

TARIFF SCHEDULES

BRIEFS AND STATEMENTS

FILED WITH THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

SIXTY-THIRD CONGRESS

FIRST SESSION

ON

H. R. 3321

**AN ACT TO REDUCE TARIFF DUTIES AND TO PROVIDE
REVENUE FOR THE GOVERNMENT, AND
FOR OTHER PURPOSES**

(IN THREE VOLUMES)

VOLUME II—SCHEDULES I TO L

SUBJECT INDEX IN VOLUME III

Printed for the use of the Committee on Finance
under the supervision of T. M. Robertson

WASHINGTON
GOVERNMENT PRINTING OFFICE

1913

COMMITTEE ON FINANCE.

UNITED STATES SENATE.

F. M. SIMMONS, North Carolina, *Chairman*.

WILLIAM J. STONE, Missouri.

JOHN SHARP WILLIAMS, Mississippi.

CHARLES F. JOHNSON, Maine.

BENJAMIN F. SHIVELY, Indiana.

HOKE SMITH, Georgia.

CHARLES S. THOMAS, Colorado.

OLLIE M. JAMES, Kentucky.

WILLIAM HUGHES, New Jersey.

THOMAS P. GORE, Oklahoma.

BOIES PENROSE, Pennsylvania.

HENRY CABOT LODGE, Massachusetts.

PORTER J. McCUMBER, North Dakota.

REED SMOOT, Utah.

JACOB H. GALLINGER, New Hampshire.

CLARENCE D. CLARK, Wyoming.

ROBERT M. LA FOLLETTE, Wisconsin.

PREFATORY NOTE.

The paragraph numbers in the captions refer to the numbers in H. R. 3321 as it passed the House of Representatives.

Duplicates of briefs printed in the hearings before the House Committee on Ways and Means are omitted.



LIST OF BRIEFS AND STATEMENTS.

SCHEDULE I.

	Page.
Acheson Harden Co.; par. 260, cotton handkerchiefs, etc.	1101
Adamson, J. Arthur; par. 267, cotton bandings, beltings, etc.	1142
American Cotton Manufacturers' Association; par. 255, cotton yarns.	1030
Ames, J. O.; par. 271, cotton manufactures.	1157
Amoskeag Manufacturing Co.; pars. 257-259, cotton cloths.	1067
Arlington Mills; par. 255, cotton yarns.	997
Astin, George; par. 267, elastic gorings, etc.	1136
Bemis Bros. Bag Co.; par. 271, cotton manufactures.	1154
Brady, Friedlander, Knitting Mills; par. 265, cotton gloves.	1126
Brighton Mills; pars. 267 and 271, pneumatic-tire fabrics, etc.	1144
Bristol Manufacturing Co.; par. 255, cotton yarn.	1004
Brookside Mills; par. 262, velveteens.	1108
Brown & Gerry; par. 268, table damask, etc.	1147
Brown, C. H.; pars. 264 and 265, hosiery.	1112
Butler, William M.; par. 255, cotton yarns.	1022
Chase, S. B.; par. 255, cotton yarns, etc.	1015
Churchill & Marlow; pars. 257-259, cotton cloths.	1076
Clark Thread Co.; par. 256, spool thread.	1062
Cloak, Suit and Skirt Manufacturers' Association; par. 261, women's ready-made clothing.	1103
Cohen, Joseph H.; par. 261, women's ready-made clothing.	1103
Conant, Charles A.; par. 259, tracing cloth.	1084
Consolidated Cotton Duck Co.; pars. 257-259, cotton cloths.	1071
Cotton Manufacturers' Association of Georgia; par. 255, cotton yarns.	1055
Covell, William P.; par. 259, tracing cloth.	1050
Cramer, Stuart W.; par. 255, cotton yarns.	1030
Dartmouth Manufacturing Co.; par. 255, cotton yarn.	1004
De Grandmont, E.; pars. 257-259, cotton cloths.	1076
Dick, R. & J. (Ltd.); par. 267, cotton bandings, beltings, etc.	1139
Dumaine, F. C.; pars. 257-259, cotton cloths.	1067
Fabric Manufacturing Co.; par. 265, cotton gloves.	1131
Farnon, J. J.; pars. 257-259, cotton cloths.	1070
Feldenheimer, Joseph; par. 266, knitted underwear.	1133
Glendale Elastic Fabrics Co.; par. 267, elastic gorings, etc.	1136
Glenside Woolen Mills; pars. 257-259, cotton cloths.	1074
Grave, A. H.; par. 256, spool thread.	1062
Gordon, F. B.; par. 255, cotton yarns.	1055
Greene & Co.; par. 255, cotton yarn.	1014
Grillith, E. H.; par. 267, cotton bandings, beltings, etc.	1139
Hanes, P. H., Knitting Co.; par. 266, cotton knit goods.	1135
Harden, James; par. 260, cotton handkerchiefs, etc.	1101
Herrman, Aukam & Co.; par. 260, cotton handkerchiefs, etc.	1093
Hobbs, Franklin W.; par. 255, cotton yarns.	997
Holmes Manufacturing Co.; par. 255, cotton yarns.	1002
Home Market Club; par. 255, cotton yarns.	1012, 1163
Howard, Charles M.; par. 257, bleached cotton, etc.	1064
Hutchison, C. E.; par. 255, cotton yarns.	1011
Independent manufacturers of New England States; par. 255, cotton yarns, etc.	1045
International Braid Co.; par. 271, cotton manufactures.	1157
Kauer, Louis; par. 267, cotton bandings, beltings, etc.	1139
King, Charles S.; par. 267, cotton bandings, beltings, etc.	1141
Knit Underwear Manufacturers' Association; par. 266, knitted underwear.	1113
Langshaw, Walter H.; par. 255, cotton yarn.	1004
Leolastic; par. 267, elastic gorings, etc.	1137

	Page.
Lily Mill & Power Co.; par. 255, cotton yarn.....	1003
Linn, J. F.; par. 267, cotton bandings, beltings, etc.....	1139
Lyall, William; pars. 267 and 271, pneumatic-tie fabrics, etc.....	1144
McChesney, T. D.; pars. 259-270, hollands.....	1085
MacGirgor, John, Co.; par. 256, spool thread.....	1057
Marvin, Thomas O.; par. 255, cotton yarns.....	1012, 1163
Maynard, James; par. 262, velveteens.....	1108
Minetto-Meriden Co.; pars. 259-270, hollands.....	1085
Monadnock Mills; par. 269, cotton bedspreads.....	1151
Mule Spinners' Union; general cotton schedule.....	1169
National Association of Cotton Manufacturers; general cotton schedule.....	1158
National Tracing Co.; par. 259, tracing cloth.....	1082
New England Cotton Yarn Co.; pars. 255 and 256, yarn and thread.....	1043
Niagara Textile Co.; par. 269, towels, etc.....	1150
Nichols, William G.; pars. 257-259, cotton cloths.....	1071
North American Lace Co.; par. 270, Nottingham lace curtains.....	1153
North Carolina Cotton Manufacturers' Association; par. 255, cotton yarns.....	1041
Orinoka Mills; par. 263, tapestries, etc.....	1110
Palmer, E. A.; par. 259, tracing cloth.....	1079, 1080
Parker, Lewis W.; par. 255, cotton yarns.....	1015
Patterson, John L.; par. 268, table damask, etc.....	1146
Porter, Joseph L., Co. (Inc.); par. 267, cotton bandings, beltings, etc.....	1141
Ramsaur, J. H.; par. 255, cotton yarn.....	1003
Ransom, H. L.; par. 269, towels, etc.....	1150
Regina Manufacturing Co.; par. 259, tracing cloth.....	1079, 1080
Richardson, Charles O.; par. 262, velveteens.....	1109
Rosemary Manufacturing Co.; par. 268, table damask, etc.....	1146
Rosenfeld, L. E.; par. 261, women's ready-made clothing.....	1103
Ross, Samuel; general cotton schedule.....	1169
Sachs, J., & Co.; pars. 257-259, cotton cloths.....	1074
Smith, F. H. C.; pars. 264 and 265, hosiery.....	1116
Specht, H. Mortimer; pars. 257-259, cotton cloths.....	1074
Street, Charles; par. 271, cotton manufactures.....	1157
Supplee, Reeve, Whiting Co.; par. 267, umbrellas and tassels.....	1143
Tenney, George A.; par. 269, cotton bedspreads.....	1151
Terrell, J. O.; general discussion.....	1159
Turner, W. L.; par. 270, Nottingham lace curtains.....	1153
Umbrella Manufacturers of the United States of America; par. 267, umbrellas, cords, and tassels.....	1143
United Textile Workers of America; general cotton schedule.....	1169
Victorius, A. V.; par. 265, cotton gloves.....	1131
Warren, Charles B.; par. 256, thread.....	1058
Warren, W., Thread Works; par. 256, thread.....	1058
Warwick Mills; par. 262, velveteens.....	1109
Wellington, Sears & Co.; general cotton schedule.....	1167
Wile, E. J.; par. 261, women's ready-made clothing.....	1103
Windsor Print Works; par. 257, bleached cotton, etc.....	1064
Wolf, Arthur D.; par. 261, women's ready-made clothing.....	1103
Wood, Kenneth F.; par. 259, tracing cloth.....	1082
Woodbury, C. J. H.; general cotton schedule.....	1158

SCHEDULE J.

Acheson Harden Co.; par. 292, handkerchief linen.....	1203
Allentown Spinning Co.; par. 276, jute yarns.....	1176
Association of American Embroidery & Lace Manufacturers (Inc.); par. 287, embroideries and laces.....	1192
Association of Manufacturers of Laces & Embroideries, etc.; par. 287, em- broideries, laces, etc.....	1196
Barbour, J. E.; pars. 272-275, flax and hemp.....	1175, 1176
Bennett, Claude N.; par. 288, jute yarns.....	1202, 1211
Biddle, E. R.; par. 288, burlap bags.....	1208
Campbell, Peter; par. 285, floor oilcloth, etc.....	1187
Chelsea Fiber Mills; par. 276, raw jute.....	1176
Churchill & Marlow; par. 287, braids, tapes, etc.....	1201
Colby, Alfred H.; par. 274, tow of flax.....	1175
Collins, Plass Co.; par. 288, bags.....	1209

	Page.
Congressional Information Bureau; par. 288, jute yarns.....	1211
Crex Carpet Co.; pars. 281 and 282, mattings and rugs.....	1177
Davis, S. L.; par. 276, jute yarns.....	1176
de Grandmont, E.; par. 287, braids, tapes, etc.....	1201
Dittman, J. W.; par. 293, ramie yarns.....	1205
Dolphin Jute Mills; par. 276, jute yarns.....	1176
Dutton, Andrew, Co.; par. 274, tow of flax.....	1175
Farr & Bailey Manufacturing Co.; par. 285, floor oilcloth, etc.....	1187
Harden, J. A.; par. 292, handkerchief linen.....	1203
Herrmann, Aukam & Co.; par. 291, linen handkerchiefs.....	1213
Keiser, James R. (Inc.); par. 291, linen handkerchiefs.....	1212
Kunshedt, N. W.; par. 287, embroideries and laces.....	1192
Ludlow Manufacturing Associates; par. 290, bagging.....	1206
Malone, Dudley Field; par. 287, embroideries, laces.....	1196
Nairn Linoleum Co.; par. 285, floor oilcloth, etc.....	1187
Neilson & Crossley, par. 293, flax.....	1207
Pine, J. K. P.; par. 289, collars and cuffs.....	1190
Potter, Thomas, Sons & Co. (Inc.); par. 285, floor oilcloth, etc.....	1187
Robinson, Myron W.; pars. 281 and 282, mattings and rugs.....	1177
Superior Thread & Yarn Co.; par. 293, ramie yarns.....	1205
Wallace, C. W.; par. 290, bagging.....	1206
Wise, Paul T.; par. 276, raw jute.....	1176

SCHEDULE K.

