the cheap umbrellas are made out of all cotton cloth; second, the proposed reduction on mixed silk and cotton goods would reduce the price of the finished fabric about 1 cent per yard, which would lower the cost of the umbrella made from it about 1 cent, which the umbrella manufacturer promptly gives to the retailer, but the retailer of course would retain this 1 cent, in addition to his already large profit. This fact can easily be verified by any umbrella maker.

IS THE PRESENT DUTY PROHIBITIVE?

The Payne tariff switched from the ad valorem to the specific rate. The reason was to prevent further undervaluations, which have been exercised extensively in the customhouse, which fact is clearly admitted by the foreign manufacturers in their testimony on page 1574. It can not be advocated too strongly to stick to these weight duties, even if unfortunately they can not do justice to each and every quality. It is an impossibility to bring by specific duty each quality on the same ad valorem basis. My table shows how rates differ, and that at the 85-cent rate only very few qualities are shown above 50 per cent ad valorem. To get at a fair specific rate one had to figure many different qualities and then draw an average. One gets a wrong impression by analyzing only one quality like Otto Muller Co. do on page 1574. By the way, their own statement is very valuable to show that the present duty is not prohibitive. They state:

Foreign goods selling price in Europe.....	\$743. 57
Add 72 per cent ad valorem.....	523. 22
Add expenses and profits on this side, which amount to 17 per cent ad valorem.....	126. 67
	<hr/>
	1, 393. 46

Domestic goods sell at \$1,254.12.

They state themselves that with 89 per cent on top of the German price they are only 10 per cent out of the way. How would a 40 per cent duty do in this case? Their statement allows expenses and profits for the foreign manufacturer, \$90; for domestic manufacturer, \$100; for New York agent, \$126—all on the same transaction. So if only the New York agent would be a little more modest regarding his profits this would result in very close competition.

They state that the goods could be made domestic for \$817.92, which is only 10 per cent more than the German cost. How they arrive at this figure is a puzzle to me, but if so we would be able to sell our all-silk warp goods as low as inferior fabrics made entirely from cotton. There are still a lot of goods imported into this country, and the foreigners would not keep their own offices here if it were not for a paying business.

HAVE PRICES GONE UP ON ACCOUNT OF TARIFF?

My statement shows that they have not. The slight differences are due to market fluctuations, and even Mr. Kridel, on page 1550, admits there was no raise. What O. Muller Co. say on page 1573 regarding this subject has no leg to stand on. American competition is so keen that there is no chance to raise prices, besides the foreign manufacturers are always on our heels, and an attempt to raise prices would result in a large reduction of consumption of this class of goods, and in the end make the sale of it impossible.

WHY WE NEED PROTECTION IN THE UNITED STATES.

Because labor and material are much higher in this country and we do not get the benefit of skilled labor which enables the foreign manufacturer to use cheaper materials.

Otto Muller Co. pretend, on page 1574, that the cost of manufacturing here is only 10 per cent more than in Germany. I wonder why they ask, then, for a 40 per cent duty. This no doubt shows their statement is doctored. Here are a few examples to illustrate the needed protection. The first refers to a prominent quality known as "Iris."

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Germany:	Marks.
500-gram silk, 36 marks, per kilo.....	18. 00
4,800-gram 36/1 cotton, 3.20 marks, per kilo.....	15. 35
Weaving.....	5. 00
Winding, 80 pfennigs per kilo.....	. 40
Warping, 7½ pfennigs per 1,000 ends.....	. 40
Dyeing.....	7. 00
Management, tools, expenses, 5 per cent.....	2. 25
	<hr/>
	48. 40

United States:	
525-gram, 38 marks.....	19. 95
4,800-gram, 3.40 marks.....	16. 35
Duty, 9 cents per pound.....	4. 00
Weaving.....	13. 00
Winding, 150 pfennigs per kilo.....	. 75
Warping, 25 pfennigs per 1,000.....	1. 25
Dyeing.....	12. 00
Management, tools, expenses, 10 per cent.....	6. 25
	<hr/>
	73. 55

Taking a better grade with more picks and a fine number of cotton:

Germany:	Marks.
1,000-gram silk, 36 marks, per kilo.....	36. 00
5,000-gram cotton, 4.10 marks, per kilo.....	20. 50
Weaving.....	8. 00
Winding, 80 pfennigs, per kilo.....	. 80
Warping, 7½ pfennigs, per 1,000 (1,000 ends).....	. 75
Dyeing.....	8. 00
Management, tools, expenses, 5 per cent.....	3. 45
	<hr/>
	77. 50

United States:	
1,050-gram silk, 38 marks, per kilo.....	40. 00
5,000-gram 78/1-80/1, 4.30 marks, per kilo.....	21. 50
Duty, 20 cents per pound.....	8. 80
Weaving.....	20. 00
Winding, 150 pfennigs, per kilo.....	1. 50
Warping, 25 pfennigs, per 1,000 ends.....	2. 50
Dyeing.....	14. 50
Management, tools, expenses.....	10. 40
	<hr/>
	119. 20

This shows that it is practically on account of high wages and higher cost of supplies that we require the continuance of the present duty, and besides it has to be considered that interest and depreciation have to be calculated at a higher rate here than on the other side. The danger resulting from slightest undervaluation of an ad valorem tariff beats the domestic mill, and in case the duty is figured too close the temptation to undervalue is too great.

The business which has been done by the various importers before the Payne tariff existed is the best proof for this argument.

SITUATION IN THE UMBRELLA SILK BUSINESS.

The umbrella silk business in question is a limited business in the United States and can not, in spite of increasing population, be increased. It even has been decreased the last years, because the umbrellas are no more so extensively used as they were. No exporting can be done from here, so the domestic manufacturer is entirely dependent upon the home market. There is already a big overproduction in this line in the United States, and if the tariff helps by means of tariff reduction to bring into this country the foreign goods again, it means an actual loss for our industry. We are especially equipped for this kind of goods; and, in general, there are too many silk looms already running in the country.

PARAGRAPH 399—UMBRELLA SILK.

The situation in the old country is such that the manufacturers are just waiting for a chance to fall over us. If only the Government gives them the slightest inducement they will grasp the situation and will do the business here with ridiculously small margin, which they can do without hurting themselves. Having supplied this country for a period of about 20 years before 1909 they are completely equipped. Not being able to find any other channel for their reduced American consumption, they have to-day many of their looms idle and it would not take them long to swamp our market again. They have mills running since 1880; have written off every cent; the book value of their establishment does not amount to anything. If they only have to calculate our depreciation on the plant they will make money; they certainly prefer to do this than to stand idle. It goes to show what a serious competition we are up against and how badly we need protection for our still infant industry. The time is not as yet ripe to be rigorous with duties on these articles.

The question of lowering the duty is for the domestic mill a question of death or life, while the manufacturer on the other side has the business in his fatherland and can export almost everywhere. We domestic manufacturers need the United States umbrella business like our daily bread, we can not afford to lose it. If it comes to any reduction in tariff, we have to go into the fight to the bitter end before we close our mills.

If the present rate of tariff on our goods is reduced, even though we shall fight to the last, the inevitable result will be that we will be forced out of business. We should think that with the above facts set before you, we are confident the Government will give our case fair and careful consideration.

MULLER GLORIA MILLS.
RICHARD MULLER.

[Inclosures.]

UMBRELLA SILKS.

Statement showing how the present duty affects qualities.

Quality and ends, picks per cm.	Weight per 1 meter in grams.		Percentage of—		Market value, 1 meter (100 cm.).	50 per cent ad valorem.	Specific duty, 85 cents per pound.	
			Silk.	Cotton.			Pfennigs.	Per cent.
Y. (42 ends, 36 picks).....	5.9	65	8	92.0	102	51	56	55
S. (68 ends, 45 picks).....	9.6	55	15	85.0	155	77½	50½	33
P. (58 ends, 35 picks).....	8.1	65	10	90.0	127	63½	57½	45
D. (47 ends, 49 picks).....	6.8	64	9.8	90.2	117	58½	55	47
T. S. (77 ends, 56 picks).....	10.7	72	12.9	87.1	166	83	65	40
U. D. (33 ends, 46 picks).....	4.6	80	5.5	94.5	102	51	66	64
T. M. (77 ends, 35 picks).....	10.7	70	13.4	86.6	162	81	62½	38½

Domestic mills are not able to compete with qualities which pay less than 50 per cent.

Statement showing fluctuation of market prices, 23 inch.

Qualities.	1904	1905	1906	1907	1908	1909	1910	1911	1912
Y, border 510.....	Cents. 19½-20½	Cents. 19-19½	Cents. 20-21	Cents. 20½-24	Cents. 24-20	Cents. 20-20½	Cents. 20½-21	Cents. 19½-21½	Cents. 20½-20½
Y, border 570.....		21	20-21	20-25	25-21½	21-22	21-21½	21-21½	21½-22
M, border 510.....		19½					19½-19½	19½-19½	19½-19½
A, border 510.....		22-22½	22½-23½	23½-26½	26-23	23-23½	23-23½	22½-23½	22½-23½
M, border 610.....			18½		18½-18½	18½-19½	18½-19½	19½-19½	19-19½
Y, border 610.....			20-20½	20-23½	23½-20	20-20½	20-20½	20-20½	20-20½
S, border 550.....				23½	20½-20½	20½-21	20½-21½	21½-22½	21½-22
P, border 490.....					23½-23½	23-23½	23-23½	23-23½	23-23½

The fluctuations are due to raw material conditions. No rise took place on account of tariff revision in 1909.

PARAGRAPH 399—UMBRELLA SILK.

EXCESSIVE DUTIES ON UMBRELLA SILK.

NEW YORK, *January 11, 1913.*

Hon O. W. UNDERWOOD,

*Committee on Ways and Means,**House of Representatives, Washington, D. C.*

DEAR SIR: In reply to your favor of the 9th instant, sent to me by your secretary, Daniel C. Roper, I submit to you a few samples of black silk and cotton piece dyed umbrella silks to give you an idea regarding the excessive duty which is placed on this class of goods under the present silk tariff schedule, viz: Piece dyed taffeta, O D C, 46-inch, rate 85 cents per pound, pays 67 per cent duty; D D R, 46-inch, rate 85 cents per pound, pays 62 per cent duty; Y Y N, 46-inch, rate 85 cents per pound, pays 63 per cent duty.

In submitting these samples, I further wish to say that these qualities are constructed as light in weight as possible, otherwise the duty would be much higher if made in the usual way.

The evil of the present silk schedule is so constructed that there are three different ways by which goods can be passed, viz, ad valorem duty (foreign market value), specific duty (by weight), and third, by selling prices in this country.

I want to say right here that three quarters of my business is done in American manufactured goods, but in justice to all concerned the silk schedule should be changed to an ad valorem duty only, giving American manufacturers ample protection to cover the difference between foreign and domestic labor.

Yours, very truly,

CHAS. HERRMANN,

96 Spring Street, New York City.

PARAGRAPH 400.

Handkerchiefs or mufflers composed wholly or in chief value of silk, finished or unfinished, if cut, not hemmed or hemmed only, shall pay fifty per centum ad valorem; if such handkerchiefs or mufflers are hemstitched or imitation hemstitched, or revered, or have drawn threads, or are embroidered in any manner, whether with an initial letter, monogram, or otherwise, by hand or machinery, or are tamboured, appliquéed, or having tucking or insertion, sixty per centum ad valorem.

See Samuel Kridel, page 4590; C. A. Streuli, page 4615; French Chamber of Commerce, page 4621.

PARAGRAPH 401.

Ribbons, bandings, including hatbands, beltings, bindings, all of the foregoing not exceeding twelve inches in width, and if with fast edges, bone casings, braces, cords, tassels, garters, gorings, suspenders, tubings, and webs and webbings, composed wholly or in chief value of silk, and whether composed in any part of India rubber or otherwise, if not embroidered in any manner, by hand or machinery, fifty per centum ad valorem.

See Samuel Kridel, page 4590; C. A. Streuli, page 4615; French Chamber of Commerce, page 4621; J. M. Sullivan, page 4624.

PARAGRAPH 402.