Abbot Worsted Co.; par. 296, woolen yarns.....	1258
Bergman Knitting Mills; general discussion of Schedule K.....	1329
Bigelow, H. C.; general discussion of Schedule K.....	1332
Bliss, Henry W.; pars. 314-318, mohair and cloth.....	1304
Block, H. W.; general discussion of Schedule K.....	1330
Brown, Wm., & Co. (Inc.), in behalf of the goat raisers of the United States; pars. 314-318, mohair, etc.....	1299
Clark, Frederick S.; general discussion of Schedule K.....	1319
Cleveland Knitting Mills Co.; par. 300, knitted articles.....	1285
Cleveland Worsted Mills Co.; general discussion of Schedule K.....	1327
Cloak, Suit, and Skirt Manufacturers' Association of New York; par. 300, clothing.....	1271
Cloak, Suit, and Skirt Manufacturers' Protective Association; par. 300, clothing.....	1279
Cloth Examiners' and Spongers' Union of Greater New York; par. 300, clothing.....	1282
Crow, William, & Son (Inc.); par. 297, woolen knit goods.....	1262
Cohen, Joseph H.; par. 300, clothing.....	1271
Collins, Michael; par. 295, raw wool.....	1224
Cooper, Wells & Co.; par. 300, hosiery.....	1266
Corwine, R.; par. 300, clothing.....	1276
Dutchess Hat Works et al.; par. 300, wool hats.....	1285
Edwards County (Tex.) Angora Goat Association; par. 314, mohair.....	1297
Elizabeth Mills; par. 314, mohair plushes.....	1302
Forino Co.; par. 295, wool tops.....	1230
Forstmann & Huffmann Co.:	
Par. 295, wool tops.....	1231
Pars. 295-297, wool and woolens.....	1234
General discussion of Schedule K.....	1327
Friedlander, M., Knitting Co.; par. 300, knit gloves, etc.....	1268
Gaylord, E. B.; par. 247, woolen knit goods.....	1261
Home Market Club; pars. 295-297, wool and manufactures of.....	1257
Hunneman, William C.; par. 295, raw wool.....	1228
Kennard, J., & Sons Carpet Co.; pars. 302-312, carpets.....	1293
Kip, Frederic E.; pars. 314-318, mohair cloth, etc.....	1304
Leonard, William B.; general discussion of Schedule K.....	1323
Lhowe, Harold R.; par. 297, sweater and knit goods.....	1262
Lowenthal, Adolph; par. 300, clothing.....	1282
Lowenthal, Max, & Sons; par. 300.....	1291
Marvin, Thomas O.; pars. 295-297, wool and manufactures of.....	1257
Marvin, Winthrop L.:	
Pars. 295-299, wool and woolens.....	1257
Par. 314, Angora-goat skins.....	1295
General discussion of Schedule K.....	1331

	Page.
Massachusetts Mohair Plush Co.; pars. 314-318, mohair and cloth.....	1304
Maurice, George; par. 300, clothing.....	1282
Miller, Henry H., Co. et al.; par. 300, wool hats.....	1283
Modena Mills; par. 314, mohair plushes.....	1302
Moffatt, A. B.; par. 300, hosiery.....	1266
Moisan, G. J., et al.; pars. 314-318, mohair, etc.....	1310
Moore, Edgar B.; general discussion of Schedule K.....	1328
National Association of Clothiers; par. 300, cloths.....	1276
National Association of Wool Manufacturers:	
Pars. 295-299, wool and woolens.....	1258
Par. 314, Angora goat skins.....	1295
General discussion of Schedule K.....	1331
National Cloak, Suit and Skirt Manufacturers' Association; par. 300, clothing..	1281
Neuman, Louis; par. 300, knitted articles.....	1285
Ogden State Bank; general discussion of Schedule K.....	1332
Orinoka Mills; pars. 314-318, tapestries, etc.....	1317
Ozark Mills; par. 314, mohair plushes.....	1302
Patrick, J. H.; general discussion of Schedule K.....	1323
Pitt, Robert M.; par. 275, raw wool.....	1221
Radeliffe Bros.; par. 297, woolen knit goods.....	1261
Rankin, W. T.; par. 314, mohair plushes.....	1302
Robertson, Johnston; par. 314, mohair.....	1298
Rosenfeld, L. E.; par. 300, clothing.....	1271
Rosengarten & Co.; general discussion of Schedule K.....	1324
Salt's Textile Manufacturing Co.; pars. 314-318, mohair, cloth, etc.....	1301
Sanford Mills et al.; pars. 314-318, mohair yarns and cloths.....	1309
Smith, E. A., Manufacturing Co.; par. 318, plush, velvet, and pile fabrics. . .	1316
Southwest Texas Sheep and Goat Growers' Association; pars. 317 and 652, mo- hair, etc.....	1297
Stafford, O.; general discussion of Schedule K.....	1327
Stone, Timlow & Co. (Inc.); par. 314, Angora goat skins.....	1294
Stroock Felt Mills; par. 297, felt.....	1264
Stroock Plush Co.; par. 318, plushes.....	1311
Stursberg, W., Schell & Co.; par. 296, woolen yarns.....	1260
Sulloway Mills; par. 300, hosiery.....	1267
Sweater and Fancy Knit Goods Manufacturers' Association; par. 297, sweater and knit goods.....	1262
Talbot Mills et al.; date when law should become effective.....	1319
Trenton Cotton Mills; par. 314, mohair plushes.....	1302
Van Inger, E. H.; general discussion of Schedule K.....	1326
Weinberg, Hermann; par. 295, wool tops.....	1230
Wesserunett Worsted Co.; general discussion of Schedule K.....	1328, 1332
Whitman, William; pars. 295-297, wool tops and wool cloth.....	1241, 1250
Whittall, M. J.; general discussion of Schedule K.....	1328
Wile, E. J.; par. 300, clothing.....	1271, 1279
Winsted Hosiery Co.; par. 247, woolen knit goods.....	1261
Wolf, Arthur D.; par. 300, clothing.....	1271
Wood, John P.; pars. 295-299, wool and woolens.....	1258

SCHEDULE L.

Adolph, H. G.; par. 326, dyed umbrella cloth.....	1382
American Silk Spinning Co.; par. 319, combed silk.....	1337
Belding Bros. & Co.; par. 321, sewing and embroidery silks.....	1364
Catoir Silk Co.; general discussion.....	1387
Champlain Silk Mills; pars. 319-320, carded silk and yarn.....	1333
Cheney Bros.; pars. 319-327, silk and silk goods.....	1353
Churchill & Marlow; par. 322, velvets.....	1367
Committee of silk velvet and plush manufacturers of the United States; pars. 319-322, silk plushes and spun silk yarns.....	1349
De Grandmont, E.; par. 322, velvets.....	1367
Dundee Textile Co.; par. 326, dyed umbrella cloth.....	1376
Holland Manufacturing Co.; par. 321, sewing and embroidery silks.....	1365
Hughes, F. L.; par. 326, dyed umbrella cloth.....	1370
Kenny, W. J.; par. 321, sewing and embroidery silks.....	1365
Kip, F. E.; pars. 319, 320, and 322, silk velvets and plushes, etc.....	1340

	Page.
Migel, M. C.; par. 319, combed silk.....	1337
Müller, Otto, & Co.; par. 326, dyed umbrella cloth.....	1382
Nonotuck Silk Co.; par. 321, sewing and embroidery silks.....	1365
Passavant & Co.; general discussion.....	1300
Pass-Kremer Hatband Manufacturing Co. (Inc.); par. 324, hatbands.....	1300
Peugnet, Ramsey:	
Par. 321, sewing and embroidery silks.....	1362
Par. 322, velvets.....	1366
Post & Sheldon Corporation; general discussion.....	1388
Reiling & Schoen; general discussion.....	1388
Rice, A. H., Co.; par. 321, sewing and embroidery silks.....	1364
Richardson Silk Co.; par. 321, sewing and embroidery silks.....	1361
Salts Textile Manufacturing Co.; pars. 319, 320, and 322, silk velvets and plushes, etc.....	1340
Schwarzenbach, Huber & Co.; par. 326, woven fabrics.....	1371
Silk Association of America; par. 322, velvets.....	1366
Soria, H. J.; par. 321, sewing and embroidery silks.....	1361
Stearns, John N., & Co.; general discussion.....	1389
Sutro Bros. Braid Co.; par. 327, artificial silk yarn.....	1392
Thompson, O. S.; general discussion.....	1387
Watson, Alb.; general discussion.....	1390



SCHEDULE I.
COTTON MANUFACTURES.

SCHEDULE I.—COTTON MANUFACTURES.

Par. 255.—COTTON YARNS.

ARLINGTON MILLS. PER FRANKLIN W. HOBBS, PRESIDENT, LAWRENCE,
MASS.

MAY 16, 1913.

The COMMITTEE ON FINANCE,
Senate of the United States, Washington, D. C.

GENTLEMEN: Your attention is respectfully called to the following facts and reasons why the duties under schedule I of the proposed Underwood tariff bill, H. R. 3321, should be increased and reclassified.

The proposed Underwood bill imposes the same ad valorem rate of duty on single-carded cotton yarns as on yarns which have been combed, twisted, and gassed or mercerized, or both gassed and mercerized, or otherwise processed or dyed at greatly increased cost over the cost of the single-carded yarns.

The rates proposed by that bill are not only too low, but also are not graduated properly to take into account the differences in cost between single yarn and the same yarn which has been twisted or otherwise processed.

No rate of duty can put the American manufacturer upon a competitive basis with the foreign manufacturer which does not make the latter pay to the Government an amount at least equivalent to the difference in costs of conversion of the domestic and foreign yarns. Furthermore, the difference in costs of conversion of domestic and foreign yarns grows wider and wider in dollars and cents with each added process of manufacture. Our experience has shown, and we think it is borne out by the report of the Tariff Board on Schedule I, that the English cost of conversion is about two-thirds of the American cost, i. e., the American cost is at least 50 per cent more than the English cost. This difference in relative costs exists in the same or greater degree in each added process of manufacture. Granted, therefore, that any ad valorem rate which may be adopted on single yarn may be correct, it is obvious that in applying the same rate to yarn which has been twisted or gassed and mercerized or otherwise processed that rate becomes less and less protective and puts the American manufacturer in a position of less and less favorable competition as the cost of conversion increases with each added process, and it must be true that the same ad valorem rate on yarns carried beyond the single must be inadequate. Whatever extra cost is added to the foreign cost of the yarn beyond the single yarn, there must be added at least 50 per cent more for the same work in this country, or, in other words, for every increase of 66⅔ cents in foreign cost there will be an increase of \$1 in American cost. If the basic

rate remains the same, therefore, the only additional duty would be on the extra cost, and it must be true that a duty of 10, 15, 20, or 25 per cent levied on 66 $\frac{2}{3}$ cents and added to the same will never make the total \$1.

To illustrate, let us suppose the foreign cost of a single yarn is 40 cents per pound and the rate of duty 10 per cent, the duty would be 4 cents and the duty-paid cost 44 cents, which we will assume is also the American cost, and that the yarn is therefore on an exact competitive basis.

If the foreigner now twists or processes his yarn, and adds 6 cents to the cost, his yarn will cost 46 cents per pound, and with the same rate of 10 per cent the duty would be 4.6 cents and the duty-paid price 50.6 cents per pound; the increase in the duty, it will be carefully noted, being only 0.6 of a cent over the duty in the single yarn.