Laces, edgings, insertings, galloons, flouncings, neck ruffings, ruchings, braids, fringes, trimmings, ornaments, nets or nettings, veils or veilings, and articles made wholly or in part of any of the foregoing, or of chiffons, embroideries and articles embroidered by hand or machinery, or tamboured or appliquéed, clothing ready made, and articles of wearing apparel of every description, including knit goods, made up or manufactured in whole or in part by the tailor, seamstress, or manufacturer; all of the foregoing composed of silk, or of silk and metal, or of which silk is the component material of chief value, whether in part of India rubber or otherwise, and braid composed in part of India rubber, not specially provided for in this section, and silk goods ornamented with beads or spangles, sixty per centum ad valorem: Provided, That articles composed wholly or in chief value of any of the materials or goods dutiable under this paragraph shall pay not less than the rate of duty imposed upon such materials or goods by this section: Provided further, That tamboured, embroidered, or appliquéed articles or fabrics shall pay no less rate of duty than that imposed upon the material if not so tamboured, embroidered, or appliquéed.

See Samuel Kridel, page 4590; C. A. Streuli, page 4615; French Chamber of Commerce, page 4621; J. M. Sullivan, page 4624.

PARAGRAPHS 401-402—LACES, ETC.

LACES, ETC.

TESTIMONY OF A. H. KURSHEEDT.

The witness was thereupon duly sworn by the chairman of the committee.

The CHAIRMAN. On what paragraph do you wish to speak?

Mr. KURSHEEDT. Nos. 402 and 405, Schedule L.

The CHAIRMAN. Proceed.

Mr. KURSHEEDT. I represent the Association of American Embroidery & Lace Manufacturers (Inc.). We manufacture silk and artificial silk embroideries and embroidered laces. Nearly all the foundations that we use for our work necessarily pay high duties, and the labor in Switzerland and Germany and other countries where these goods are produced costs about one-third of what it costs here. The consequence is that these articles are imported continuously. The advantage we have is that we manufacture colored goods in very large quantities when there is a great demand. I have here the samples to show what I mean by embroideries and laces [exhibiting].

The duty as it is to-day is not sufficiently high to yield the Government all the revenue that can be obtained from those articles. We are engaged to some extent in manufacturing specialties for this market, in many cases goods that have never been imported, and in that way the industry has been able to exist for a number of years, but at times there has been very great changes in the different manufacturing concerns. I think to-day, of the first 20 concerns that were in that business there is one left, and I know of no concern that has grown rich in this industry since its establishment in this country. The competition is very keen.

There are more than 200 manufacturers, and any new sample is taken to different manufacturers to obtain a lower price, and in that way the consumer gets from a domestic manufacturer good value for his money. I can not give you the exact statistics regarding the imports and the domestic production, because no separate record of these particular articles is kept. The laces are grouped with veiling and other articles which are not of the same class. I might be able to prepare some statistics in the course of a week or so that would be approximate, but there is really nothing printed that would be of assistance.

Mr. PALMER. The bureau says that the total imports of articles of this kind amount to \$4,161,000 in duties. That includes laces, embroideries, edgings, insertings, and galloons, and nets or nettings, veils or veiling, flouncing, etc., all of which are mentioned in this paragraph.

Mr. KURSHEEDT. Yes.

Mr. PALMER. What proportion of the domestic production is that?

Mr. KURSHEEDT. I could not find that out in any way, because a great many of these goods are made at irregular periods in some manufactories. Manufacturers keep no itemized accounts of the different varieties.

Mr. PALMER. Do you not know what the domestic production is?

Mr. KURSHEEDT. No. I have tried to find out at different times, but could get no estimate that I would care to place before you.

Mr. PALMER. What are you asking for?

PARAGRAPHS 401-402—LACES, ETC.

Mr. KURSHEEDT. We desire a higher duty.

Mr. PALMER. Yes.

Mr. KURSHEEDT. Of course.

Mr. PALMER. How much?

Mr. KURSHEEDT. As we think the goods would bear a higher rate.

Mr. PALMER. How much do you want?

Mr. KURSHEEDT. I think the goods would be imported in large quantities even if the duty was 80 per cent. In order to get as much revenue a 70 per cent straight rate would be sufficient.

Mr. PALMER. Seventy per cent instead of sixty?

Mr. KURSHEEDT. Well, it is 60 now and a specific duty in addition on the artificial silk goods, and nearly all the laces and embroideries imported and made in this country are artificial silk.

Mr. PALMER. You would want that left at 45 cents a pound and 70 per cent instead of 60?

Mr. KURSHEEDT. That is what I should like to have.

Mr. PALMER. What would be the equivalent ad valorem of 45 cents a pound and 70 per cent?

Mr. KURSHEEDT. One moment; 45 cents a pound. Well, that is—

Mr. PALMER (interposing). On the average?

Mr. KURSHEEDT. Yes; well, that would be very difficult to say on fine laces. It would depend entirely upon the amount of work.

Mr. PALMER. Can you not give me an estimate of an average equivalent ad valorem for 45 cents a pound and 70 per cent on those articles?

Mr. KURSHEEDT. That would really be impossible on laces and embroideries because some are made very light and others very heavy, and that would depend entirely on the fashion.

Mr. PALMER. It would run from 90 to 140 per cent, would it not?

Mr. KURSHEEDT. Oh no, I do not think so. You mean—

Mr. PALMER (interposing). The ad valorem equivalent to the compound rate.

Mr. KURSHEEDT. No; I do not think so. I think it would not run to more than 75 per cent on laces or embroideries.

Mr. PALMER. Forty-five cents a pound; and 70 per cent would not, on the average, be more than 75 per cent?

Mr. KURSHEEDT. I do not think so. I think 75 or 80 per cent at most. It might reach 80 per cent, but in some cases it would be very much lower than that.

Mr. PALMER. And you would like to have 80 per cent duty, I suppose, to equalize the difference in labor costs that you gentlemen are all talking about?

Mr. KURSHEEDT. Well, there is labor and general expenses, and, of course, in an industry of this kind the variety of designs is very great. It is necessary for us to employ designers and make many samples. This class of work can be done in Europe for a half of what it costs here. It is really labor, but is considered as part of the general expenses. Whether we pay designers or people to prepare the patterns or people working on the embroidery machines it is exactly the same.

Mr. PALMER. That is all.

PARAGRAPHS 401-402—LACES, ETC.

Mr. RAINEY. If you had as much duty as you want on these articles, do you think any more would come in than now comes in?

Mr. KURSHEDT. If we had more duty, do I think more goods would come in?

Mr. RAINEY. Yes.

Mr. KURSHEDT. I think there would be practically the same quantity coming in.

Mr. RAINEY. It would not make any difference as to the quantity that comes in at all?

Mr. KURSHEDT. I do not think it would make a difference equal to the difference in the revenue that you would obtain.

Mr. RAINEY. Well, if it does not make any difference in the amount that comes in—

Mr. KURSHEDT (interposing). It will make some difference, naturally.

Mr. RAINEY. What do you want it for?

Mr. KURSHEDT. I say it would make some difference. We might be able to make 10 or 15 per cent more goods.

Mr. RAINEY. You might be able to make 10 or 15 per cent more in profit?

Mr. KURSHEDT. Oh, no. More in quantity.

Mr. RAINEY. More in quantity?

Mr. KURSHEDT. Yes.

Mr. RAINEY. What effect would that have? Would you employ any more people if you did that?

Mr. KURSHEDT. The effect would be probably to keep more people employed, because it would enable us to make goods at times when otherwise the machinery would be idle.

Mr. RAINEY. It would not result in the employment of any more people?

Mr. KURSHEDT. It would, or else enable the people already employed to make more wages in this industry, and embroidered laces and embroideries of different materials. We employ, I judge, about 12,000 or 15,000 people.

Mr. RAINEY. How many would you employ if you ran your machinery all the time and made 10 per cent more?

Mr. KURSHEDT. We could not run all the machinery on these laces. That is not the largest part of our business. That is only a part of the general embroidery business, because we manufacture embroideries and laces of all materials.

That is all; thank you.

BRIEF OF THE ASSOCIATION OF EMBROIDERY & LACE MANUFACTURERS (INC.),

Relative to Schedule L, paragraph 402, covering laces, embroideries, trimmings, etc., composed of silk; paragraph 405, covering laces, embroideries, trimmings, etc., made of artificial silk.

The duty provided on these goods in paragraph 402 is 60 per cent ad valorem, and the duty fixed on these goods in paragraph 405 is 45 cents per pound and 60 per cent ad valorem.

The laces and embroideries which we manufacture are luxuries and their use is determined entirely by fashion. It is never essential, however, to employ them as a decoration in order to conform to fashion, as at no time within the last 30 years have they been used as an exclusive decoration. The difference in the cost of manufacture between here and abroad in the items of labor, expenses, etc., is about three to one. The groundwork or foundation for the embroidery or lace invariably costs a large percentage more in this country than in Europe. The articles are imported continuously, varying in variety.

PARAGRAPH 402—VEILINGS.

The margin of difference in cost between here and abroad is sufficient, so that a much higher rate than at present imposed would yield a still larger revenue. A reduction in the rate would cause a loss of revenue and be a serious blow to our industry.

When the above articles are in vogue and in great demand, were it not for the keen competition of the domestic manufacturers, the importers would add such large additional profits that the consumer would pay a much higher price for the goods than they do under present conditions. A reduction in duty would simply be an additional profit for the importers or foreign manufacturers.

Respectfully submitted.

ASSOCIATION OF EMBROIDERY & LACE MFRS. (INC.),
By A. H. KURSHEDT, *President*.
S. SCHUSTER, *Vice President*.

VEILINGS.**TESTIMONY OF WILLIAM S. BENNET.**

The witness was thereupon duly sworn by the chairman of the committee.

Mr. BENNET. Mr. Chairman and gentlemen of the committee, I shall endeavor to requite the courtesy of the committee in giving me rather extended time by not taking all of it, because I shall be back here on the 24th when very much the same ground will have to be gone over again.

The principal subjects in which the manufacturers whom I represent are interested are under paragraph 402—veilings, silk veilings, and silk nettings. Of course, as a most cursory examination of the books show, schedule 402 is a very productive schedule from a revenue standpoint; is a highly competitive schedule; and also is one in which the labor cost is much higher than the percentage of the present tariff.

In my service with all of you in Congress I trust that I learned that one of the best arguments before a congressional committee is frankness, and therefore I take this occasion of saying in behalf of these manufacturers that they come before you relying, to a very large extent, upon the indicated views of Mr. Hughes, a former member of this committee, and of your honored chairman, in whose sincerity we all have a deep and abiding trust. Your chairman has said, in relation to this particular schedule, that silk is a luxury, and the position of the Democrats is that luxuries should pay the tax and that a revision downward should be applied to the necessities of life. I say that, and I want to be very frank about it, without any idea of what is, colloquially called, putting a man in a hole, or anything of that sort. We appreciate that we are appearing before a Democratic committee and that the people of the United States have given them the right to write a tariff, and that, therefore, it would be discourteous on our part to appeal to any except the accepted Democratic view of the tariff. I want to make that clear. We are a good deal like the lady who was on the witness stand one day and said she was 26 years of age, and the judge said: "Madam, were you not here last year, and did you not say you were 26 years of age?" And she said: "Yes, judge, but I am not one of those women who say one thing one day and something else the next."

At the same time, because we were before Mr. Payne's committee in 1909 and may be before other committees, we want to adhere to the position we have always taken on this subject, and that is that the 60 per cent is not all to which we are really entitled; that we really

PARAGRAPH 402—VEILINGS.

ought to have about 80 per cent, and that therefore we can appeal to the protective side of this also; and thirdly and lastly, we come abundantly under the rule of the committee in relation to a competitive or regulative industry. This industry has a trifle too much competition to suit the American manufacturer, as the best guess that we make at it—there are no exact figures—but the best guess that we can make at it is that we are able to produce somewhere between 17 and 20 per cent of the total American consumption of goods made on plain or warp machines. Now, if you should reduce this tariff to a point where we could no longer compete and the American industries were destroyed, you would simply put the American consumer of this class of goods at the mercy of the foreign producer, and I expect to be able to show this committee when I come back here on the 24th that the foreign producer has what might be called a territorial monopoly in connection with many classes of silk manufacture. That is all that I desire to say at this time.

Mr. Bennet submitted the following brief:

BRIEF ON BEHALF OF THE HALL LACE CO., E. & Z. VAN RAALTE, VARI LACE MANUFACTURING CO., LIBERTY LACE & NETTING WORKS, AMERICAN TEXTILE CO., TAYLOR TEXTILE MANUFACTURING CO., SEEKONK LACE CO., REDFERN LACE WORKS, LEIGHTON LACE CO., J. A. DUNHAM, AND DRESDEN LACE WORKS.

SILKS, LACES, AND EMBROIDERIES.

[Schedule L, par. 402.]

The attitude of the foregoing is that in their opinion the rate ought to be about 80 per cent, but the present rate of 60 per cent permitting them to compete to some extent with the foreign manufacturer they will be content, recognizing that this Congress is pledged against upward revision, if the rate remains unchanged.

Recent importations of silk laces, embroideries, and similar manufactures have been as follows:

[From Payne committee's figures till 1907; since, from Bureau of Statistics.]

Laces, embroideries, etc.	Entered values.	Duties.	Laces, embroideries, etc.	Entered values.	Duties.
1898.....	\$3,211,973.67	\$1,927,160.19	1905.....	\$4,670,609.47	\$2,802,365.69
1899.....	2,901,753.11	1,741,051.83	1906.....	4,918,375.07	2,951,036.04
1900.....	3,227,311.23	1,996,386.72	1907.....	7,049,851.51	4,229,910.92
1901.....	3,114,958.02	1,868,974.81	1910.....	8,677,743.53	5,207,826.12
1902.....	4,554,392.74	2,732,635.63	1911.....	8,084,638.56	4,850,969.22
1903.....	5,071,999.26	3,043,199.54	1912.....	6,781,603.02	4,068,960.83
1904.....	5,046,725.92	3,028,035.51			

In the figures for 1910-1912 wearing apparel is included, as some goods manufactured by the parties represented by this brief are included under that head. It will be seen from the foregoing that silk laces and embroideries are great revenue producers.

The present rate is one which is justified from many viewpoints.

First. The Democratic chairman, Underwood, said in a speech at Paterson in the recent campaign (American Silk Journal, December issue): "Silk is a luxury, and the position of the Democrats is that luxuries should pay the tax, and that a revision downward should be applied to the necessities of life."

Judge William Hughes, recently a member of the Ways and Means Committee and to be a Senator after March 4, is quoted in the same journal as having said: "The silk schedule as it stands now is a competitive schedule that produces a revenue of from \$16,000,000 to \$17,000,000 a year. I can see no good reason for any material change in it, and that seems to have been the sentiment of the Ways and Means Committee of the present Congress when we revised some of the tariff schedules a few months ago. As a member of the Ways and Means Committee, I, of course, had a direct part in the tariff changes agreed upon by the committee, and I found no objection to permitting the silk schedule to remain as it is. I have every reason to believe that the same sentiment with reference to the silk schedule will be found when the new Congress meets for the purpose of revising the tariff."

PARAGRAPH 402—VEILINGS.

Second. The protective tariff. The American factories, some 25 in number, have been built up under a protective tariff. At present their production is estimated at about 17 per cent of the total American consumption. They believe themselves entitled to a rate of duty equaling the difference in cost of production at home and abroad. This they do not obtain under a 60 per cent tariff. An exhaustive inquiry into comparative American and foreign wages has resulted in the compilation of the following table of wages, which is believed to be substantially correct. French and English documents as to the foreign wages have been filed for reference with the clerk of the committee and the American figures have been recently verified:

Wages in American and foreign lace factories.

Occupation.	Weekly wages.	
	American.	Foreign.
Drafting room:		
Learners.....	\$7.00-\$8.00	\$2.00-\$3.00
Improving.....	15.09-17.00	5.00- 8.00
Draftsmen.....	30.00	10.00-20.00
Card punchers.....	18.00-20.00	6.00-10.00
Lacer.....	6.00	2.00- 3.00
Spooling, piecework.....	5.50-14.00	3.00- 3.60
Beaming.....	5.00-12.00	2.40- 3.60
Warpers.....	15.00-20.00	.....
Bobbin winders.....	9.00-16.00	3.60- 8.00
Presser.....	10.00	3.50- 5.00
Lookovers (inspectors).....	5.00-10.00	3.00- 4.00
Foreman.....	14.00	.....
Strippers.....	5.00- 7.00	2.00- 3.00
Searchers.....	5.00- 7.00	2.00- 3.00
Foreman, day or night.....	20.00	6.00- 7.00
Jacking off.....	5.00-10.00	1.60- 3.00
Threading, piecework.....	5.00-15.00	3.00- 6.00
Weavers.....	16.00-42.00	6.00-25.00
Boys, learners.....	8.00-10.00	2.40- 5.00
Shop boys, apprentices.....	5.00- 8.00	2.00- 4.00
Foremen.....	30.00-35.00	15.00-18.00
Brown mending.....	5.00-12.00	3.00- 3.60
Home work.....	1.00- 8.00	.60- 3.00
Forelady.....	14.00	.....
Dressing.....	5.00-11.00	3.60- 5.00
Foremen.....	19.00	.....
Finishing and marking.....	5.00-10.50	3.00- 3.60
Forelady.....	14.00	.....
Shipping-room help.....	5.50-11.00	2.60- 5.00
Boss.....	30.00	.....
MISCELLANEOUS.		
Night engineer.....	15.00	5.00- 6.00
Day engineer.....	18.00	5.00- 6.00
Day watchmen.....	14.00	(¹)
Night watchmen.....	12.00	(¹)
Sample-room girls.....	6.00- 9.00	2.60- 6.00
Sweepers.....	8.00- 9.00	3.00- 4.00
Measuring webs.....	12.00	5.00- 6.00
Machinists.....	15.00-25.00	5.00- 8.00
Helpers.....	7.00-15.00	3.00- 3.60
Home workers.....	1.25- 4.00	.60- 3.00
Office help.....	6.00-25.00	3.00- 8.00

¹ Engineers act also as watchmen.

Third. The regulative.

The foreign lace and embroidery manufacturers maintain practical monopolies. The existence of an American competitive industry deters them from raising their prices. Drop the duty to a point where the American manufacturer, if his workmen will not accept a lower wage, must close his doors, and as soon as the American industry consequently dies or becomes negligible the foreign monopoly will raise its prices, and they will remain raised, because after such an experience it would be many years before American capital could be again secured for the manufacture of silk laces, veilings, embroideries, and similar goods. The present duty being thus justified from the Democratic, the protective, and the regulative viewpoints, ought not to be disturbed.

Drawn and submitted by

WILLIAM S. BENNET,
60 Wall Street, New York City.

PARAGRAPH 402—BRAIDS AND TRIMMINGS.

BRAIDS AND TRIMMINGS.

TESTIMONY OF ALBERT S. WAITZFELDER, BRAID MANUFACTURING ASSOCIATION, NEW YORK, N. Y.

The CHAIRMAN. Which paragraph do you wish to refer to?

Mr. WAITZFELDER. I wish to speak in relation to paragraphs 402 and 405. Braids and trimmings, made of real silk, under paragraph 402, and braids and trimmings, made of artificial silk, under paragraph 405.

The CHAIRMAN. You may proceed.

Mr. WAITZFELDER. I appeared before this committee on Friday last in relation to braids, made of metal threads. Many of the facts which I stated at that time in relation to metal braids are also applicable to silk braids and artificial silk braids.

These goods are luxuries; they have been largely imported and are suitable revenue-producing articles.

For the convenience of the committee we have prepared in our brief, tables showing the duties collected each year under the Wilson tariff of 1894, the Dingley tariff of 1897, and under the present Payne tariff of 1909. From these figures we have calculated the average annual income derived on these goods under each of those tariffs. Those figures show that under the Wilson tariff, in which a portion of these goods were assessed at 45 per cent and the remainder at 50 per cent, the average annual revenue derived was \$1,649,120. Under the Dingley tariff, in which all of these goods were assessed at 60 per cent, the annual revenue derived from them was \$2,845,518, and under the present Payne tariff, in which the duty on a portion of these goods was assessed in paragraph 402, at 60 per cent ad valorem, and the remainder under paragraph 405, at a duty of 45 cents a pound and 60 per cent ad valorem, the annual revenue derived amounted to \$3,223,916.

In other words, these figures show that under the existing rate the annual revenue derived from these goods was greater than the revenue derived from them under any previous tariff, at lower rates.

We therefore recommend that the existing rates of duty be maintained on these for that reason, as well as for the reason that these goods are luxuries, and for the further reason that the report of importations shows that the existing rates are neither prohibitive nor excessive.

The CHAIRMAN. Will you state the amount of the American consumption of those goods?

Mr. WAITZFELDER. I do not know of any figures available showing the American consumption under the present tariff. I have here, however, figures showing the American production, taken from the census reports for the years 1909, 1904, and 1899, if those are the figures you desire, Mr. Chairman. Those figures show that for the year 1899 the domestic production of these goods was \$4,862,157, for the year 1904 the domestic production of these goods amounted to \$8,476,839, and for the year 1909 the domestic production of these goods amounted to \$10,994,395.

Comparing the amount of domestic production of these goods with the amount imported for the same years shows that approximately

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one-third was imported and about two-thirds were made in this country. The figures under the present tariff were not available.

Mr. HULL. Where were these imports from, chiefly?

Mr. WAITZFELDER. From Germany and France.

Mr. HULL. From Germany and France?

Mr. WAITZFELDER. Yes, sir.

Mr. HULL. I notice several proposed silk schedules and portions of silk schedules were submitted by different branches of the silk industry during the hearings of 1909. Was this schedule generally agreed upon at that time by the manufacturers and the representatives of each line of the industry?

Mr. WAITZFELDER. It was, so far as I know.

Mr. HULL. There was no particular objection to the rates and classification?

Mr. WAITZFELDER. I did not hear of any.

Mr. HULL. On the part of any of the representatives?

Mr. WAITZFELDER. I do not know of any objections.

Mr. PALMER. What is your business?

Mr. WAITZFELDER. We manufacture braids and dress trimmings.

Mr. PALMER. Where is your manufacturing plant?

Mr. WAITZFELDER. Our plant is in Brooklyn, but I represent an association of a number of different manufacturers who have plants located throughout the country. Many of the largest plants are situated in the States of Pennsylvania, Illinois, Massachusetts, and New York.

Mr. PALMER. What do you buy?

Mr. WAITZFELDER. We buy the raw materials, or yarns.

Mr. PALMER. You buy the raw materials in the shape of yarns?

Mr. WAITZFELDER. Yes, sir.

Mr. PALMER. Both of silk and artificial silk?

Mr. WAITZFELDER. Yes.

Mr. PALMER. The artificial silk is used in the cheaper form of braid, I presume?

Mr. WAITZFELDER. To-day it is used very largely in all kinds of braids.

Mr. PALMER. Well, it is intended to cheapen the final price of the product, is it not?

Mr. WAITZFELDER. It does cheapen the final price of the product to a certain extent, and in addition thereto it is more suitable to the manufacture of dress trimmings on account of having a better luster than real silk, as well as having more firmness; it is therefore more adaptable to that use.

Mr. PALMER. The use of it makes it possible for the final product of your manufacturing plants to be sold at a less price?

Mr. WAITZFELDER. Yes, sir.

Mr. PALMER. Where do you get your artificial silk?

Mr. WAITZFELDER. The bulk of it is imported from Germany and from France. There is some little of it manufactured in this country.

Mr. PALMER. Who manufactures it in this country?

Mr. WAITZFELDER. The American Viscose Co., of Marcus Hook, Pa.

Mr. PALMER. Do you know of any other concern in this country having an artificial silk plant?

PARAGRAPH 402—BRAIDS AND TRIMMINGS.

Mr. WAITZFELDER. No, sir; not to any extent. There have been several experimental plants, but I have never heard of their product being marketed.

Mr. PALMER. You bring your article from abroad?

Mr. WAITZFELDER. Yes, sir.

Mr. PALMER. Why is it that you are asking that the duty be retained on artificial silk if you are such large importers of artificial silk?

Mr. WAITZFELDER. We have not asked for that. We have said nothing whatever in relation to a duty on artificial silk yarn. We do not manufacture it and we are not interested in it. We have only asked to have the duty retained on braids and trimmings, which are manufactured from the artificial silk yarn.