Now let us turn to the American spinner. We find that his single yarn costs 44 cents and that for that yarn he was on a competitive basis with the foreigner. The foreign cost was enhanced 6 cents, so that the domestic spinner must add at least 50 per cent more, or 9 cents, to his cost for like processes, making the total cost 53 cents. The foreigner, however, with the same rate of duty on the processed yarn can bring in his yarn in the advanced condition of manufacture at 50.6 cents, or 2.4 cents less than the American's equivalent cost. This typical illustration, we believe, will show you the injustice of the same rate of duty on all yarns of the same count regardless of condition of manufacture. It is convincing proof that no one rate is right for all conditions of manufacture, and that each additional stage of manufacture requires a different rate.

The same condition of things exists with each added process of manufacture, because in each case the difference in costs with reference to which the rate of duty must be determined is different. In other words, in order to leave the domestic manufacturer on a competitive basis, the percentage of duty must be determined with reference to making the foreign manufacturer pay a certain amount per pound represented by the difference between the costs of conversion in each case, and this can not be done unless the rate is fixed in each particular case with reference to the constantly increasing differences in cost of production.

We also wish to call your attention particularly to the great danger from any ad valorem tariff, on account of the constant and extreme fluctuations of values of material on which the rate is figured, although the conversion cost may remain practically the same. In other words, if a certain rate is right on one basis of cost, it is bound to be either too high or too low on a changed basis.

To show the impossibility of making an ad valorem rate that will remain satisfactory under varying conditions, let us assume a foreign yarn selling for 50 cents per pound with the rate of duty 20 per cent. The duty would then be 10 cents and the duty-paid cost 60 cents, which we will assume is the American selling price. If the foreign price drops to 48 cents for any reason, due to changes affecting the foreign but not the American market, and this would be a slight variation under actual business conditions, the difference between foreign and American prices then would be 12 cents per

pound and the required rate 25 per cent. In the same way, if the foreign price advanced to 52 cents the difference would be only 8 cents per pound and the required rate about 15.4 per cent. In other words, the duty required will vary with every variation in prices.

In addition to this the fluctuations in the cotton market are rapid and violent, as shown by the following table:

Highest and lowest prices in New York for middling upland cotton during each season ending Aug. 31.

Seasons of—	Highest.	Lowest.
	Cents per pound.	Cents per pound.
1902-3.....	13.50	8.30
1903-4.....	16.65	9.50
1904-5.....	11.50	6.85
1905-6.....	12.60	9.80
1906-7.....	13.55	9.60
1907-8.....	13.55	9.50
1908-9.....	13.15	9.00
1909-10.....	* 19.75	12.40
1910-11.....	16.15	11.60
1911-12.....	13.40	9.20

¹ Lowest.

² Highest.

Difference between highest and lowest, 12.50 cents.

Staple cottons vary in a similar way, and the following represent actual purchases by our mill for the past five years:

[In cents per pound.]

Year.	Prices of 1½-1¾ inches good middling staple cotton.			Prices of 1¾-2 inches good middling staple cotton.		
	Lowest.	Highest.	Average price.	Lowest.	Highest.	Average price.
1908-9.....	10½	12½	12.07	11½	14½	12.96
1909-10.....	12½	18½	14.9	13½	22	17.3
1910-11.....	16½	19½	18.4	19½	23½	22.1
1911-12.....	13½	22	15.6	19½	22	21.5
1912-13.....	13½	15½	14.5	17½	19½	18.8

From these tables you will note at once the great fluctuations from year to year and even in the same year, making it very necessary in arranging the rates of duty in any ad valorem tariff to figure them on a low basis of raw-material values, for if the rates are fixed on a high basis of value they will be utterly inadequate when prices fall off.

Manufacturers are accused of not giving information sufficiently exact so that the committee can act on it. The fact of the matter is that the crop and general market conditions change so from season to season, or even from week to week, that it is an impossibility for anyone to fix an exact line upon which a fixed ad valorem rate of duty will establish a competitive basis or produce reasonably determinable conditions under which business can be done for reasonable periods of time. Furthermore, any increase in the rate of wages or other factor entering into the cost of production must increase the uncertainty as to the effect of any fixed ad valorem rate, and it

is a fact that during the last 10 years wages have been steadily increasing in this country, while there has been much less change in England.

As, therefore, it is the avowed purpose of your committee to enable the American manufacturer to compete with his foreign rival and not to endanger the cotton industry, it would seem to require no argument to prove that any rates that are adopted must be high enough to allow a margin of safety to cover the constantly varying elements of cost of raw material and conversion which are so vital a consideration in any tariff based on ad valorem rates of duty.

In order to aid your committee in as practical a way as possible, we have collected and tabulated certain facts and data as to our own yarn costs and foreign prices, which we give you herewith. We have given in the following table the actual American conversion costs of making single-combed yarns and putting them on cones for delivery, also the added cost of twisting the same yarns, of mercerizing them, and of gassing and mercerizing them.

American conversion costs of combed cotton yarns, all delivered on cones.

	Counts.					
	40	50	60	70	80	100
Conversion cost of single yarn.....	15.9	14.9	21.4	24.6	27.8	35.8
Two-ply yarn cost in excess of single yarn.....	4.7	5.9	6.5	8.6	10.5	13.7
Two-ply gassed yarn cost in excess of two-ply yarn.....	2.1	2.7	3.0	3.6	4.1	5.2
Two-ply gassed and mercerized yarn cost in excess of two-ply gassed yarn.....	7.6	8.2	9.0	10.1	11.1	13.4
Total additional conversion cost for two-ply gassed and mercerized yarn in excess of single yarn.....	14.4	16.8	18.5	22.3	25.7	32.3
Total conversion cost, covering picking, carding, combing, spinning, twisting, gassing, mercerizing, and cone winding.....	30.3	35.7	39.9	46.9	53.5	68.1

It will be noted that the total additional conversion cost of twisting, gassing, and mercerizing is an additional amount nearly equal to the original conversion cost of making the single yarn, or, in other words, that the conversion cost of the yarn in that condition is nearly double that in the single state. It is clear, therefore, that an added duty is needed on yarns so advanced in processes and costs as compared with the duty on single yarns. To further illustrate the point we call attention to the various processes to which the yarn is subjected after it has been actually made into single yarn in order to deliver it in the two-ply gassed and mercerized condition:

Operations required for making two-ply gassed and mercerized yarn, delivered on cones, after the yarn has been spun and is on spinning bobbins.

1. Winding yarn from spinning bobbins onto spools.
2. Twisting yarn from spools onto twister bobbins.
3. Spooling—putting yarns from twister bobbins onto a spool.
4. Gassing—from spool to tube or cheese.
5. Spooling—from tube or cheese to a spool.
6. Warplug—taking yarn from the spool and making into a ball warp.
7. Mercerizing.
8. Drying the mercerized warps.

9. Warp splitting.

10. Quilling—taking the yarn from the mercerized warps and putting each thread onto a single-headed bobbin.

11. Inspection—each quiller bobbin is looked over and faulty yarn rejected.

12. Cone winding—taking the yarn from the quiller bobbin and putting it onto a cone.

Yarn that is dyed or bleached is of course subjected to still further processes and additional expenses.

Let us look at the matter from another point of view and consider the added American cost, the added English conversion cost, and the added duty on the same as proposed by the Underwood bill in the case of two-ply gassed and mercerized yarns. Taking the American costs from the preceding table and assuming that the English costs are two-thirds the American, we have:

	Counts.					
	40	50	60	70	80	100
American conversion cost.....	14.4	16.8	18.5	22.3	25.7	32.3
English conversion cost.....	9.6	11.2	12.3	14.9	17.1	21.6
Duty on same as proposed by Underwood bill.....	1.4	2.0	2.5	3.0	3.4	5.4
Added English cost plus duty.....	11.0	13.2	14.8	17.9	20.5	26.9
Excess of American cost not covered by English cost plus duty proposed.....	3.4	3.6	3.7	4.4	5.2	5.4

This shows clearly that the rates proposed, if they are right for single yarns, can not be right for two-ply gassed and mercerized yarns, and that as a matter of fact the manufacturer of such yarns would be seriously handicapped and unjustly discriminated against, for the duty in no way offsets the great increase in cost. We believe we have shown, therefore, the necessity for added duties on two-ply yarns and further added duties on two-ply gassed and mercerized or processed yarns on any schedule that may be adopted for single yarns if all spinners are to be put on an equal footing, which we understand to be your desire and a matter of simple justice to all.

The following table gives selling prices of American yarns, of English yarns, and the per cent on prices of foreign yarns needed to make the difference. The American prices on these yarns have been figured so that, after deducting 3 per cent for selling expenses and 2 per cent for cash discount in 10 days from date of bill, the net amount left above actual cost would be just enough to pay 6 per cent on the cost of the mill, the mill cost being figured on the basis of \$25 per spindle, which is a fair price to-day for a combed yarn mill. The English prices are the most reliable obtainable and are those at which two different English spinners now offer the yarns in question, and their representatives are already here making arrangements to sell yarns in the American market, realizing that under the proposed rates of duty they will have a decided advantage over the American manufacturers.

We have taken the counts 40-100, inclusive, as on those we have authoritative foreign and domestic prices and they are counts with the manufacture of which we are familiar in our own business.

Two-ply combed cotton yarns.

[All prices given in cents per pound.]

	Counts.					
	40	50	60	70	80	100
American selling price.....	53.3	58.8	65.7	72.7	82.1	93.5
Foreign selling price.....	41.0	43.0	47.0	52.0	57.0	69.0
Freight and importing expenses.....	1.2	1.2	1.2	1.2	1.2	1.2
Price of foreign yarn landed in bond.....	42.2	44.2	48.2	53.2	58.2	70.2
Difference between American and foreign selling prices, including importing expenses.....	11.1	14.6	17.5	19.5	23.9	28.3
Per cent on foreign selling price necessary to meet difference.....	27.1	34.0	37.2	37.5	42.0	41.0
Rates in H. R. 3321..... per cent..	15.0	17.5	20.0	20.0	20.0	25.0

We realize that on the finer counts the rates shown in the above table to be necessary to meet the difference between English and American prices are higher than the equivalent ad valorem rates now levied by the Payne-Aldrich bill. This is readily explained by the fact that these yarns are now imported in large quantities because the present rates are not sufficient to prevent their importation, and this condition has existed for some time.

In view of these actual market conditions, which are beyond question, the table further shows that under the rates proposed the present importations would be greatly increased and, as a matter of fact, our domestic market would be completely in the hands of foreign spinners.

We believe we have shown beyond question with reference to the yarns named the following:

First. That for each additional process of manufacture beyond the single yarn involving increased cost of conversion there should be an increase in the rate of duty.

Second. That the rates proposed in H. R. 3321 are inadequate and would prove ruinous to the American spinner.

Whatever rate is finally decided on for single yarns, we believe that on yarns advanced beyond the single there should be an additional duty of at least 5 per cent and on yarns mercerized, dyed, or bleached $2\frac{1}{2}$ per cent more than the rate on the same yarns in the gray.

HOLMES MANUFACTURING CO., NEW BEDFORD, MASS., BY CHARLES M. HOLMES, TREASURER.

NEW BEDFORD, MASS., April 30, 1913.

HON. CHARLES F. JOHNSON,
Washington, D. C.

DEAR SIR: Referring to H. R. 10, Schedule I of which relates to duties to be imposed on cotton yarn, we wish to enter our protest against the rates in this schedule, as we consider that they do not cover the difference in cost of production between English and Amer-

ican mills, and we also wish to protest against this schedule making no allowance for the excess labor cost in ply and processed yarns.