Mr. PALMER. The duty is 45 cents a pound and 60 per cent ad valorem?

Mr. WAITZFELDER. Yes, sir; 45 cents a pound is the compensatory duty, equal to the duty on the articles of silk yarn.

Mr. PALMER. To what equivalent ad valorem does the 40 cents amount to on artificial silk?

Mr. WAITZFELDER. It amounts to about 35 per cent ad valorem at the present market price.

Mr. PALMER. So that your total protection on the artificial silk braids, etc., is about 95 per cent against the foreigner?

Mr. WAITZFELDER. It would be 68.4 per cent if we obtained our artificial silk yarns free of duty, but inasmuch as we are forced to pay about the equivalent to 35 per cent on the yarn we calculate that the differential or protective duty on artificial silk braids amounts to about 60 per cent, the same as it is on real silk braids, on which the material is duty free.

Mr. PALMER. Do you mean to say that you do not need all of this 45 cents compensatory duty?

Mr. WAITZFELDER. No, sir; I do not mean to say anything of the kind. On the contrary, I do mean to say that we do need all of it, so as to give us a 60 per cent differential on artificial silk braids the same as we have on real silk braids.

Mr. PALMER. Could you not buy artificial silk in this country cheaper than you can abroad with the duty added?

Mr. WAITZFELDER. No, sir; we can not.

Mr. PALMER. Why is that?

Mr. WAITZFELDER. Because the manufacturers of artificial silk yarns in this country are able to market their product at a price which is about equivalent to the price of the foreign yarns, with the duty added, and are compelled to obtain approximately that price to make a profit on account of labor being higher here than abroad and on account of other conditions.

Mr. PALMER. Then, there really is no real competition on the artificial silk business over here, or between this country and foreign countries?

Mr. WAITZFELDER. Do you refer to manufactured artificial silk yarns or braids?

Mr. PALMER. To yarns.

PARAGRAPH 402—BRAIDS AND TRIMMINGS.

Mr. WAITZFELDER. So far there has been no competition, but I understand recently several companies have been incorporated and are starting in to manufacture silk yarns. That will result in competition.

The CHAIRMAN. Are there any further questions?

Mr. HARRISON. Have you considered the effect on your industry of the possibility of imposing a duty upon the raw silk?

Mr. WAITZFELDER. No, sir; I have not given that any consideration.

Mr. HARRISON. You use natural silk as well as artificial silk, do you not?

Mr. WAITZFELDER. We do.

Mr. HARRISON. What would be the effect upon the cost to the consumer of silk braids of the placing of a duty upon raw silk?

Mr. WAITZFELDER. It would increase the cost of silk braids to the consumer the amount of the duty.

Mr. HARRISON. By the full amount of the duty?

Mr. WAITZFELDER. I believe so.

Mr. HARRISON. Would it render it more difficult for you to obtain your raw material?

Mr. WAITZFELDER. It would not make it any more difficult to obtain it; it would simply increase the cost of it.

Mr. KITCHIN. The consumer would not feel the cost of it unless at the same time you increased the tariff on the finished products, would he?

Mr. WAITZFELDER. Naturally, if the material costs more the finished product would cost more.

Mr. KITCHIN. There is competition between the silk manufacturers of other countries and this country now, is there not?

Mr. WAITZFELDER. Yes, sir.

Mr. KITCHIN. If we kept the tariff on the manufactured silk, say, at 50 per cent, and put a duty of 5 or 10 per cent on the raw silk, how would the consumer have to pay more if we allow the tariff on the finished product to remain the same?

Mr. WAITZFELDER. It would result also in his paying more for the domestic product; or, if the protection on the domestic manufactured silk was not sufficient, the foreign product would come in possibly at a lower price than the domestic.

Mr. KITCHIN. If we put a 5 or 10 per cent duty on the raw silk, there would probably be more importations of the finished product?

Mr. WAITZFELDER. Unless the same amount of protection was added to the finished product there naturally would be increased importations.

Mr. KITCHIN. Do the manufacturers of silk in this country add the total 50 per cent tariff onto the foreign price; that is, do the home manufacturers first take the foreign price and then add 50 per cent to it, which makes their home price?

Mr. WAITZFELDER. Certainly not.

Mr. KITCHIN. They do not take advantage of the whole 50 per cent, do they?

Mr. WAITZFELDER. Certainly not. The competition among the very large number of domestic silk manufacturers would take care of that.

PARAGRAPH 402—BRAIDS AND TRIMMINGS.

Mr. KITCHIN. So really, if we wanted to, we could reduce the tariff on the finished product considerably under 50 per cent and it still would not affect the home price at all, would it?

Mr. WAITZFELDER. If you reduce the tariff on the finished product, it would naturally mean increased importations and a decrease of the domestic manufacturing to that extent.

Mr. KITCHIN. If that be true, the home manufacturer is getting the full benefit of the tariff; that is, he adds that to the price?

Mr. WAITZFELDER. Are you speaking of woven piece goods or braids and trimmings?

Mr. KITCHIN. I am speaking about what we call the manufactured goods, the finished goods.

Mr. WAITZFELDER. I appeared before this committee as a manufacturer—

Mr. KITCHIN (interrupting). I was not talking about your business; I just want your opinion.

Mr. WAITZFELDER. There are other gentlemen here who manufacture woven silk piece goods, whom I would prefer to have answer you on that.

Mr. KITCHIN. They would be interested witnesses. I thought you would be a disinterested witness, as you are not in the business of manufacturing the finished silk. That is the reason I was asking you that question.

Mr. WAITZFELDER. I am an outsider and haven't any practical knowledge of the manufacture of silk goods, other than braids and trimmings.

I have already appeared here on two schedules that we are interested in. Other schedules in which we are interested will come up later, and in order to save the time of the committee, I would like permission to file briefs of those other schedules, instead of appearing in person.

The CHAIRMAN. You have our permission to do that.

Mr. WAITZFELDER. For the purpose of the record, I would like to state that the other paragraphs in which we are interested are Schedule J, paragraph 349; Schedule K, paragraph 383; Schedule N, paragraphs 421, 422, and 426.

The CHAIRMAN. You may file your briefs, and they will be given consideration.

BRIEF OF THE BRAID MANUFACTURERS' ASSOCIATION OF THE UNITED STATES, 251
FOURTH AVENUE, NEW YORK, N. Y.

JANUARY 13, 1913.

In relation to Schedule L, paragraph 402, covering braids, trimmings, etc., made of silk; paragraph 405, covering braids, trimmings, etc., made of artificial silk.

The duty assessed on these goods under paragraph 402 is 60 per cent ad valorem, and the duty assessed on these goods under paragraph 405 is 45 cents per pound and, in addition thereto, 60 per cent ad valorem.

We advocate the retention of these rates, especially from the standpoint of revenue, as well as of protection.

For the information of the committee we annex statement showing the duty collected on these goods for each year during the Wilson tariff of 1894, also as for each year during the Dingley tariff of 1897, as well as for each year during the existing Payne tariff of 1909.

PARAGRAPH 402—BRAIDS AND TRIMMINGS.

Duties collected under the Wilson tariff of 1894, in which a portion of these goods were assessed under paragraph 300 at 45 per cent ad valorem and a portion under paragraph 301 at 50 per cent.

1895:			
	Paragraph 300.....	\$185, 177	
	Paragraph 301.....	1, 941, 142	
			\$2, 126, 319
1896:			
	Paragraph 300.....	144, 027	
	Paragraph 301.....	1, 002, 700	
			1, 546, 727
1897:			
	Paragraph 300.....	186, 732	
	Paragraph 301.....	1, 087, 581	
			1, 274, 313
			4, 947, 359
Average duty collected per annum under above tariff.....			1, 649, 120

Duties collected under the Dingley tariff of 1897, in which a portion of these goods were assessed under paragraph 390 at 60 per cent ad valorem.

1899.....	\$1, 741, 052
1900.....	1, 996, 387
1901.....	1, 868, 975
1902.....	2, 732, 636
1903.....	3, 043, 200
1904.....	3, 028, 036
1905.....	2, 802, 366
1906.....	2, 951, 025
1907.....	4, 229, 911
1908.....	3, 544, 624
1909.....	3, 362, 490
	31, 300, 702
Average duty collected per annum under above tariff.....	2, 845, 518

Duties collected under the Payne tariff of 1909, in which a portion of these goods were assessed under paragraph 402 at 60 per cent ad valorem and a portion under paragraph 405 at 45 cents per pound and in addition thereto 60 per cent ad valorem.

1910.....	\$3, 951, 155
1911.....	3, 077, 172
1912.....	2, 643, 421
	9, 671, 748
Average duty collected per annum under above tariff.....	3, 223, 916

The above shows that the existing rates of duty on these articles are the rates which produce the largest amount of revenue without being either prohibitive or excessive. They are barely sufficient to enable the domestic manufacturer to compete and to obtain a reasonable proportion of the business done in this class of goods. As these goods are distinctly luxuries and do not enter into the cost of living, the consumer would not be injured by maintaining same. For above reasons we respectfully ask for the maintenance of the existing rates in these paragraphs.

Respectfully submitted.

BRAID MANUFACTURERS ASSOCIATION OF THE UNITED STATES,
Per ALBERT S. WAITZFELDER,
HENRY W. SCHLOSS,
Committee.

PARAGRAPH 402—BRAIDS AND TRIMMINGS.

SILK AND SILK GOODS.

The following table, which presents statistics for the manufacture of silk and silk goods, includes data for establishments that make a specialty of throwing and winding silk:

[Census Bureau.]

	1909	1904	1899
MATERIALS.			
Silk: Total cost.....	\$107,766,916	\$75,861,188	\$62,406,665
Raw—			
Pounds.....	17,472,204	11,572,783	9,760,770
Cost.....	\$67,787,037	\$45,318,416	\$40,721,877
Spun—			
Pounds.....	2,212,972	1,951,201	1,550,291
Cost.....	\$4,848,789	\$4,310,061	\$3,406,059
Artificial—			
Pounds.....	914,494	466,151	6,056
Cost.....	\$1,926,894	\$1,623,473	\$10,380
Organzine and tram, purchased—			
Pounds.....	3,377,972	3,236,744	2,338,464
Cost.....	\$14,679,719	\$14,552,425	\$10,539,632
Fringe and floss, including waste, noils, etc., purchased—			
Pounds.....	2,402,960	149,811	1,735,179
Cost.....	\$1,637,187	\$187,159	\$1,008,947
Yarns, other than silk:			
Cotton, including mererized—			
Pounds.....	14,111,878	9,018,295	6,664,069
Cost.....	\$5,811,582	\$3,057,989	\$1,996,233
Woolen or worsted—			
Pounds.....	610,588	442,155	239,461
Cost.....	\$765,989	\$409,867	\$167,770
Mohair—			
Pounds.....	710,108	138,389	104,810
Cost.....	\$640,529	\$137,097	\$107,365
All other—			
Pounds.....	353,780	130,930	108,388
Cost.....	\$456,597	\$108,841	\$134,986
Chemicals and dyestuffs, cost.....	\$1,062,313	\$666,992	(²)
All other materials, cost.....	\$8,150,280	\$5,488,868	\$4,313,416
PRODUCTS.			
Total value.....	³ \$196,911,667	\$133,288,072	\$107,256,258
Broad silks:			
Yards.....	185,707,316	124,871,215	87,636,883
Value.....	\$107,881,146	\$66,917,762	\$52,152,816
Plain and fancies—			
All silk—			
Yards.....	81,934,158	68,393,042	53,573,488
Value.....	\$53,282,704	\$40,741,480	\$33,852,111
Silk mixed—			
Yards.....	24,742,556	9,061,025	8,963,315
Value.....	\$14,207,861	\$5,343,472	\$5,450,710
Jaquard—			
All silk—			
Yards.....	13,249,090	8,143,091	7,532,229
Value.....	\$9,835,345	\$5,927,063	\$5,379,001
Silk mixed—			
Yards.....	6,043,686	2,336,120	1,677,466
Value.....	\$3,473,799	\$1,229,648	\$1,260,321
Piece-dyed—			
All silk—			
Yards.....	19,693,393	21,334,584	7,331,501
Value.....	\$11,353,242	\$9,276,445	\$3,342,167
Silk mixed—			
Yards.....	40,044,433	15,603,353	8,558,884
Value.....	\$15,728,195	\$4,399,654	\$2,868,506
Velvets:			
Yards.....	10,093,583	7,262,315	5,122,249
Value.....	\$4,767,990	\$3,161,206	\$2,479,903
Plushes:			
Yards.....	2,759,411	2,547,367	3,848,684
Value.....	\$2,104,768	\$1,340,815	\$2,480,068
Tapestries and upholstery:			
Yards.....	226,717	1,766,210	1,333,119
Value.....	\$382,820	\$1,559,982	\$1,009,835

¹ Does not include waste, noils, etc.

² Not reported separately.

³ In addition, silk and silk goods to the value of \$1,218,101 were made by establishments engaged primarily in the manufacture of products other than those covered by the industry designation.

PARAGRAPH 404—WEIGHTING OF SILK.

	1909	1904	1899
PRODUCTS—continued.			
Ribbons, value.....	\$32,744,873	\$21,890,604	\$18,467,179
Laces, nets, veils, veiling, etc., value.....	\$1,350,850	\$745,489	\$803,104
Embroideries, value.....	\$485,322	\$112,362	\$57,625
Fringes and gimps, value.....	\$824,527	\$1,016,954	\$444,787
Braids and bindings, value.....	\$4,483,248	\$3,493,977	\$1,522,565
Trimmings, value.....	\$3,850,448	\$3,107,697	\$2,034,076
Machine twist:			
Pounds.....	1,088,780	932,998	987,917
Value.....	\$6,341,719	\$5,521,055	\$5,997,974
Sewing, embroidery, wash, fringe, and floss silks:			
Pounds.....	747,245	811,711	739,301
Value.....	\$4,179,355	\$4,625,016	\$4,248,216
Orgazine and tram, for sale:			
Pounds.....	2,740,319	2,025,645	2,468,387
Value.....	\$12,550,510	\$9,190,650	\$11,167,191
Spun silk, for sale:			
Pounds.....	779,462	570,529	437,459
Value.....	\$2,104,066	\$1,660,647	\$1,026,227
All other products, value.....	\$4,495,675	\$5,227,800	\$1,027,472
Work done on materials for others.....	\$8,364,350	\$3,716,056	\$2,337,220

PARAGRAPH 403.

All manufactures of silk, or of which silk is the component material of chief value, including such as have India rubber as a component material, not specially provided for in this section, fifty per centum ad valorem: Provided, That all manufactures of silk enumerated under any paragraph of this schedule, if composed in any part of wool, shall be classified and assessed for duty as manufactures of wool.

See Samuel Kridel, page 4590; C. A. Streuli, page 4615; French Chamber of Commerce, page 4621.

PARAGRAPH 404.

In ascertaining the weight of silk under the provisions of this schedule, either in the threads, yarns, or fabrics, the weight shall be taken in the condition in which found in the goods, without deductions therefrom for any dye, coloring matter, or other foreign substance or material. The number of single threads to the inch in the warp provided for in this schedule shall be determined by the number of spun or reeled singles of which single such or two or more ply threads are composed.

See Samuel Kridel, page 4590; C. A. Streuli, page 4615; French Chamber of Commerce, page 4621.

WEIGHTING OF SILK.

STATEMENT OF BELDING BROS. & CO. IN RELATION TO THE WEIGHTING OF SILK.

That the weighting of silk has been carried to such an extent as to become an actual fraud upon the consumer and that it bids fair to result in lasting injury to the entire silk business of this country can not be doubted.

The temptation to "weight" silk is brought about by the great value of the natural product and the comparative cheapness of the adulteration. The object of this process is to give to the manufactured merchandise an apparent value which it does not possess.

There are two general methods: One, the use of vegetable or organic matter, and the other the use of metallic salts, and particularly tin. The first increases the weight, but does not materially injure the fiber; the second injures the fiber, no matter how lightly used, and practically destroys it when used to excess. The chemicals are of such a violent nature that this process has sometimes been called "dynamiting."

PARAGRAPH 404—WEIGHTING OF SILK.

Silk in its natural state contains about 25 per cent of gum. When a pound of silk (16 ounces) is ungunmed it is reduced in weight to 12 ounces as an average. The silk used in the filling or back of the fabric is frequently dyed in the gum, and in many fabrics this is a real advantage. In any process of dyeing a sufficient amount of dyestuff must be added to secure luster and permanence of dye. This amount will vary with different lots of silk and with different colors. Strictly speaking, no silk is "pure dye" which contains any matter beyond that necessary to secure the proper color. As this is a variable factor it would be necessary to fix certain limits in considering regulations. It should not be the object of legislation to prevent the "weighting" of silk within the limits that are not harmful. To allow such fabrics to be sold as "pure silk," however, would be most unfair to the consumer, because it is almost impossible without proper chemical tests to detect this deception.

The object of legislation should be to define "pure silk" and "weighted silk," and require that each be so marked or branded; to prevent the manufacture and sale of silk adulterated beyond certain limits; to provide appropriate penalties for the infraction of such regulations as might be required by law. We, therefore, recommend legislation by Congress regulating the "weighting" of silks based upon the following principles:

First. That silk shall be classified as "pure dye" when it does not contain more than 25 per cent of foreign matter when dyed black and not more than 15 per cent of foreign matter when dyed in colors other than black. Silk shall be classified as "weighted" when it contains more than 25 per cent of foreign matter when dyed black and more than 15 per cent of foreign matter when dyed in colors other than black.

Second. That all silk or articles made wholly or partially of silk shall be properly branded, showing whether the silk thereof is "pure dye" or "weighted."

Third. That articles made partially of silk and partially of cotton, wool, linen, or other fiber shall be branded in accordance with the foregoing, covering the silk contained therein, and, furthermore, showing the kind of fiber other than silk.

Fourth. That all manufactured articles in which fabrics made wholly or partially of silk are used, the fabric shall be branded or marked in such a way as to be observable to the purchaser and in accordance with the foregoing principles.

Fifth. That no material, any component part of which being colored silk, containing more than 8 ounces above original gum weight, or any component part of which being black silk containing more than 16 ounces above original gum weight shall be manufactured, imported, or sold.

Sixth. That provision be made for inspecting or testing articles manufactured wholly or in part of silk to determine whether they are properly branded.

Seventh. That provision be made for the prosecution and punishment of violations of such regulations as the law may require.

We suggest the advisability of applying the above regulations entirely to what is known in commerce as "broad silks," which might be defined as fabrics exceeding 12 inches in width. It might be desirable to require the degree of "weighting" to be shown in branding silks.

This is objected to by some manufacturers on account of the difficulty of determining the exact degree of "weighting." If, however, a proper method could be devised for such branding it would be desirable. If this can not be done, certainly all silk fabrics should be branded "weighted" if they are not "pure dye."

A very good plan for branding "broad silk" is to weave in the selvage the required words, for instance—"pure dye," "weighted," "cotton back," etc. In garments manufactured wholly or in part of silk and in linings some portion of the selvage could be exposed to view or an appropriate label could be used.

Respectfully submitted,

BELDING BROS. & CO.,
By EDWARD C. YOUNG, *Vice President.*

PARAGRAPH 405—ARTIFICIAL SILKS.

STATEMENT OF R. L. FERNBACH RE WEIGHTING SILK.

THE FERNBACH LABORATORY (INC.),
PATERSON, N. J., *January 21, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman Ways and Means Committee,
House of Representatives,
Washington, D. C.*

DEAR SIR: Anent the proposed legislation against the weighting of silk I take the liberty of offering one or two suggestions, as coming from one interested in silk, but who is neither a manufacturer nor a dyer thereof.

To eliminate the process of weighting silk would undoubtedly work considerable hardship to the industry, inasmuch as it would preclude the production of silk fabrics within reach of the masses. Within certain limits the weighting of silk can not be construed as adulteration; carried beyond these limits the process works considerable harm, in that it enables the manufacturer to deceive the purchasing public.

The writer does not believe that equitable enforcement of legislation against weighting is possible. On the other hand there is no reason why manufacturers should not be compelled to stamp upon the selvage of silk goods the true amounts of weighting in the warp and filler of such goods. The enforcement of such a provision is practicable. It corresponds with that part of the pure food and drugs act as deals with misbranding. Imported goods should be similarly branded.

Any reduction of the protective tariff on silk is bound to work hardship to the industry, as it will be impossible for the American manufacturer to compete with the foreign product save in isolated instances. The process of weighting is carried on to a much greater extent abroad than it is here, and if it is to be stopped here it is but just that no weighted foreign goods should be permitted to enter. The representations of the various manufacturers who have appeared before your committee are well founded. Nevertheless, the American consumer should be protected as well, and to this end some legislation compelling the adequate labeling of weighted silks will be timely and beneficial, in that it will enable the consumer to discriminate as to quality.

Respectfully, yours,

R. L. FERNBACH.

PARAGRAPH 405.

Yarns, threads, filaments of artificial or imitation silk, or of artificial or imitation horsehair, by whatever name known, and by whatever process made, if in the form of singles, forty-five cents per pound; if in the form of tram, fifty cents per pound; if in the form of organzine, sixty cents per pound: **Provided,** That in no case shall any yarns, threads, or filaments of artificial or imitation silk or imitation horsehair, or any yarns, threads, or filaments made from waste of such materials, pay a less rate of duty than thirty per centum ad valorem; braids, laces, embroideries, galloons, neck ruffings, ruchings, fringes, trimmings, beltings, cords, tassels, ribbons, or other articles or fabrics composed wholly or in chief value of yarns, threads, filaments, or fibers of artificial or imitation silk or of artificial or imitation horsehair, by whatever name known, and by whatever process made, forty-five cents per pound, and in addition thereto, sixty per centum ad valorem.

See Samuel Kridel, page 4590; C. A. Streuli, page 4615; French Chamber of Commerce, page 4621; A. H. Kursheedt, page 4644; Albert S. Waitzfelder, page 4650.

ARTIFICIAL SILKS.

BRIEF OF JULIUS LOEWENTHAL & CO., NEW YORK, REPRESENTING IMPORTERS OF DRESS TRIMMINGS.

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: The undersigned, engaged in the business of importing dress trimmings, of various kinds, beg leave to submit the following brief with reference to trimmings

PARAGRAPH 405—ARTIFICIAL SILKS.

covered by paragraph 405 of Schedule L. We shall also refer to the proviso in paragraph 421 of Schedule N only in so far as it directly affects articles covered by paragraph 405.

CHANGES RECOMMENDED.

The object of this brief is primarily not to secure a reduction or increase in present duties, but to recommend changes in the present law, which would result in the substitution of straight ad valorem for the present compound duties, and the elimination of conflicting and ambiguous provisions in the present tariff act.

STATEMENT OF THE CASE.

Paragraph 405 provides for duty on trimmings consisting wholly or chiefly of artificial silk, in the following language:

" * * * braids, laces, embroideries, galloons, neck ruffings, ruchings, fringes, trimmings, beltings, cords, tassels, ribbons, or other articles or fabrics composed wholly or in chief value of yarns, threads, filaments, or fibers of artificial or imitation silk or of artificial or imitation horsehair, by whatever name known, and by whatever process made, forty-five cents per pound, and in addition thereto sixty per centum ad valorem."

The provision of the law just quoted is so clearly stated as to apparently lend itself to but one interpretation, viz, that the compound duty provided therein is to apply only to articles in which artificial silk or artificial horsehair form the component material of chief value, from which the necessary corollary follows, that in case such artificial silk or horsehair is not present to a sufficient extent to form the component material of chief value, such articles are not dutiable under the provision above quoted.

Notwithstanding the clear provision of the law we have been obliged to pay duty on dress trimmings containing artificial silk to an insignificant extent, as will appear from sample No. 10421, attached hereto, under paragraph 405, at the rate of 45 cents per pound on the entire weight of the trimmings, in addition to 60 per cent ad valorem. We respectfully urge the Committee on Ways and Means to examine sample 10421. It is a fringe consisting almost entirely of glass beads strung on cotton threads, and attached to a narrow heading or braid of artificial silk, which is there merely to hold the fringe together. As will be seen from the figures given in the attached exhibit, the artificial silk constitutes less than 3 per cent of the total weight of the article, and its value is negligible, being only a fraction of 1 per cent of the total value of the trimming. And yet the collector has classed this article under paragraph 405, imposing a duty of 45 cents a pound, not on artificial silk but on the entire article, 97 per cent of which in weight represents glass beads.