The Holmes Manufacturing Co., having a capital stock of \$1,200,000 and operating 63,000 spindles, commenced operations in April, 1910, manufacturing 36's to 120's mercerized, bleached, and colored yarns.

The entire product is mercerized, and 90 per cent is twisted. This yarn is used almost entirely in the manufacture of hosiery and underwear.

The cost of our finishing department, together with our twisting, warping, and quilling departments, represents 41 per cent of our total pay roll.

You will notice in H. R. 10, page 64, Schedule I, that yarn plyed or processed—that is, mercerized, bleached, or colored—has no extra duty over gray yarn, while on page 65, paragraph 261, cloths that are mercerized, bleached, or dyed are subject to an extra duty of 2½ per cent ad valorem.

On 80's and above we have so strong a competition from abroad under the present tariff that we have had to discontinue spinning those numbers. On 60's under the present tariff our prices are about on a par with foreign prices.

We feel that to protect the labor represented by the 41 per cent of our pay roll mentioned above an extra duty of at least 5 per cent should be inserted in H. R. 10, covering mercerized, bleached, and colored yarns, as the corresponding costs in England are approximately 66 per cent of our own.

We earnestly request that you use your best endeavors to have above extra duty inserted in H. R. 10, as this is the only possible way that we can maintain our present wage schedule.

Thank you in advance for your kind attention to this matter.

— —

LILY MILL & POWER CO., SHELBY, N. C., J. H. RAMSAUR, SECRETARY AND TREASURER.

SHELBY, N. C., April 25, 1913.

Mr. H. T. HUDSON,
Washington, D. C.

DEAR SIR: I thank you for sending me copy of Mr. Underwood's bill, and as I may have time shall look over it; don't know that will do much good, though, as seems it is going right on through, cotton schedule and all. Regret very much to see this, as a radical reduction, especially of the cotton schedules, will hurt the country very much. Years ago this was confined largely to the North, but now there is so much manufacturing in the South, lowering the tariff will hurt us awfully. Just few days ago I got from our commission house prices on yarns we are making as quoted by importers, showing that it can be delivered in this country much cheaper than we can possibly make it but for the tariff. For instance, you will see from a copy of this letter that 40's yarn can be sold by importers at 44 cents and 60's at 52 cents if there was no duty. We make combed sea-island yarns, such as this, and right now, even with a duty of 10 cents on 40's and 15 cents on 60's, we are only a little more than coming out

even. If the duty is lowered only half, it would result in our stopping, as we could not run without a loss. I understand you are secretary to Senator Overman, and therefore would be obliged to you if you will turn these papers over to him, letting him see just how the matters stand. I presume the bill will pass both the House and Senate in its present form, and, as far as I can see, the result will be a general close down of all textile plants, especially on the finer grades. Then, of course, the country at large would suffer greatly, and the final result would be to return the Republicans to power again.

I will thank you very much to acknowledge receipt of the inclosed, advising that you will turn same over to Senator Overman.

[Inclosure.]

NEW YORK, N. Y., April 16, 1913.

LILY HILL & POWER Co., *Shelby, N. C.*

GENTLEMEN: YOUR favor of April 12 at hand and we note what you write in reference to the proposed tariff, and also the efforts which you are making in the South in reference to the proposed reduction in tariff. We have taken up with one of the large importers of fine yarns here in New York, and have secured from him to-day the prices at which the very best grades of English yarns can be delivered in New York at the present time, exclusive of duties. He gives us prices as follows: 40/2 C. E., 36 cents; 50/2 C. E., 40 cents; 60/2 C. E., 44 cents; 40/2 C. S., I., 44 cents; 50/2 C. S., I., 48 cents; 60/2 C. S., I., 52 cen's.

The present duty on all this class of yarn has been 6 cents a pound on all numbers up to 24's, and from 24's to 50's, $\frac{1}{2}$ cent per number, so that you would have to add to the prices which we have above given you 10 cents a pound for duty on the 40/2, 12 $\frac{1}{2}$ cents a pound on the 50/2, and 15 cents a pound on the 60/2. These quotations also are for gassed and prepared yarn, which is the way most of these English yarns are sent out.

You can see from these figures that if there is a reduction in the duty on these yarns that it is bound to affect the American spinners on their combed yarns. As to the comparative cost of labor in the English market with that here, we think the average cost of labor in England is about 50 per cent less than in the United States.

We trust that the pressure which is being brought to bear, not only by large eastern corporations but also by all of the mills in the South, to avoid any further lowering of duty on fine yarns, will have its effect and prevent the proposed reduction on fine yarns, as we feel at the present time that there is none too high a tariff on them to protect the American manufacturers. We trust that the information which we have given you may be what you desire, and shall be very glad to give you any further information which we can obtain here in reference to this matter.

Very truly, yours,

CATLIN & Co.

**DARTMOUTH MANUFACTURING CO. AND BRISTOL MANUFACTURING CO., BY
WALTER H. LANGSHAW, PRESIDENT AND MANAGER, NEW BEDFORD,
MASS.**

NEW BEDFORD, MASS., April 29, 1913.

*The honorable Senate and House of Representatives
in Congress assembled:*

I feel it my duty to make one more attempt to induce Congress to pass a cotton schedule that will meet the requirements of the situation without entailing serious loss to those who, in a measure, or entirely, depend upon the cotton industry for a livelihood.

The proposed bill is wrong from any intelligent point of view. The reduction is too great, in some classes the rates are out of propor-

tion, and a strictly ad valorem tariff is not suitable as a protective, competitive, or revenue tariff because of the fluctuations in cotton.

I do not believe that the apparent desire on the part of the public for revision of the tariff on a lower basis means or necessitates a vicious cut which will seriously disturb values and result in liquidation of labor and capital and serious loss to many towns and cities. Although the Democratic ticket was elected, the people have not expressed themselves as opposing the protective feature and favoring a tariff for revenue only.

The adoption of the proposed bill by the Ways and Means Committee on a basis not supported by the testimony at the hearing is to be deplored, and that such action was taken without any reason being given for ignoring expert testimony raises doubt as to the sincerity of those who dominate the Ways and Means Committee.

As stated in my brief, 2 per cent of our population, about 2,000,000, are directly affected, and should be informed why the Ways and Means Committee ignored such testimony and have it explained to them why rates are made on a given number of yarn as compared with a rate on other numbers. For instance, why is the ad valorem rate on gray yarns No. 20's to 39's made 10 per cent; on 40's to 49's, 15 per cent; on 50's to 59's, 17½ per cent; on 60's to 99's, 20 per cent? Assuming that cotton was a commodity in which there was a regular standard price, the different percentage rates then would give a net duty of a given number of cents per pound. As a manufacturer, I know positively that the cost of manufacturing No. 99's is about double that of 59's; therefore, whatever system is used, the number of cents per pound should be double on 99's what it is on 59's, and 59's should be over three times as much as that on 19's.

These comparative differences are not based on theory; they are based on facts, which can be easily proven to anyone whose sense of justice is such that he has the desire to act in accordance with the facts and merits of the case. It involves no intricacies or mysteries that need confuse any intelligent man. It is not necessary to know what it costs to make similar goods in Germany, England, or France; the comparative difference can be determined from our own costs. I challenge any person to produce evidence to controvert these assertions, or to give a convincing illustration that a tariff on a strictly ad valorem basis will, when figured out, show a rate in cents per pound that will remain the same on any given yarn from one year to another, or that will give the same comparative differences from one yarn to another in any one year. Therefore the proposed schedule is not a protective, competitive, or revenue tariff.

On cloth in the gray I challenge any person who possesses practical knowledge of the business to produce evidence that will justify the action of the Ways and Means Committee in putting only an additional duty of only 2½ per cent over gray yarns.

On fabrics in the gray the cost is increased about half as much again over yarns; therefore, whatever system is used, the duty per pound of cloth woven of a given number should be over half as much again over gray yarn in cents per pound or its equivalent per yard. On fancy fabrics, in the gray, it is more than double the cost of gray yarn; in some fabrics more than three times the cost. On an average it is certainly more than double the cost, so whatever method is

used the results should be that the duty should be in cents per pound or its equivalent per yard over twice as much as that of gray yarn. In support of this I will state that the pay roll of the weaving departments of the Dartmouth Manufacturing Corporation is greater than that of the spinning and all labor incidental to spinning yarn.

The working out of the proposed cotton schedule on a given number of yarn, assuming a fair cost or market value, when cotton was at its lowest price, would be 6 cents per pound. Using the same figures of cost, under cotton at the highest price in recent years, the duty would be 9 cents per pound, showing a fluctuating difference in duty of 50 per cent. This is no theory, it is an actual fact, and any method that results in such a change because of the changes in the price of raw material is not a good tariff from a protective, revenue, or competitive standpoint, and is certainly bound to be a constant cause of disturbance to the industry.

Under extremely high-price cotton there would be no revenue. Under extremely low-priced cotton there would be importations, a superabundance of revenue, and a large number of people thrown out of employment. We can not possibly progress on economic lines under such a law.

On gray plain cloth the calculated results are even worse. The duty is in cents per pound all out of proportion to yarns. That is on a calculation using the same basis of cost for conversion and for cotton, and because of a rate on a strictly ad valorem basis, the proportion is changed when worked out on high-priced cotton as compared with low-priced cotton.

On fancy and figured gray cloth (which is comparatively a new industry in this country) there is practically no consideration given to the large increased cost of conversion over and above plain gray yarns and plain gray cloth. There is certainly not over 15 per cent of our products in this country that is on fancy and figured work. A large portion is made in New Bedford, and plants have been equipped to do this work, and the little consideration shown for the increased cost in adjusting the rate of duty as compared with other classes is singular considering Chairman Underwood's significant remark, when asked by a Congressman from this district to give New Bedford more consideration, said: "New Bedford mills are rich; they can stand it." Rather a suggestive remark and unbecoming one who is such a dominating factor at this period of the Nation's affairs, even if true; but the implication would hardly stand, as there are five or six mills which were projected and completed about three years ago which have not paid or earned a dividend, and the stocks are very much below par, some of them as low as 45 per share, and no buyers.

There are the old mills which have good records whose stock has declined 20 to 40 per cent within three or four years. (See quotations attached.) Such conditions should certainly have important bearing and influence with those who are to decide what kind of a cotton schedule is to be adopted.

In face of these facts do you wonder that those interested in gray cotton fabrics, mostly fancy, in New Bedford or elsewhere, are alarmed at the possibility of such a measure becoming a law? The Dingley rate of duty was unreasonably high, but did not affect the consumer, as gray plain cloths and yarns ruled much below a price

at which they could have been imported. The rate was left high evidently for the purpose of making it so as to cover the increased cost of manufacturing fancy fabrics, as there was no distinction made between plain and fancy figured work. There has been considerable growth, particularly in New Bedford, in the last few years, and this growth has resulted in domestic manufacturers underselling importers on special fabrics, hence the antagonism of the importers, who, I believe, have been given too much consideration in the making of the cotton schedule in the proposed bill.

In the act of 1897 the rate was based on so much per number. This is the correct way, but the rate should be changed about every 10 numbers. The duty on that bill, of 60's was 15 cents per pound. Assuming that 10 cents was decided upon, the tariff per pound would be reduced 33½ per cent.

On plain woven gray cloths the duty should be about 15 cents to 16 cents per pound; on fancy, which represents, as before stated, less than 15 per cent of our output in cloth, the duty should be about 20 to 22 cents a pound—other numbers in a same proportion. By a schedule on this basis the duty per pound would be fixed and not be disturbed by the change in the price of cotton.

In the matter of figuring the yarn on the cloth, it is simply a mathematical calculation of ends per inch and inches in width and yards per pound, to determine, with due allowances for contraction, what is the average number. This method is much better than a tariff based on the finest number in the cloth, which would not always be easy to determine.

We have listened to lectures by those who are very much removed from the problem that faces those in the cotton industry, and it has been assumed that we are lacking in efficiency and courage. We have in New Bedford many English employees, and the quality and quantity produced is little, if any, below any known standard, certainly not more than would be natural considering that we have a limited market of skilled textile operatives and that our growth has been rapid.

In some instances where the dividends have been exceptionally large, we are given no credit for efficiency, but are condemned as being avaricious. In instances where the dividends are small or omitted entirely, we are accused of keeping antiquated machinery, and therefore condemned and criticized because we don't buy new machinery and presumably pay 45 per cent duty into the United States Treasury and then be called to task because we asked consideration to which conditions entitled us.

If we carry our capital much less than cost and run the risk involved in borrowing money, and then win out—our dividends are too high. If we hold in reserve earnings to make ourselves strong and later pay it out and give the stockholders an opportunity to buy a few more shares at par, we are accused of watering the stock. I am reminded of a remark which I think was made by Grover Cleveland in his first campaign, that he was "Too tall when he stood up and too short when he sat down."

Two years ago Chairman Underwood wrote me asking for specific information. I asked for an opportunity to appear before those who were engaged in the work, but no opportunity was given me. It was my intention that if I was convinced of the sincerity of those

who had the work in hand, to have given them all the information I had at my command. This year, since the hearing, I have endeavored to arrange for a meeting with Chairman Underwood for the purpose of discussing the subject, but failed. I am now convinced that the request for information was made because it was known that I favored a moderate reduction and was opposed to the policy of the "stand-pat" element, and that some of the information I might give could be used for political effect rather than for the introduction of economic principle in legislation.

The consideration shown one of experience and wide knowledge of the business, who favored a reduction in the tariff, is strangely in contrast with that shown to an importer, who, I understand, has had the ears of a portion of the committee, and who, desiring to poach on our industrial preserves, is simply representing foreign capital.

The attempt of an importer to controvert a statement of men of experience and interest in this business, on which the welfare of many communities depends, by mention of the duties and costs of some specific cloths, even if they were correct, has no more to do with the main questions involved in this matter than has the price of Poland Spring water to do with the cost per horsepower of the water at Niagara Falls.

The Ways and Means Committee thus far has acted as the judge and jury, yet it is, in a measure, a packed jury, because the majority is comprised of those whose politics are the same as those of the party in power. The chairman, who should be the judge, really becomes the prosecuting attorney. The testimony of the defendants, the manufacturers, is thrown out and evidence in favor of the prosecution is introduced at special interviews, and the defendants given no opportunity to offer new evidence or testimony in rebuttal.

Chairman Underwood, in speech to Congress, stated that "conditions of the consumer and manufacturer have changed since the Dingley law was enacted in 1897." While this may be introduced as an argument in favor of a revision, even on a lower basis, it is no argument in favor of the Underwood bill. He also stated that "all commodities have increased an average of 46 per cent." Note that he uses the word average, a word he criticizes others for introducing into the tariff features, in the same speech. If a portion of this increase has grown because of high protection, in what proportion and in what industry? That is the specific thing we want to know—what industry has been benefited unduly and out of proportion to others, all things considered?

Prices of cotton, wheat, and other commodities have advanced, and common cotton has fluctuated between 6 and 17 cents a pound. Special cottons, American and Egyptians, have sold as low as 10 cents and as high as 35 cents for same grade and staple. Is the protective tariff to blame for this? If not, why is it not possible that the same underlying cause is responsible in many of the manufactured commodities, as in the raw materials?

He states, "There is one law of supply and demand." True, and there is no industry, business, or profession in which the law of supply and demand has been applied more effectively than in the cotton industry. The testimony supports it—the proofs can be found by those who seek them.

He further states "that there will be no immediate benefit to consumer because retailers have goods on their shelves bought under protection duties. The merchant will not buy more goods until he has sold these." This illustrates the crudeness of the theories or hypocrisy of some men who pose as leaders in reform movements.

A large number of people in New England would be pleased to have Mr. Underwood give us a practical illustration of the application of this theory by disposing of some of our shares, including new mills.

There are thousands of bales of cotton and cloth in storehouses which millmen would like to sell at cost; also some new mills. I have one, bought under "protective duties." Part of it has been stopped two years because we can not get cost for its product. I would like to find a customer at cost or even 20 per cent less. Why is Mr. Underwood so much more considerate of the retailers' welfare than for those who depend on the cotton manufacturing industry for a living?

He states that "the tariff has been putting a premium on incompetency. We find that industries highly protected are running with equipment 60 years old." For every instance he will find in the cotton industry here I will find a similar one in England, which is the leader in cotton textiles. Incompetency is not confined to manufacturing; it is in all trades and professions.

Who is responsible for the laws which render it easy for unskilled labor and incompetency to come here in large numbers, but makes it a penalty for any inducement to skilled labor, even though we need them to establish an industry? This condition is contrary to economics, and manufacturers didn't bring it about.

He states that no favored manufacturer has sat behind the committee doors and prepared this bill and dictated its provisions. I should put it that no manufacturer, certainly not in the textile industry, has received any consideration. Personally, I ask for no favors; I do ask for justice and the introduction of some intelligence into a measure that is to affect 2 per cent of the population. I admit that the protective feature has been abused, but because there is a malignant growth is no reason why the patient should be killed or maimed by a bungling operation.

His reference to the raised tax on the luxuries of the rich and reduced on the necessities of the poor is in line with his reference to New Bedford mills mentioned in a previous paragraph. Expressions of this kind raise a question of the motives that govern Mr. Underwood's action, and it would appear that the desire is to do something for political effect rather than for the permanent good of humanity. He states on cotton cloth that the people were taxed 50 per cent; they have reduced it 30 per cent. This is the kind of stump speeches that are spread over the country by one who occupies a position that makes it easy to do. We are selling some fine cotton cloths in New England to-day at a less base price than similar goods are sold in England, and considerable of our standard products are sold at over a cent per yard less than they could be imported.

The general tone of his address and a comparison of the inferences drawn from it with the actual facts indicates how essential it is that a commission should be established and the tariff taken out of politics. The business interests of this country have suffered because

of the cheap political demagogues, the "ins" on one side and the "outs" on the other playing the game for political preferment.

There is over \$28,000,000 deposited in savings banks in New Bedford. A dollar invested in a corporation is entitled to as much consideration as the dollar borrowed by the mills from the savings bank, no matter who invests it, whether it is the man of great wealth or the comparatively poor man. Most of the stockholders are people of moderate means. The city of New Bedford has increased about 60,000 in the last 20 years. Thousands of the employees in the mills have built their homes and borrowed money on mortgages. I know elderly people and widows who depend, in a measure, in fact almost entirely, on the income of their modest investments. Therefore it is essential that if justice is to prevail these facts should have influence in the kind of a tariff law that is to be enacted.

The steel industry yielded hundreds of millions to those who were prominently identified with it, and, according to The New Freedom, Mr. Carnegie sold out at about four or five times the estimated value of the property. There is no doubt but what this was due, in a measure, to excessive duty and limited competition, but nobody ever heard of anything like this in the cotton-mill business. Although there have been instances where exceptional profit has been made, it was with plenty of competition, such as is done in any business.

Because the Steel Trust magnates in the past have gathered their harvest and stored it away, it is no reason why the cotton industry should be filched and demoralized.

I am on record, as stated in my brief and pamphlet recently published, as favoring for years a moderate reduction and am opposed to the method of the stand-pat element who were the controlling factors in the Congress that passed the Payne-Aldrich bill. I am not seeking more wealth or trying to build up a monopoly; there is nothing of the kind that could be built up in this business—there are too many in it, and it is too diversified. I expect and am willing to make a reasonable contribution for the common cause in the form of reduced valuations if I can be relieved of the uncertainty and troubles due to pernicious legislation.

What is desired principally is an accurate comparative duty for different classes of gray cotton yarns and cotton cloth, which represents by far the greater portion of the industry.

First. A duty which can be based on our costs by a method that will not be subjected to violent changes because of fluctuations in the price of cotton or because of change in fashion. This is very important, because any irregularity in the proportionate duty per pound of one yarn as compared with another, or with cotton comprised of certain yarns compared with another, or with cloth as compared with yarn, or with fancy cloth as compared with plain cloth, is bound to result seriously when the fashion changes materially.

Second. I naturally desire that the rate of duty be not lower, certainly not at this period, than is justified considering the high cost of our equipment, for which we have paid 45 per cent, or the equivalent, more than our foreign competitors, as shown by importations of machinery, and of the difference in wages, which is from 30 to 50 per cent, as can be substantiated.

If the social and industrial welfare of this country is to be given more consideration than cheap politics, it is now time to begin, and the present administration could give no better demonstration of

their good faith than by passing a tariff bill, which, even though it may be somewhat lower than is justified, will be at least scientific and comparatively equitable.

I believe that the fundamental cause of the apparent discontent of the masses, which is not limited to this country alone, is due to a feeling on the part of those who labor long and diligently all of their lives, that they do not receive a return in proportion to the share of the world's work which they perform, and I certainly believe they do not receive their proper share. I do not believe that it is due to avariciousness, selfishness, or tyranny on the part of men engaged in any manufacturing business. It is due to the inherent selfishness of the human being as expressed in all walks of life, and consolidated capital, under the name of corporation, has been a target for all those who wish to pose as friends of labor, particularly a portion of our politicians and professional agitators, who reap a harvest through the gullibility of the laboring men.

The cost of living is high here, more so than some time ago. So it is in other countries with a high tariff and with a low tariff, therefore the tariff now in force, inadequate as it may be, is not entirely, if in a degree, responsible for the increased cost of living. Undoubtedly the cost of living is higher here than in other countries, but the margin between wages earned and cost of living is certainly better than that which exists in other countries. If this were not so immigration would cease. I know for a fact that many who, for homesickness or other reasons, return to the land of their birth, are glad to get back here again. I know of a few who are unable to do so because they could not save the money to pay their passage. Therefore, it would seem as though there must be some other cause for the increased cost of living, particularly in this country.

Personally I believe it is due to the tremendous increase in numbers of parasites, and people who live by their wits, and those who labor and perform a kind of work which would be unnecessary if economic laws applied in all avenues of life. Political bosses, ward heelers, professional ambulance chasers, and blackmailers—men who use their cleverness to win a case and defend a man they know to be guilty and defeat the ends of justice and increase the cost of administering it; the large number that are engaged in competing for trade; unnecessary solicitors, the cost of and the energy used in providing the consumer with an inferior article, which, if properly applied along creative or inventive lines, would provide the consumer with a superior article. Until legislation devotes more time to these features the margin between the cost of living and compensation received for labor will not be increased.

New Freedom has a chapter entitled, "Let there be light." I would like some light to explain why the chairman of the Ways and Means Committee ignored the testimony of men who, unquestionably, were not identified with the radical "stand-pat" element, and why they made certain rates on one class as compared with another. New Freedom also refers to a "Government by trusteeships" and the "Political boss," and, in accordance with the sentiment expressed, will you not, my dear Senator and Congressman, consider this question carefully and be patriotic and support that which you believe worthy according to the merits of the case?

Writers and speakers, particularly those affiliated in politics, are disposed to devote too much attention to "rich malefactors," particularly those identified with corporations. For 25 years I labored in the ranks with the workers. My letter is not because of a desire that action should be taken to enable me to retain what wealth I have accumulated or to add to it. I am satisfied with what I have and could be perfectly happy with much less, and, no matter how the tariff is adjusted, I shall have enough. My plea is principally on behalf of those who I know are not in as fortunate circumstances.