The same is true of samples No. 09792 and No. 80730, attached herewith, together with all data given in detail in the exhibit at the end of this brief.

The ruling of the collector of the port of New York is not only in conflict with the language of paragraph 405 just quoted but also of paragraph 421 relating to trimmings composed of beads such as the attached samples. Paragraph 421 reads as follows on this point:

" * * * fabrics, net or nettings, laces, embroideries, galloons, wearing apparel, ornaments, trimmings, curtains, fringes, and other articles not specially provided for in this section, composed wholly or in chief value of beads or spangles made of glass, or paste, gelatin, metal, or other material, but not in part of wool, sixty per centum ad valorem."

The ground upon which the collector justifies his ruling which flies in the face of paragraphs 405 and 421 is the proviso in paragraph 421, which reads as follows:

" Provided, That no article composed wholly or in chief value of beads or spangles made of glass, paste, gelatin, metal, or other material shall pay duty at a less rate than is imposed in any paragraph of this section upon such articles without such beads or spangles."

The unsatisfactory state of affairs created by this proviso forms the subject of our brief submitted on Schedule N, in which we call the attention of your committee to the conflicting decisions rendered by the collectors of customs, the Board of General Appraisers, and the United States Court of Customs Appeals, in interpreting the pro-

PARAGRAPH 405—ARTIFICIAL SILKS.

viso, and in which we submit our suggestions for amending that paragraph. In this brief we shall confine our suggestions to rates falling under Schedule L.

PROPOSED AMENDMENT OF PARAGRAPH 405.

As already stated, the compound duty on trimmings containing artificial silk or artificial horsehair consists of a specific duty of 45 cents per pound and an ad valorem duty of 60 per cent. The specific duty is supposed to compensate the domestic manufacturer of trimmings for the 45 cents duty per pound on yarns of artificial silk or horsehair under the same paragraph.

If the duty of 45 cents were imposed only on the weight of the artificial silk contained in the trimming, it would be no more than compensatory. But as it is impracticable to ascertain in each case the exact weight of the artificial silk, without damaging considerable quantities of imported merchandise, the law provides for the imposition of the duty of 45 cents per pound on the entire weight of the article. Thus it happens that on a trimming like sample 10421, the weight of which is 97 per cent glass and only 3 per cent artificial silk, the duty of 45 cents per pound, instead of being compensatory on the artificial silk becomes a protective duty on glass in addition to the duty of 60 per cent ad valorem.

But apart from the relative weight of the artificial silk contained in trimmings and similar articles, there can hardly be any justification for a compensatory duty even from a protective point of view, when no such duty is provided for under paragraph 402 on trimmings of real silk. If there is no compensatory duty on articles containing silk thread dutiable at \$1.50 per pound, what justification can there be for one on the same article containing thread of artificial silk dutiable at only 45 cents? Since no complaint has been heard from manufacturers on account of the straight ad valorem duty of 60 per cent on trimmings made wholly or in chief value of silk thread, it is reasonable to expect that they should be satisfied with a duty no greater when the trimmings are made wholly or chiefly of artificial silk.

As will be seen from the exhibit, the compound duty on the samples of trimmings containing artificial silk attached herewith is equivalent to an ad valorem duty of from 72 to 86 per cent. Is there any justification either from a protective or a tariff for revenue standpoint for a duty of 60 per cent on an article of luxury, such as silk, and 86 per cent on a cheap substitute thereof?

Silk is not the only material on account of which no compensatory duty is allowed on trimmings. Paragraph 399 provides a straight ad valorem duty on trimmings, etc., of cotton, flax, and other vegetable fibers, and no compensatory duty is allowed on account of the thread of cotton and flax, although each of them is dutiable under the tariff. No compensatory duty is provided for in paragraph 421 on account of beads and spangles of glass, paste or metal, although each of these materials bears a duty and although these materials add a great deal more weight to the article into which they enter than thread of artificial silk. As all of these paragraphs are parts of an avowedly protective tariff, what justification can be urged for a compensatory duty on artificial silk which is less of a luxury and less expensive than some of these materials?

THE EFFECT OF THE PROPOSED CHANGE ON REVENUE.

In the fiscal year 1912, the value of imported trimmings and similar articles dutiable at 45 cents a pound and 60 per cent ad valorem was \$972,062, which paid a duty of \$665,699. The weight of this merchandise was 183,243 pounds. If the specific duty of 45 cents a pound were abolished, and the imports remained the same, the loss in revenue would amount to \$82,459. But it is more than likely that the reduction in duty accompanied by a reduction in price would result in an increase of importation sufficient to offset this comparatively small loss, if it did not indeed result in an increased revenue, especially since there is practically no production of goods of this character in this country.

PROPOSED AMENDMENTS SUMMED UP.

In conclusion, we beg leave to submit the suggestion smade in this brief in the form of a proposed amendment to the law, in the hope that it may commend itself to your approval in the light of the indisputable facts set forth in its support.

PARAGRAPH 405—ARTIFICIAL SILKS.

Paragraph 405.—Strike out words "forty-five cents per pound, and in addition thereto" at the end of paragraph 405, so as to make that part of the paragraph relating to trimmings and similar articles read as follows:

" * * * braids, laces, embroideries, galloons, neck ruffings, ruchings, fringes, trimmings, beltings, cords, tassels, ribbons, or other articles or fabrics composed wholly or in chief value of yarns, threads, filaments, or fibers of artificial or imitation silk or of artificial or imitation horsehair, by whatever name known, and by whatever process made, sixty per cent ad valorem."

Respectfully,

JULIUS LOEWENTHAL & Co.

Also representing C. Willenborg & Co., Kern Loewi & Mendie, Ewing & Clancey, L. Mane & Co., Sundheimer Bros., Royal Embroidery Works, S. Katz & Co., B. Blumenthal & Co., Case & Co., Mills & Gibb, Max Mandel, G. Hirsch & Sons.

EXHIBIT A.

Sample No. 10421. Bead fringe with artificial silk heading:
 Weight of beads, 13 $\frac{3}{4}$ ounces; weight of artificial silk, $\frac{1}{2}$ ounce, or less than 3 per cent of total weight.
 Value all in beads; heading of artificial silk has no value.
 Foreign price per meter, marks 6.50, or, at 23.8 cents, \$1.55.
 Duty, 45 cents per pound and 60 per cent ad valorem; 14 $\frac{1}{2}$ ounces at 45 cents per pound, \$0.40; 60 per cent ad valorem, \$0.93; total duty, \$1.33, equal 86 per cent ad valorem.

EXHIBIT B.

Sample No. 30730. Bead trimming with artificial silk and tinsel:
 Weight of beads, 2 ounces; weight of artificial silk, $\frac{5}{16}$ ounce, or 12 $\frac{1}{2}$ per cent of total weight; weight of tinsel, $\frac{3}{8}$ ounce.
 Foreign price of trimming per meter, francs 3.00, at 19.3 cents.
 Duty, 45 cents per pound and 60 per cent ad valorem, 2 $\frac{1}{2}$ ounces at 45 cents a pound, 7 cents; 60 per cent ad valorem, 34.7 cents; total duty, 41.7 cents, equal to 72 per cent ad valorem.

EXHIBIT C.

Sample No. 09792. Bead trimming with artificial silk and tinsel:
 Weight of beads, 2 $\frac{3}{4}$ ounces; weight of artificial silk, $\frac{3}{8}$ ounce, or 12 $\frac{1}{2}$ per cent of total weight; weight of tinsel, $\frac{1}{8}$ ounce.
 Value of beads, 97 per cent of total value of the trimming; value of artificial silk, 2 $\frac{1}{2}$ per cent of the trimming; value of tinsel, $\frac{1}{2}$ per cent of the trimming.
 Foreign price of 1 yard trimming, mark 2.69, or at 23.8 cents, 64 cents.
 Duty, 45 cents per pound and 60 per cent ad valorem; 3 ounces at 45 cents per pound, 8.4 cents; 60 per cent ad valorem, 38.4 cents; total duty, 46.8 cents, equal to 73 per cent ad valorem.

**BRIEF SUBMITTED BY JOHN DONAT & CO., DEARBERG BROS.,
 AND ISLER & GUYE.**

[Braids composed of artificial or imitation horsehair, or artificial or imitation silk under paragraph No. 405.]

To the Honorable Ways and Means Committee, Washington, D. C.

SIRS: Braids composed of artificial or imitation silk or artificial or imitation horsehair are now dutiable under paragraph 405 of the act of 1909 at 45 cents per pound, and in addition thereto 60 per cent ad valorem, or an equivalent ad valorem of from 75 to 90 per cent. This is a prohibitive rate, and the undersigned importers of silk braids respectfully request a reduction.

Paragraph 405 enumerates many articles besides braids composed of artificial horsehair, etc. Braids composed of artificial silk or artificial horsehair are used exclusively in the manufacture of ladies' hats. The artificial silk hat braids are used as a substitute for real silk or real horsehair, and are a great deal less expensive and enters into the manufacture of hats worn by the poorer and middle classes. The duty now placed on this braid has resulted in its practical exclusion, and the entire domestic

PARAGRAPH 405—ARTIFICIAL SILKS.

consumption is the product of domestic manufacturers. The Department of Commerce and Labor for the year 1912 reports the total importations of all kinds of manufactured imitation silk or horsehair articles enumerated in paragraph 405 to be but \$183,242. No distinction is made between braids, laces, embroideries, galloons, etc., and we emphatically state that no hat braids, except an importation now and then for experimental purposes, come into the United States.

We file herewith two exhibits for comparison: Exhibit A, a sample of artificial horsehair braid, manufactured by George Meyer & Co., Wohlen, Switzerland, and known as No. 1795, Star, 13/2, colored, which braid was quoted at 3.10 francs per piece, and in order to show the net cost of 100 pieces landed in New York City at this quotation we draw the following accurate result:

This sample cutting (Exhibit A) is pattern No. 1795, Star, 13/2, colored, manufactured by George Meyer & Co., Wohlen, Switzerland. The following is the net cost of importation at the present rates of duty assessed under paragraph 405, tariff law of 1909, 60 per cent ad valorem and 45 cents per pound:	
Cost, f. o. b. Wohlen, per 100 pieces of 75 meters (82 yards), at 3.10 francs each.....	francs..... 310.00
Cash discount, 5 per cent.....	do..... 15.50
	<hr/>
	294.50
Packing and casing.....	do..... 2.50
	<hr/>
Total.....	do..... 297.00
	<hr/>
297 francs, at \$0.193.....	\$57.32
Duty at 60 per cent.....	34.38
Duty on 20 pounds, at 45 cents.....	9.00
Freight and expense from Wohlen to New York.....	1.30
	<hr/>
Net cost per 100 pieces.....	102.00
	<hr/>
Net cost per piece of 75 meters (82 yards).....	1.02
Add 57 per cent to equal 144 yards.....	.58
	<hr/>
Net cost for 144 yards.....	1.60

A piece of 75 meters weighs about 3½ ounces.

We have based the result on 144 yards in order to establish the comparison with the domestic selling price on 144 yards, the American standard.

Against the foregoing result, which shows that a purchase in the open market of pieces containing 144 yards can not be landed in New York City for less than \$1.60, we file herewith Exhibit B, a sample piece of similar braid, or pattern No. 510, colored, manufactured by Barthels Manufacturing Co., Glendale Station, Brooklyn, N. Y.

Exhibit B is sold in the open market of pieces containing 144 yards at \$1.15, less 7 per cent discount, or \$1.07. In other words, the American production can be purchased for 53 cents a piece cheaper than the same quality of Switzerland braid can be landed in New York City. The firms of Georges Meyer & Co., of Switzerland, and the Barthels Manufacturing Co., of Brooklyn, N. Y., are representative firms in their respective countries, and the prices heretofore given are direct transactions and illustrate comparisons between the landing price of foreign braids and the equivalent price of domestic braids. These comparative illustrations are actual transactions and are only representations of dozens of similar transactions. Original invoices will be submitted, if desired.

Under the Dingley bill there was no distinct provision for braids composed of artificial silk or artificial horsehair, and they were classified under the similitude provision as being comparable with silk braid and held dutiable at 60 per cent. The protection under the Dingley Act of 60 per cent gave the market to the domestic producers. The domestic braid manufacturers were not satisfied with the 60 per cent protection, but procured the increase provided for in paragraph 405. The Braid Manufacturers Association of the United States, in their brief and statement filed with your honorable committee, and which appears on pages 1493-1500 of the advance sheets of the printed hearings, show the result of the increase in duty by the Payne bill. As shown by their statement, notwithstanding a very large increase

PARAGRAPH 405—ARTIFICIAL SILKS.

in consumption of the articles included in paragraphs 402 and 405, there was a decrease in importations during the year 1912 as compared to 1910 of nearly \$1,400,000, or about 37 per cent. This braid association ingeniously grouped paragraphs 402 and 405 together, so as to avoid the insignificant importations under paragraph 405, as shown on page 42 of the report of the Department of Commerce and Labor, amounting to but \$183,242. We are unable to get any accurate estimate of what the total production of manufactures of artificial silk and artificial horsehair amounted to. These two articles are exceptionally popular as a cheaper substitute for real silk, and the total domestic production runs up into millions of dollars.

An examination of the entire group of articles enumerated in paragraph 405 will indicate to the committee how wide a scope is included in the different articles therein mentioned. We have not gone into the comparative labor costs of the domestic and foreign braids because the insignificant importation and the illustrative comparison of selling prices must clearly show that the present rate forecloses all opportunity for even the slightest competition and, further, for the reason that the labor in the production of the goods mentioned is an insignificant part of the cost, because the same are all made by machine.

In conclusion, we wish respectfully to state:

(1) Braids composed of artificial silk or horsehair are not a luxury, but a cheaper substitute for braids composed of silk and real horsehair, and are used in hats worn by the middle and poorer classes.

(2) That the present tariff rate is prohibitive and results in the total exclusion of these braids.

(3) If the duty were reduced to about 30 per cent ad valorem, we believe it would put the business upon a competitive basis and result in some importations and a cheaper article to the consumer.

(4) That the only artificial horsehair braids that are now made, either here or abroad, are used in the manufacture of hats, and that a special provision should be inserted covering this article.

We therefore respectfully suggest that the word "braids" be eliminated from paragraph 405, and that at the end of the said paragraph the following language be added: "Hat braids composed of artificial or imitation silk or artificial or imitation horsehair, thirty per centum ad valorem."

Respectfully submitted,

JOHN DONAT & CO.
DEARBERG BROS.
ISLER & GUYE.

BRIEF OF THE STEWART SILK CO., RELATING TO ARTIFICIAL SILK.

THE CHAIRMAN AND GENTLEMEN OF THE WAYS AND MEANS COMMITTEE,
Washington, D. C.

This brief relates to the abolishment of the duties on artificial silk, Schedule L, paragraph 405, and schappe and spun silks, Schedule L, paragraph 397. This brief is presented for your consideration at the request and by the written authority of a large number of manufacturers of broad silks, representing a capitalization of between \$8,000,000 and \$10,000,000, an annual output of at least \$30,000,000, in which about 15,000 looms are engaged, which give employment to nearly 14,000 operators, whose yearly wages amount to in round figures about \$6,000,000. They ask you that the duty on artificial silk under Schedule L, paragraph 405, be abolished, and for the following reasons:

First, that to the silk manufacturer this fiber is just as much raw material as is the raw silk reeled from the cocoon in China, Japan, or Italy, which comes in free of duty. The argument against a duty on raw silk in part is that none being produced in our country there is no need of a protective duty, and the same argument might well be raised against the duty of 45 cents a pound on artificial silk, as there is, according to the highest authority, only one concern in this country producing it in commercial quantities. This concern is owned by Samuel Cortauld & Co., of London, England, who have been manufacturing artificial silk successfully in that country for several years. Two or three years ago they began to manufacture here, and have made such a success that early last year they planned to double their domestic production.

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According to their own statement, they produced for the last fiscal year 1,200,000 pounds, and the American people were compelled to pay \$540,000 to this one manufacturer for the use of his product over and above what they could have purchased the foreign product for had it come in duty free.

It is a well known fact in the trade that the English price of the parent concern for exactly the same quality produced in America is 5s. 6d. per pound, equal to \$1.32; yet if the English product is bought for this market the purchaser has to pay for it \$1.80 to \$1.85 per pound, according to the quantity purchased.

The statement that the American branch had paid but one dividend of 7½ per cent may be perfectly correct, but it is a matter of record that the parent concern paid a dividend last year of 40 per cent, and it is therefore fair to assume that their price of \$1.32 per pound was highly profitable. And as another evidence, we might say that their £1 shares are held at from £7 to £8.

While it is perhaps true that the abolition of duty on artificial silk might result in the closing of this one factory here, the English factory would only need to increase its output 1,200,000 pounds per year and export this additional quantity at 5s. 6d., or \$1.32 per pound, to American consumers, and as has been demonstrated they would still be making large profits, but not at the expense of the American manufacturers and consumers.

There is every probability also that at the very much lower price the demand for artificial silk would be very greatly increased, and they would therefore be enabled to sell far larger quantities in the future than the 2,651,440 pounds used last year in this country of domestic and foreign production combined.

We, of course, recognize this committee is charged with the task of raising revenue, and if in its judgment the duty received from this article, amounting to \$727,006 for the year ending June 30, 1912, is needed to provide funds for the support of this Government, we would respectfully suggest that the duty on artificial silk be reduced to a purely revenue basis, and if the increased use of this fiber continues, as seems most probable, the Government will be in receipt of a very handsome revenue from this source for years to come.

All of which is respectfully submitted.

STEWART SILK CO.,
By JNO. W. STEWART, *President*.
(AND OTHERS.)

STATEMENT SUBMITTED BY RICHARD JACOB ON ARTIFICIAL SILK.

DECEMBER 14, 1912.

CHAIRMAN WAYS AND MEANS COMMITTEE.

SIR: Inclosed find a few facts pertaining to the manufacture of artificial silk. These may be of interest when considering the tariff schedule covering this product.

Yours, truly,

RICHARD JACOB.

At present there is only one factory in the United States making artificial silk, and that is the American Viscose Co., of Marcus Hook, Pa. The entire stock of this company, however, is owned by an English company making silk under the same patent and process. The English company is perhaps the largest producer of artificial silk in the world, and ranking next is the Vereinigte Glanzstoff Fabriken, of Elberfeld and Oberbruch, Germany. It is interesting to note that about a year ago the English company and this German company made an agreement dividing the field between themselves, and in order to fully keep control of the situation, appointed the same agent in the United States. This agent is also the representative of the American company. Besides these, there are other concerns manufacturing artificial silk in Europe, but the two above-mentioned concerns were by far the largest producers.

About two years ago there was a movement on foot to start another concern in this country to manufacture artificial silk by another process, i. e., the cupra ammonia process, which is that of the Vereinigte Glanzstoff Fabriken, of Elberfeld. The flotation of this company was put into the hands of a promoter who issued a prospectus showing that the manufacture of this commodity was a very profitable one. A few quotations from the prospectus are as follows:

"The oldest artificial silk company is the Chardonnet Co., whose factories are located at Besancon, France, and who use a gun cotton process. The quoted price of stock in

PARAGRAPH 405—ARTIFICIAL SILKS.

the Chardonnet Co. has been 1,480 francs, a premium of 1,380 per cent. The stock pays regularly yearly dividends of 25 per cent to 60 per cent.

"The leading German company is the Vereinigte Glanzstoff Fabriken, of Elberfeld, operating the disadvantageous cupra ammonia cold process. The stock pays a regular annual dividend of 45 per cent, and its capitalization of several million marks has long since been returned to the stockholders from the profits.

"We believe the American Artificial Silk Manufacturing Co. (the company that was being promoted) has absolutely no competition in the quality of its product. We believe it has no competition in the cost of production. The American Artificial Silk Manufacturing Co. should have a practical monopoly of the American market aside from the present tariff benefits because its silk yarn is of superior quality.

"The actual trade in this country to-day is 2,000,000 pounds in raw material and estimated 6,000,000 pounds of manufactured goods. At a maximum cost of production and actual selling price of \$1.75 per pound, this means a present market for the American Artificial Silk Manufacturing Co.'s product of \$14,000,000, estimated, a margin of \$8,000,000, or 400 per cent, for goods costing \$6,000,000.

"In estimating the profits derived from the production and the dividends earned by the company's stock no guesswork is necessary. With an annual production of 500,000 pounds of artificial silk yarn at an average market price of \$1.75 per pound it is a matter of ordinary arithmetic to determine earnings and profits: Annual production, 500,000 pounds; Cost, at 75 cents per pound, \$375,000; annual earnings, \$875,000; annual net profit, \$500,000.

"The figures given are based on the average market price of \$1.75 per pound less trade discounts less the outside cost of manufacture at 75 cents per pound. These figures indicate the great profit of the business at the start. It is the intention of the company to increase its production until it rivals the Elberfeld output of 2,400,000 pounds per annum. The German company pays regular dividends of 45 per cent per annum despite its disadvantageous process of manufacture, lack of production by tariff, and high cost of raw materials."

The promoter of this company was R. W. Jones, jr., 55 Wall Street, from whom no doubt you will be able to obtain a pamphlet confirming the above. The present market price of the artificial silk of the American Viscose Co. varies between \$1.80 and \$1.90 per pound, and on a basis of the prospectus sighted above it no doubt is a very profitable venture.

[From September Textile World Record.]

The artificial silk market remains in a very firm condition with prices showing an upward tendency, owing to the great demand for that product.

Buyers are not buying large quantities, hoping that prices will drop to a lower level, but it is predicted that this will not be the case and that prices will be higher in the near future.

Below are prices current: 150 Den. first quality European, \$1.90; 150 Den. second quality European, \$1.85; 150 Den. Elberfeld raw, \$1.80; 150 Den. Chardonette natural, \$1.95.

BRIEF SUBMITTED BY AMERICAN VISCOSE CO.

This brief refers to artificial silk yarn, Schedule L, paragraph 405.

The attempts to establish an artificial silk industry in this country have, up to two years ago, resulted only in failures. Probably \$1,500,000 was spent in these various futile efforts. Even after the tariff bill of 1909 was passed nothing lasting could be accomplished until the cost of manufacture was further materially reduced, which results were first achieved in European factories.

About two years ago the most successful of these processes was introduced into the United States, and a factory was built on a large scale at Marcus Hook, Pa., for the production of this yarn in this country. There is now a cash investment in this factory of about \$900,000 in plant, machinery, and buildings, and over 1,000 people are employed.

The production of silk during the past year (Jan. 1 to Dec. 31, 1912) in this country was 1,200,000 pounds. The importations during the last fiscal year were 1,451,440 pounds; that is, the domestic makers produced 45.2 per cent of the total consumption. From July 1 to September 30, 1912, the imports were 415,000 pounds. Since then they have increased heavily. There is no exportation whatever of this yarn, and it is not conceivable that there will ever be any.

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I believe that the importation for the present year (1913) will be not less than 2,500,000 pounds, which would, therefore, at the present rate of duty, give a revenue of \$1,125,000. This estimate is based on the increased importations during the last half of 1912, as compared with the first six months of the same year, and also as compared with the last six months of 1911, and is furthermore based on the rapid introduction of this yarn into new lines.

Artificial silk has now been so perfected that it is used for a great variety of purposes, either alone or in combination with other materials to produce special effects. Articles made of artificial silk can be regarded only as articles of luxury.

In view of the short time which this industry has been successfully established in this country, and in view of the fact that notwithstanding of an actual cash investment of about \$900,000, one dividend only of 7½ per cent on the capitalization of \$837,000 has been paid so far, I respectfully submit that the duty remain unchanged, namely: 45 cents per pound on singles; 50 cents per pound on organzine; 60 cents per pound on twists.

I especially recommend that a specific duty be maintained, as there is little difference in the price of the current sizes used; the conditions, therefore, are especially suited for levying a specific duty.

Respectfully submitted.

CHARLES A. ERNST,

For the American Viscose Co., Marcus Hook, Pa.