THOMAS O. MARVIN, SECRETARY HOME MARKET CLUB, BOSTON, MASS.

OBJECTIONS OF AN EXPERIENCED MANUFACTURER TO THE COTTON SCHEDULE OF H. R. 3321.

First. Carded, combed, and twisted yarns are all given the same rate; no extra protection where a greater amount of labor is required, as in combing and twisting. Should have 5 per cent additional.

Second. An extra 2½ per cent is allowed for dyeing and finishing yarns, while a duty of 30 per cent on dyestuffs much more than offsets the 2½ per cent protection granted. It offsets the protection on coarse yarns of 5 per cent and reduces the protection on finer yarns when colored at least 5 per cent.

Third. Our labor is from one-half more to double the labor abroad. The rates of the American Cotton Manufacturers' Association, according to our own cost figures, were based entirely on the difference in labor cost here and abroad.

The Underwood rates have divided the R. C. M. A. rates exactly in the middle on coarse yarns and reduced from 5 per cent to 10 per cent on the medium and fine numbers.

Fourth. Our plants cost at least 50 per cent more than foreign plants. There is a machinery duty of 30 per cent in the Underwood bill. This extra cost makes overhead charges much greater.

Fifth. We had figured that by selling at cost we might keep going with the Parker rates, so called. With the Underwood rates on cotton yarns the only thing that will keep us going will be the inability of foreign spinners to supply their present market and our market completely, or a tremendous reduction in wages.

Sixth. The statements by President Wilson and others that if any great curtailment occurs it will be for political effect does not take into account the fact that to keep organizations and plants running economically it is necessary to provide constant employment. No mill in the country could afford to shut its gates, lose its trained help and its customers for effect.

Seventh. While a protected industry as far as outside competition goes on coarse and medium goods, there is no competition in the country to-day more keen than in the cotton trade. This amply protects the consumer from being charged high prices.

Our stockholders and employees need some protection against half-paid labor abroad.

Eighth. The American Cotton Manufacturers' Association rates were a reduction of 20 per cent from the Payne-Aldrich average rate. The Underwood rates are less than half the Payne-Aldrich rates.

We can only view the tremendous reductions on cotton yarns with the greatest fear for the future. Our labor is little enough paid now. Our margin of profit is smaller than in most lines. A cent a pound or a quarter of a cent a yard on coarse warps looks good to us and half a cent a yard on medium goods is considered a good profit. We seldom get it.

Comparative tables.

COTTON YARN, SINGLES IN THE GRAY—SCHEDULE I.

H. R. 3321:							
Yarn Nos.....	1-9	10-19	20-39	40-49	50-59	60-99	100 and over.
Rates, per cent.....	5	7½	10	15	17½	20	25
Payne-Aldrich:							
Yarn Nos.....			1-15	21-30	41-50	50-60	71-80
Rates, equivalent ad valorem.....			19	16.05	29.54	26.37	29.33
				31-40			91-100
				29.98			38.15
Underwood-La Follette bill (vetoed by Taft):							
Yarn Nos.....					1-50	50-100	100 and over.
Rates, per cent.....					10	15	20
Hill bill:							
Yarn Nos.....					1-40	40-80	80 and over.
Rates, per cent.....					7½	10	15
Competitive rates (the lowest the industry can stand).....	10	12	17½	25	27½	30	35

COTTON CLOTH, UNBLEACHED—SCHEDULE I.

H. R. 3321:							
Containing yarns.....	1-9	10-19	20-39	40-49	50-59	60-99	100 and over.
Rates, per cent.....	7½	10	12½	17½	20	22½	27½
Payne-Aldrich (1912, equivalent ad valorem; the lowest rates were 17.55 per cent; the highest, 51.19 per cent).....							
Underwood-La Follette bill (vetoed by Taft):							
Containing yarns.....					1-50	50-100	100 and over.
Rates, per cent.....					15	20	25
Hill bill (rates, per cent).....					5	10	15
Competitive rates (the lowest the industry can stand).....	10	12½	15	20	22½	30	35

LANCASHIRE'S VIEW OF PROPOSED CUT IN COTTON-GOODS TARIFF.

Sir Charles Macara, president of the Federation of Master Cotton Spinners' Associations of Lancashire, discussing industrial conditions in the American cotton industry and the new Underwood tariff bill, said:

All their concerns have cost them a tremendous amount more to capitalize than ours have. They are left with this big handicap. At present, despite their tremendous tariffs, we have retained the finer end of the trade, and there is every likelihood that in this branch of the industry the tariff reductions will benefit us, because it is very difficult for them to secure the skilled workers that we have at our disposal. Their workers are of mixed nationalities and constantly migrating, and they can not compete with Lancashire in fine fabrics. The reduced tariff will increase this end of our trade, but it will not give us any greater opportunity on the lower and middle class goods, which Lancashire has not had recently.

High prices reached by local mill shares during the year 1909, their selling prices in September, 1912, and their present prices.

	High, 1909.	September, 1912.	Present value.
Acushnet Mill.....	360	150	135
Beacon Manufacturing Co.....	102½	102½	102½
Beacon Manufacturing Co., preferred.....	111	112½	112½
Booth Manufacturing Co., common.....		70	50
Booth Manufacturing Co., preferred.....		85	75
Bristol Manufacturing Co.....	150	100	75
Butler Mill.....	175	132	122
City Manufacturing Co.....	253	110	100
Dartmouth Manufacturing Co.....	300	245	225
Dartmouth Manufacturing Co., preferred.....	106	104	103
Gosport Mills, preferred.....	113½	95	90
Grinnell Manufacturing Co.....	250	190	160
Holmes Manufacturing Co.....	102	99	100
Holmes Manufacturing Co., preferred.....	103	115	102½
Hathaway Manufacturing Co.....	200	200	175
Kilburn Mill.....	195	127½	120
Manomet Mills.....	138	122	117½
Nashawena Mills.....	107	75	58
Neill Manufacturing Co.....		95	95
N. B. Cotton Mills Corporation.....		125	125
N. B. Cotton Mills Corporation, preferred.....	101	100	99
Nonquitt Spinning Co.....	132	94	92
Page Manufacturing Co.....	130	90	87½
Pierce Manufacturing Co.....		300	325
Pierce Bros. (l.t.l.).....		100	100
Potomska Mills.....	137½	120	116
Quissett Mills, common.....		85	90
Quissett Mills, preferred.....		100	98
Sharp Manufacturing Co., common.....		90	82½
Sharp Manufacturing Co., preferred.....		102½	105
Soule Mill.....	175	97½	90
Taber Mill.....	127	105	102½
Wamsutta Mills.....	142½	125	116
Whitman Mills.....	225	160	131

GREENE & CO., 229 FOURTH AVENUE, NEW YORK, N. Y.

NEW YORK, May 7, 1913.

Senator SIMMONS,

United States Senate, Washington, D. C.

DEAR SIR: An article in the Daily Trade Record has been brought to our attention regarding the duties on cotton yarns, wherein it is stated that the amount of labor spent on mercerized or dyed yarns is much greater than the coarser plain yarns, and that an additional duty upon same should be imposed, and as we ourselves are well informed in this matter, having represented and sold mercerized and dyed yarns of some of the largest domestic manufacturers as well as those abroad, we think that it might be in order for us to advise you of the facts in the case. There is being used a large amount of mercerized yarns, both in the skein and on cones, for the knitting trade. There are several mercerizers here that are turning out as high as 100,000 pounds weekly, and they have got the mercerizing and coning down to such a fine point that their prices on the mercerizing and coning are even cheaper than that of the foreign manufacturers, and you can thus see how ridiculous it will be to put an additional duty on foreign mercerized or dyed yarns, the same as was done in the last tariff in the case of the mercerized yarns, and which was one of the jokes of this tariff, and we desire to give you herewith the average rate that is charged for mercerizing and coning by a number of foreign manufacturers and also that of a

number of domestic manufacturers of mercerized yarns, which is as follows:

	2/40	2/50	2/60	2/70	2/80
Mercerizing and coming in Europe.....	12½	13	13½	14½	15
Mercerizing only.....	6	6	6	6	6
Mercerizing and coming in United States.....	11½	12	13	14	15
Mercerizing only.....	6	6	6	6	6

We have these quotations from both the domestic and European manufacturers, and should be pleased to put them before you should you desire to see same.

We hope that you will not allow some of these domestic manufacturers of mercerized yarns to mislead you on this matter as to any protection that they may need on these mercerized or dyed yarns, which is not at all borne out by facts.

LEWIS W. PARKER, GREENVILLE, S. C.

Senators CHARLES F. JOHNSON (chairman),
HOKE SMITH, and
WILLIAM HUGHES,

Members of the Subcommittee of Finance Committee.

Pursuant to promise, I give you herewith amendments which I would suggest be made to bill H. R. 3321.

These amendments are based on the bill as reported to the House April 21, 1913, for I have no revised bill embodying amendments which may have been subsequently adopted.

In suggesting amendments I have dealt with the yarn schedule and with the cloth schedule, making only suggestions with regard to a limited number of the manufactures of cloth, as I did not feel that I had sufficient information to deal with other subjects of manufacture, such as knit goods, hosiery, etc.

The amendments I suggest are therefore as follows:

Yarn schedule, paragraph 255:

(1) Amend paragraph 255, page 64, line 5, by striking out the words "combed yarn."

(2) In line 6, after the word "yarn," insert the words "in singles."

(3) In line 9, after the word "for," insert the words "not colored, bleached, dyed, or advanced beyond the condition of singles, by grouping or twisting two or more single yarns together."

(4) In line 9 and succeeding lines strike out all the words, beginning with "numbers" and ending with "valorem," in line 17. In place thereof insert as follows:

Numbers not finer than nine, 7½ per centum ad valorem; numbers finer than nine and not finer than nineteen, 10 per centum ad valorem; numbers finer than nineteen and not finer than thirty-nine, 12½ per centum ad valorem; numbers finer than thirty-nine and not finer than forty-nine, 17½ per centum ad valorem; numbers finer than forty-nine and not finer than fifty-nine 20 per centum ad valorem; numbers finer than fifty-nine and not finer than ninety-nine, 22½ per centum ad valorem; numbers finer than ninety-nine, 27½ per centum ad valorem.

(5) On line 17, after the word "valorem," strike out the period and insert a semicolon, then add the following words:

If bleached, dyed, colored, gased, mercerized, or advanced beyond the condition of singles, in the gray, by combing, or by grouping or twisting two or more single yarns together, shall be subject to a duty of 5 per centum ad valorem, in addition to the rates otherwise chargeable thereon.

After these amendments section 255 should read, therefore, as follows:

Cotton thread and carded yarn, warps or warp yarn, in singles, whether in 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, shall be subject to the following rates of duty:

Numbers not finer than number nine, $7\frac{1}{2}$ per centum ad valorem; numbers finer than nine and not finer than nineteen, 10 per centum ad valorem; numbers finer than nineteen and not finer than thirty-nine, $12\frac{1}{2}$ per centum ad valorem; numbers finer than thirty-nine and not finer than forty-nine, $17\frac{1}{2}$ per centum ad valorem; numbers finer than forty-nine and not finer than fifty-nine, 20 per centum ad valorem; numbers finer than fifty-nine and not finer than ninety-nine, $22\frac{1}{2}$ per centum ad valorem; numbers finer than ninety-nine, $27\frac{1}{2}$ per centum ad valorem.

If bleached, dyed, colored, gased, mercerized, or advanced beyond the condition of singles in the gray, by combing, or by grouping or twisting two or more single yarns together, shall be subject to a duty of 5 per centum ad valorem in addition to the rates otherwise chargeable thereon. Cotton card laps, roving, sliver, or roving, 10 per centum ad valorem; cotton waste and flocks manufactured or otherwise advanced in value, 5 per centum ad valorem.