STATE OF PENNSYLVANIA,

County of Delaware, ss.

I, Charles A. Ernst, general manager of the American Viscose Co., Marcus Hook, Pa., being duly affirmed according to law doth depose and say that the facts in the attached statement are true and correct to the best of my knowledge and belief.

CHARLES A. ERNST.

Affirmed and subscribed before me this 11th day of January, A. D. 1913.

[SEAL.]

ANDREW A. CLARK,

Notary Public.

Commission expires March 10, 1913.

BRIEF SUBMITTED BY THE CLEVELAND ART SILK CO.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: We take the liberty of addressing you in reference to revision of the present tariff relating to artificial silk and horsehair, Schedule L, paragraph 401.

The manufacture of artificial silk and horsehair is still an infant industry in this country, because the present tariff does not give this industry enough protection to encourage the investment of enough capital, therefore the greatest amount of artificial silk and horsehair consumed in this country, which is over 1,000,000 pounds yearly, is made in Europe.

Nearly \$2,000,000 have been spent in this country in perfecting a number of processes for the manufacture of artificial silk and horsehair, but owing to the high cost of labor in this country to that compared in Europe, it has been a difficult matter to interest capital to a great extent, as it is principally hand labor entering into the manufacture of this product and labor being by far the largest item in the cost of production.

After spending a great deal of money in perfecting our process, we are making a better product than that made in Europe, our product being stronger and more elastic, therefore to encourage the investment of a greater amount of capital and giving employment to many more people and to be able to compete with the European manufacturers, we earnestly request to raise the present tariff on artificial horsehair to 50 cents per pound and artificial silk in the form of singles or tram to 60 cents per pound, and artificial silk in the form of organzine to 70 cents per pound, making an average increase of tariff of about 10 cents per pound.

If the increase of tariff asked for is granted, the tariff then would just about be equal to the difference of the amount paid for labor and overhead charges in this country to that paid in Europe.

Our present average cost and to market artificial silk is \$1.70 per pound, made up of the following items: Material 52 cents, labor 74 cents, overhead charges 20 cents, general expenses 14 cents, and selling expense 10 cents, and in order to make a fair

MISCELLANEOUS.

profit we should sell this product to the trade for \$2.12 per pound, but the foreign-made artificial silk is sold for about \$2 per pound, including the tariff, which compels us to sell for the same price.

We also recommend to change the expression of classification of Schedule L, paragraph 401, which is not specific enough, namely, if in the form of singles, to read, if in the form of horsehair; if in the form of tram, to read, if in the form of singles or tram; if in the form of organzine, to read the same as now.

The reason we recommend the above-mentioned changes is because there has been some trouble in the past to determine the difference between singles and tram artificial silk. The matter of fact is that artificial horsehair should not be classified as singles, because it is not artificial silk but it is artificial horsehair, and artificial silk singles and tram are one and the same; but to avoid future trouble it is good policy to use both words for said classification.

CLEVELAND ART SILK Co.,
HENRY HERTEL, *Manager*;
1920 West Seventy-seventh Street, Cleveland, Ohio.

MISCELLANEOUS.

SILK STATISTICS.

Imports of silk at 8 ports of the United States.

	Pounds.	Invoice value.	Average duty per pound.	Duty collected.	Ad valorem duty.
Total piece goods, specific and ad valorem duties:					
12 months, July 1, 1910, to June 30, 1911.....	1,903,780.27	\$9,085,709.00	\$2.59	\$4,926,673.03	54
12 months, July 1, 1911, to June 30, 1912.....	1,417,013.21	6,779,251.56	2.62	3,714,107.02	55
Total velvets, plushes, and pile fabrics:					
12 months, July 1, 1910, to June 30, 1911.....	555,407.73	2,169,894.00	2.10	1,168,618.95	54
12 months, July 1, 1911, to June 30, 1912.....	602,438.32	2,291,588.00	2.04	1,228,821.45	53
Total handkerchiefs and mufflers:					
12 months, July 1, 1910, to June 30, 1911.....		364,694.00		215,546.50	59
12 months, July 1, 1911, to June 30, 1912.....		327,780.00		195,365.30	60
Total spun silk, on cops, beams, etc.:					
12 months, July 1, 1910, to June 30, 1911.....	3,155,879.33	5,554,358.00	.66	2,069,553.47	37
12 months, July 1, 1911, to June 30, 1912.....	3,153,655.91	5,581,155.00	.65	2,061,500.89	37
Total, all others:					
12 months, July 1, 1910, to June 30, 1911.....		13,819,969.15		7,824,672.13	52
12 months, July 1, 1911, to June 30, 1912.....		11,111,717.73		6,301,634.67	60
Grand total, 8 principal customs ports:					
12 months, July 1, 1910, to June 30, 1911.....		30,994,624.15		16,205,064.08	52
12 months, July 1, 1911, to June 30, 1912.....		26,091,492.29		13,501,429.33	52
Grand total, all ports:					
12 months, July 1, 1910, to June 30, 1911.....		31,900,054.00			
12 months, July 1, 1911, to June 30, 1912.....		27,204,364.00			

MISCELLANEOUS.

Average prices obtained for standard qualities.

Year.	Com. 4 (22-inch gros- grain).	Com. 62 (24-inch pongee).	Com. 2204 (24-inch foulard).	Com. 3144 (23-inch foulard).	Com. 27 (32-inch Florentine).	Com. 1924 (30-inch Florentine).	Average wage, Decem- ber.	Remarks.
1843							\$0.514	
1848							.72	
1860								Missing. Paper.
1869	1.96						1.49	
1874	1.558							
1879	1.203							
1880							1.32	Currency.
1884	.908							
1887	.894	0.804			0.6273			
1890	.847	.742			.5961		1.51	
1895	.81	.65	0.85					
1900	.636	.677	.752	0.5447	.5068	0.4847	1.56	No clerks or sala- ries.
1903	.606	.679	.706	.5256	.4956	.4509		
1906	.598	.671	1.7234	1.5338	.5012	.3444		
1909	.603	.686	.721	2.5476	.5089	.3608		
1910							1.83	Do.
1912	.60	.671	.673	.5348	.4929	.3559	1.90	Do.
1913			.025	3.025		.435		

¹ Shower proof.

² 2 per cent more silk.

³ Less.

⁴ Price average lower.

Great reductions in price due to competition at same time as increase in wages only possible because of improved quality of raw silk and machinery, giving great increase in productivity of labor.

Calculation.

Article, Velvet ribbon, No. 1.

JANUARY 27, 1913.

[Reed, 35/1/4/9; thds., 9, 40; 64. Edges, 48/2; picks, 100; yds. wp. $\left\{ \begin{matrix} s-g. 1,100 \\ p. 6,600 \end{matrix} \right\}$; yds. cl., 1,000.]

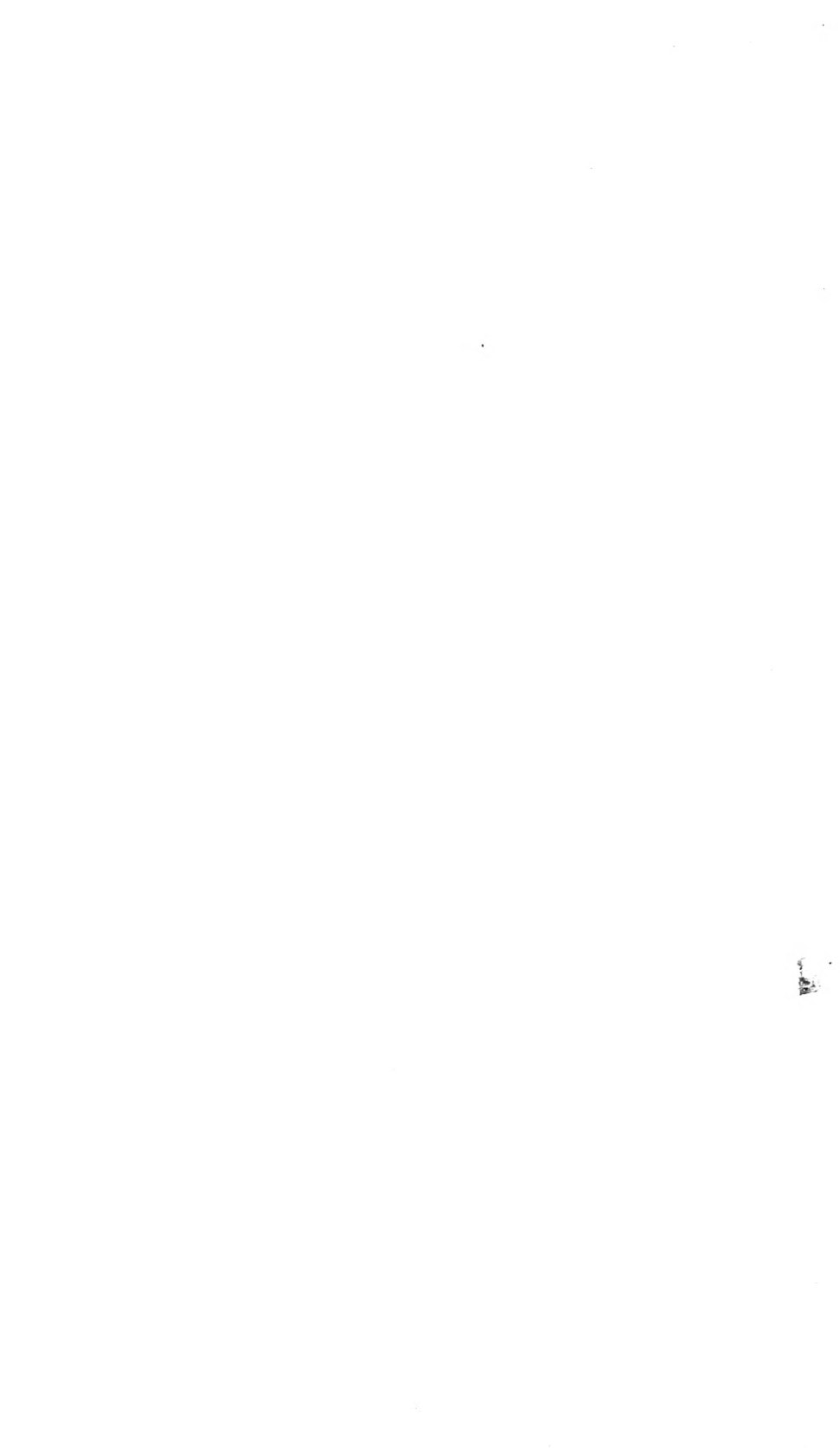
	Pounds.	Price.	Cost, materials.	Cost, manu- facture.
Satin warp, 18/20 Japan. Imp. raw. Free	1.56	\$3.75	\$5.85	
Throwing gum, wgt. to 2 thd. Organzine		.50		
Dyeing gum, wgt. black 120 per cent		.60		\$1.72
Winding gum, wgt.		.21		.33
Pile warp 15/2 spun silk. Imp. Duty paid	.94	3.50	3.29	
Dyeing 120 per cent ³ . Winding ³		.43		.40
Ground warp 2/100 cotton. Imp. Duty paid	1.05	1.20	1.26	
Dyeing ¹⁰ . Winding ¹⁰		.20		.21
Filling 1/50 Eisangam. Imp. dyed and finished. Duty paid	.90	.86 $\frac{1}{2}$	.78	
Dblg. and quillg., gum, wgt		.22		.20
Warping 219.400. Yds. thd. per 1,000 yds.		.002 $\frac{1}{2}$		.70
Twisting 161-6+10 per cent. Ends, per 100 ends		.10		.03
Weaving. 1,000 yards, at 3.00 per cut 26 spc.		.0115		11.50
Finishing and packing, 200 p. ct.		.075		15.00
Genl. exp.				9.56
	4.45		11.18	39.65
Only in mills of C. B.:				
All imp. duty paid				¹ 39.65
Cost per lb. mfg., 9.82=79.6 per cent				² 4.07
Cost per lb. materials, 2.51=20.4 per cent				
				43.72
Cost per lb., total 12.33				11.18
				54.90

¹ Cost of manufacturing.

² Sales expenses less dis. 8 per cent.

³ Materials.

This concludes the hearings on Schedule L.



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