EFFECT OF CHANGES.

The effect of these changes is—

First. To raise the lowest basic rate on yarns from 5 per cent to $7\frac{1}{2}$ per cent, and to increase the rates suggested in paragraph 255 $2\frac{1}{2}$ per cent on all numbers.

Second. To limit the application of these rates to carded yarn in the gray and in singles.

Third. To give an extra duty of 5 per cent for the additional processes of twisting, combing, or dyeing, this extra duty to be applicable when one or more of such processes are used.

REASONS.

In the Underwood bill of 1911 yarns were put at a basis of 5 per cent below the corresponding yarns in cloth, this being done apparently upon the theory that the manufacture of yarn was a simpler process than the manufacture of cloth, and that therefore there should not be applied the same duty as to cloth. It clearly appears, however, from the Tariff Board report that owing to conditions abroad, particularly cheaper labor in the preparatory departments, the costs of manufacture were relatively cheaper abroad in relation to American costs as to yarn than as to plain cloths. The reason of this is the greater use in America of automatic looms and the willingness of the laborer to tend a greater number of looms than abroad. These being the facts, rates on yarn should be the same with regard to the unit of number as on cloths.

In addition to these reasons are the following:

The foreign spinning is to a great extent done on mule spindles, which permit of the use of lower grades of cotton and shorter staple than the ring spindle, almost altogether used in America. The lower grade cotton and the shorter staple cotton of course commands a lower price than the better grades and lengths used in America. The shorter staple is produced in India and is to a very considerable extent used by foreign mills, whereas the American mills use, of course, American cotton. The India cotton demands a lower price than American cotton, and if spun, as it can be spun, on mule spindles will be imported into America in large quantity if the duties on the low counts are placed as low as in H. R. 3321.

Whilst the rates on yarn can be reduced from the rates of the Payne-Aldrich bill, the reduction should not be to a point further than a minimum of 7½ per cent, as contrasted with a minimum of 15 per cent in the Payne-Aldrich, which in effect is a 50 per cent reduction.

The coarse yarns are to a great extent made in North Carolina and Georgia. In my judgment the manufacture of these will be interfered with to a great extent by the Underwood bill.

On the other hand, the fine yarns, particularly combed yarns, are made in New England, and, in my judgment, the manufacture of these will be prohibitory under the Underwood bill.

CLOTH—SUGGESTED AMENDMENTS TO PARAGRAPH 257.

(1) On page 64, paragraph 257, line 23, after the words "cotton cloth," insert the following words:

of plain weave, in which only each warp and filling thread passes over and under each other alternately.

(2) Amend line 24 by striking out the words "Jacquard figured" and insert in lieu thereof the word "napped."

(2) In line 24, after the word "mercerized," insert the following words:

and not containing yarns advanced beyond the condition of singles in the gray by combing or by grouping or twisting two or more threads together, and not containing yarns that have been prior to weaving bleached, dyed, colored, stained, printed, or mercerized.

(4) On page 65, line 10, after the words "ad valorem," strike out the period and insert a colon, and strike out the words "cotton cloth" and insert in lieu thereof the words "And provided further, That all of the foregoing."

(5) Page 65, line 11, strike out the words "Jacquard figured" and insert in lieu thereof the word "napped."

When the amendments above suggested have been made, paragraph 257 will read as follows:

Cotton cloth of plain weave, in which only each warp and filling thread passes over and under each other alternately, not bleached, dyed, colored, stained, painted, printed, napped, or mercerized, and not containing yarns advanced beyond the condition of singles in the gray, by combing, or by grouping or twisting two or more threads together, and not containing yarns that have been prior to weaving, bleached, colored, stained, printed, or mercerized, containing yarns the highest number of which does not exceed number nine 7½ per centum ad valorem; exceeding number nine and not exceeding number fifteen, 10 per centum ad valorem; exceeding number fifteen and not exceeding number

thirty-nine, 12½ per centum ad valorem; exceeding number thirty-nine and not exceeding number forty-nine, 17½ per centum ad valorem; exceeding number forty-nine and not exceeding number fifty-nine, 20 per centum ad valorem; exceeding number fifty-nine and not exceeding number ninety-nine, 22½ per centum ad valorem; exceeding number ninety-nine, 27½ per centum ad valorem; and further provided that all of the foregoing when bleached, dyed, colored, stained, painted, printed, napped, or mercerized, shall be subject to a duty of 2½ per centum ad valorem, in addition to the rates otherwise chargeable thereon.

(6) Amend paragraph 257, page 65, at the end of line 13, by inserting a new paragraph to be known as "paragraph 257-A," to read as follows:

Cotton cloth of other than plain weave, including weaves which wholly or in part are fancy or figured, unless otherwise specially provided for, and which is not bleached, dyed, colored, stained, painted, printed, napped, or mercerized, and which does not contain yarns advanced beyond the condition of carded singles in the gray, by combing, or by grouping or twisting two or more threads together, and which does not contain yarns that have been, prior to weaving, bleached, dyed, colored, stained, painted, printed, or mercerized, any of the foregoing containing yarns the highest number of which does not exceed number nine, 12½ per centum ad valorem; exceeding number nine and not exceeding number nineteen, 15 per centum ad valorem; exceeding number nineteen and not exceeding number thirty-nine, 17½ per centum ad valorem; exceeding number thirty-nine and not exceeding number forty-nine, 22½ per centum ad valorem; exceeding number forty-nine and not exceeding number fifty-nine, 25 per centum ad valorem; exceeding number fifty-nine and not exceeding number ninety-nine, 27½ per centum ad valorem; exceeding number ninety-nine, 32½ per centum ad valorem; and further that any of the foregoing when bleached, dyed, colored, stained, painted, printed, napped, or mercerized, shall be subject to a duty of 2½ per centum ad valorem, in addition to the rates otherwise chargeable thereon.

(7) Amend paragraph 257, page 65, by inserting at the end of paragraph "hereinbefore provided for," continuing line 13, known as "paragraph 257-A," an additional paragraph to be known as "paragraph 257-B" and to read as follows:

Cotton cloth composed wholly or in part of yarns which, prior to weaving, have been combed, or dyed, colored, mercerized, or bleached, and cotton cloth containing yarns advanced beyond the condition of singles by grouping or twisting two or more threads together, all of the foregoing containing yarns the highest number of which does not exceed number nine, 20 per centum ad valorem; exceeding number nine and not exceeding number nineteen, 22½ per centum ad valorem; exceeding number nineteen and not exceeding number thirty-nine, 25 per centum ad valorem; exceeding number thirty-nine and not exceeding number forty-nine, 27½ per centum ad valorem; exceeding number forty-nine and not exceeding number fifty-nine, 30 per centum ad valorem; exceeding number fifty-nine and not exceeding number ninety-nine, 32½ per centum ad valorem; exceeding number ninety-nine, 35 per centum ad valorem.

(8) Amend paragraph 258, page 65, line 24, by striking out the period after the word "Treasury" and adding thereto the following words:

and shall be determined after the yarn in said cloth shall have been, by washing or other process, so far as practicable, deprived of any substance foreign to the cotton yarn or cloth, and shall be determined with reference to the number of the yarn in the gray before weaving. Where the cloth is composed wholly or in part of twisted yarns, the duty shall be determined by the finest yarn appearing in said cloth and in the thread which shall have been formed by grouping or twisting two or more yarns together.

(9) Amend paragraph 259, page 66, lines 4 and 5, after the word "value," in line 4, by striking out the words "and tracing cloth."

(10) Amend paragraph 259, line 5, by inserting, after the word "valorem," the following: "Tracing cloth, 40 per centum ad valorem."

When section 259 is so amended it will read 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 a component material of chief value, 30 per centum ad valorem; tracing cloth, 40 per centum ad valorem; cotton cloth, filled or coated, all oilcloths (except silk oilcloths and oilcloths for floors), and cotton window hollands, 25 per centum ad valorem; waterproof cloth, composed of cotton or other vegetable fiber, whether composed in part of india rubber or otherwise, 25 per centum ad valorem.

(11) Amend section 263, page 67, line 14, so that the amendment agreed to in the House of Representatives May 2, 1913 (Congressional Record, p. 890), shall be stricken out and in lieu thereof the following inserted:

All other Jacquard figured cotton cloth or manufactures thereof, of which cotton is the component material of chief value, 35 per centum ad valorem.

(12) Amend paragraph 268, page 69, line 7, by striking out the period after the word "valorem" and inserting in lieu thereof a semicolon, and by adding the following words:

If Jacquard figured, 35 per centum ad valorem.

(13) Amend paragraph 269, line 13, by striking out the period after the word "valorem" and inserting in lieu thereof a semicolon, and by adding the following words:

If Jacquard figured, 35 per centum ad valorem.

EFFECT OF CHANGES.

Section 257 covers all the duties provided for cotton cloth and makes no distinction between plain weaves, fancy weaves, and colored goods; likewise, it makes no distinction between carded goods and combed goods.

The American mills, largely through the use of automatic looms and in part through increased efficiency of employees, are able on plain cloths to pay very much higher wages than paid abroad, and yet to weave these cloths at costs not exceeding foreign costs. The total costs of conversion, however, do exceed foreign costs, but the excess in spinning and preparatory departments is to some extent overcome by economy in weaving.

This is true particularly as to the heavier numbers—that is, yarns less than 20's—from 20's to 40's the American mills are not yet on a competitive basis with foreign mills, but apparently are gradually reducing the advantage of the foreign mills.

The duties can, therefore, remain—while comparatively slight on plain cloths up to 40's—and, in fact, although I think the Underwood bill is lower than it should be, even on plain cloths, I have suggested the adoption of the Underwood bill on the plain cloths throughout the schedule.

The Underwood bill, however, is fatally defective in not making proper provision for fancy cloths and cloths from combed and colored yarn. There should, therefore, be provided two additional paragraphs, suggested as paragraphs 257-A and 257-B, to cover this need.

I have suggested the amendment of section 259, so as to put "tracing cloth" with a duty of 40 per cent instead of 30 per cent, provided in said section.

Tracing cloth is largely imported, and it is estimated that 80 per cent of the tracing cloth is so imported. The duties realized on this importation have been heavy, amounting to about \$180,000 during

1912. The duty under the Payne-Aldrich bill is partly specific and partly ad valorem, but amounted to the equivalent of 50 per cent ad valorem. As the schedule is already competitive, I see no reason for reducing the duty. There are only two mills in the United States making the cloth, and as yet neither has been able to do so profitably.

The amendments suggested to sections 263, 268, and 269 are for the purpose of making clear that all jacquard work is to be at the rate of 35 per cent ad valorem. There might be some question as to the construction of the House amendment of section 263, with regard to jacquard work.

Paragraph 257: The changes suggested in paragraph 257, if embodied into law, do not alter the principle or the application of the duties provided for. These changes, however, do limit the application of such paragraph to the specific character of cloth and defines clearly the character of cloth covered by such paragraph. This division is necessary to prevent erroneous importation in connection with the suggested new paragraph hereinafter referred to.

Paragraph 257, as changed, will allude to plain cloth, representing 69.8 per cent of American distribution, as established in investigation by the Tariff Board. (See Tariff Board Report, Part I, p. 95, Table 38.)

Below is given the comparison of the duties which will be assessed according to the Payne-Aldrich law of 1909 and the Underwood bill of 1911, the Underwood bill of 1913, and a bill according to amendments suggested to the Senate:

	Yarns.						
	1,9	10,19	20,39	40,49	50,59	60,99	100 and over
	Per ct. (1)	Per ct. (1)	Per ct. (1)	Per ct. (1)	Per ct. (1)	Per ct. (1)	Per ct. (1)
Payne-Aldrich law.....							
Underwood bill, 1911 (H. R. 12812).....	15	15	15	15	20	20	25
Underwood bill, 1913 (H. R. 3321).....	7½	10	12½	17½	20	22½	27½
Senate amendments ²	7½	10	12½	17½	20	22½	27½

¹ Lowest rate, 17.53 per cent, to highest rate, 49.62 per cent (ad valorem equivalent).

² No change.

When cloths of this classification are finished for the market, either by one or more combined processes, the following comparison is shown, there being shown ad valorem equivalents of specific duties collected:

	Yarns.						
	1,9	10,19	20,39	40,49	50,59	60,99	100 and over
	Per ct. (1)	Per ct. (1)	Per ct. (1)	Per ct. (1)	Per ct. (1)	Per ct. (1)	Per ct. (1)
Payne-Aldrich law.....							
Underwood bill, 1911 (H. R. 12812).....	20	20	20	20	25	25	30
Underwood bill, 1913 (H. R. 3321).....	10	12½	15	20	22½	25	30
Senate amendments ²	10	12½	15	20	22½	25	30

¹ Lowest rate, 18.66 per cent, to highest rate, 50.56 per cent (ad valorem equivalent). The low and high rates under the Payne-Aldrich law are clearly illustrated by the hundreds of different kinds of constructions of cloth imported in 1912 shown by "Imports, 1912," compiled by Department of Commerce and Labor, as follows: Plain cloth, pp. 12 and 13; fancy cloth, pp. 14, 15, 16; plain mercerized, pp. 16, 17, 18; fancies mercerized, pp. 18, 19.

² No change.

It should be remembered, however, that there are many rates under the Payne-Aldrich law so high as to be prohibitory of import, these rates in some cases being as high as 125 per cent of foreign value.

Paragraph 257a makes provision for fancy cloth, representing a small part of American distribution, viz, about 18 per cent, according to table 38 above referred to. To a considerable extent the production of this character is made by weavers whose labor is confined to from two to six looms, being on a parity with England as to the number of looms, but greatly in excess of England as to cost of production. The automatic loom is and can be used but to a very limited extent on fancy cloth, for a high degree of individual inspection is necessary. Fancy cloth can not stand the low duties provided for plain cloth.

Comparison is made on fancy cloths with the duties of the Payne-Aldrich law, Underwood bill of 1911, Underwood bill of 1913, and Senate amendments.

Duties, which are always assessed on the foreign value, are compared with the new Underwood bill, H. R. 3321, which provides rates on the yarn content in cloth. No provisions in H. R. 3321 are made for fancy cloth, so the plain-cloth rates necessarily have to apply—a serious omission.

	Yarns.						
	1/9	10/19	20/39	40/49	50/59	60/99	100 and over.
Payne-Aldrich law.....	<i>P. ct.</i> (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)
Underwood bill, 1911 (H. R. 12812).....	15	15	15	15	20	30	25
Underwood bill, 1913 (H. R. 3321).....	7	10	12	17	20	22	27
Senate amendments.....	12	15	17	22	25	27	32

† Lowest rate 31.85 per cent to highest rate 62.75 per cent (ad valorem equivalent).

When cloths of this fancy nature are finished for the market it usually involves several processes and combines such as "preliminary bleach after mercerizing and then either dyeing or printing, etc."

	Yarns.						
	1/9	10/19	20/39	40/49	50/59	60/99	100 and over.
Payne-Aldrich law.....	<i>P. ct.</i> (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)
Underwood bill, 1911 (H. R. 12812).....	20	20	20	20	25	25	30
Underwood bill, 1913 (H. R. 3321).....	10	12	15	20	22	25	30
Senate amendments.....	13	17	20	22	27	30	35

† Lowest rate, 30.66 per cent, to highest rate, 79.4 per cent (ad valorem equivalent).

Paragraph 257 B: An added provision for colored yarn cloths, representing a separate branch of the cotton-fabric industries, largely involving highest degree of individual care of productive labor, with fewer looms per weaver, or no more looms than usually used abroad in production of this class of goods.

Combed-yarn productions are appropriately included in this class, as duties are similar to those provided in fancy-goods class, anyway.

Duties are assessed on foreign values (lower values), and, compared, are as follows:

	Yarns.						
	19	10/19	20/30	40/49	50/59	60/99	100 and over.
Payne-Abdric law.....	<i>P. ct.</i> (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)	P. ct. (1)
Underwood bill, 1911 (H. R. 12412).....	20	20	20	20	25	25	30
Underwood bill, 1913 (H. R. 3321).....	10	12½	15	20	22½	25	30
Senate amendments.....	20	22½	25	27½	30	32½	35

1 Plains: Lowest rate, 23.53 per cent, to highest rate, 49.24 per cent (ad valorem equivalent). Fancies: Lowest rate, 35.35 per cent, to highest rate, 68.4 per cent (ad valorem equivalent).

2 By lack of provision for this class.

NOTE.—Colored yarn goods are of a class not requiring any special added finishing costs. This class of goods bears the highest range of labor costs and conversion costs as established by the Tariff Board.

WILLIAM M. BUTLER, 77 FRANKLIN STREET, BOSTON, MASS.

[Submitted May 29, 1913.]

THE COMMITTEE ON FINANCE OF THE SENATE.

GENTLEMEN: Availing myself of the privilege accorded by the subcommittee of the Finance Committee of the Senate, I herein state certain considerations of vital importance in connection with the pending tariff bill as it relates to duties on cotton yarns and cotton cloth.

This statement is made especially with reference to the fine-yarns and fine-goods manufacturing business carried on in New Bedford, Mass., and has to do chiefly with the tariff on fine yarns and fine gray cloth.

The prosperity of these mills, and indeed the community itself, is vitally concerned with the treatment of the tariff on fine goods and fine yarns, inasmuch as New Bedford is the largest center in this country for these goods.

New Bedford is a community of approximately 100,000 people. It has 25 mill corporations with plants having approximately 3,000,000 spindles and 55,000 looms. These mills employ from 25,000 to 30,000 people and represent a stockholding interest divided among 10,000 stockholders, and the whole community is dependent upon the prosperity of this fine-goods industry.

SCOPE OF THE BRIEF.

I do not favor the use of ad valorem rates alone in the framing of a tariff on cotton manufactures, and I have subsequently in this brief stated my objection to ad valorem rates and my arguments in favor of specific duties. I will not, however, attempt at this time to suggest a system of specific rates. If your honorable committee sees fit to make this structural change in the proposed legislation, I will be very glad to cooperate. It is my purpose, while not disturbing the structure of the proposed Schedule I in the Underwood bill, to suggest changes in classification and rates affecting yarns of 60's and over, and also fabrics containing these yarns. The framers of the Under-

wood bill have not given sufficient weight to the fundamental distinction existing between the production of coarse cotton yarns and fabrics, on the one hand, and the production of fine cotton yarns and fabrics, on the other. I propose to emphasize and explain this distinction and to recommend such rates as are supported by the facts and figures found in the Tariff Board's report on Schedule I.

Inasmuch as the Tariff Board's report is the only available report whose impartiality is unchallenged, this brief is based upon it, and it is written to show that the board's report justifies the rates which I suggest. The rates which I recommend do not reflect my personal views as to what is required to maintain the industry in a prosperous condition, and if I were stating my own opinion, based on my experience, I would recommend rates substantially higher. This brief is written simply to meet a demand for a statement of what the rates on fine yarns and fine goods should be according to the findings of the Tariff Board.

ARRANGEMENT OF THE SCHEDULE.

The Underwood schedule is so arranged that the duty is fixed with reference to the number of yarns as yarn or in the cloth. This arrangement creates many difficulties in giving to the different branches of manufacture the consideration they deserve. For instance, certain numbers of yarns are used for the manufacture of print cloth; certain numbers of yarns, and some of them the same as used for print cloth, are used in the manufacture of gingham, and in numberless ways this method of arrangement creates difficulties which are unavoidable.

Some attempt is made on numbers below 60's to consider some of these difficulties, but above 60's there is little, if any, appreciation of the fine yarns and fine goods manufacture.

It can be safely stated that the great proportion of the fine yarns and fine goods manufacture during the normal condition of business is represented by numbers between 60's and 99's, and yet these 40 numbers, comprising the entire group, are given by the pending bill only 20 per cent on all kinds of yarns, whether in singles, combed, plied, dyed, bleached, or mercerized, and 22½ per cent on cloth, both plain and fancy, however expensive the yarn or labor entering into the manufacture.

It is extremely important that this group of 40 numbers should be broken up into at least four groups of 10 numbers each.

INCREASE IN COST.

Actual mill figures show that the production of cotton yarns per spindle decreases rapidly between the number 60's and 100's. The production per spindle at number 100's is approximately 50 per cent less than at number 60's. In this same operation the labor cost increases over 100 per cent. This fact is not recognized by the proposed bill, which places a flat ad valorem rate of 20 per cent on fine yarns of 60's to 99's, and a flat ad valorem rate of 22½ per cent on all cloths containing yarns of 60's to 99's. The per cent of the advance in cost is greater than the per cent of advance in price between 60's and 99's, and therefore the increased cost is not taken care of by a flat ad

valorem rate. The counts between 60's and 99's should be divided into four classes and an advance of 2½ per cent be made to the duty for each group in order to provide for the rapidly increasing cost and the decreased production. All the tariff bills since 1883 have recognized this principle. (Cf. Tariff Board's report on Schedule I, p. 475.)

The accompanying chart¹ shows clearly not only that there is a rapid rise in cost as the yarn becomes finer, but also that the rise is more rapid in the United States than in England. The difference in cost becomes greater as the yarn becomes finer. This of itself would prove that a flat ad valorem rate on yarns of 60's to 99's is not according to the Tariff Board's report, and this is similarly true of cloth containing yarn of 60's to 99's. A flat rate would only take care of the difference in cost if the rise in cost was the same degree in each country. Since the American cost rises more rapidly, a rising ad valorem is absolutely necessary.

FINE GOODS.

The production of fine yarns and fine goods is a comparatively small percentage of the total production of cotton yarns and fabrics in the United States. The making of these goods requires more equipment and skill and involves more risk than the making of coarser goods. In the manufacture of them the foreign manufacturer, with generations of experience back of him and his laborers, has a great advantage over the American manufacturer. The American fine-goods industry deserves the consideration of your honorable committee because it is a new and higher phase of the textile art, struggling to establish itself against the competition of a long-established industry abroad. Unless higher rates than in the Underwood bill are given, the development of this part of the industry will be arrested, if not destroyed. Fine and fancy cotton goods are not a necessity of the great majority of the American people. A high rate on them could therefore be justified on the ground that they are luxuries.

If such rates are placed on the products of this industry as will enable it to become established, domestic competition will regulate prices and the consumer will be benefited; whereas such rates as are found in the proposed Underwood bill would tend to eliminate the American fine goods from the market and to leave the market to the importer of foreign goods. The importer's tag will, then, be used to raise the price and the foreign producer will thrive at the expense of the American consumer.

YARNS.

The following rates are proposed for cotton yarns above No. 60's

	60's to 69's.	70's to 79's.	80's to 89's.	90's to 99's.	100's to 109's.	109's and over.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	<i>Per cent.</i>
Carded yarns.....	25	27½	30	32½	35	37½
Combed yarns.....	27½	30	32½	35	37½	40

¹ Omitted in printing.

Provided, That colored, bleached, dyed, gassed, mercerized, or twisted yarns shall pay in addition to the foregoing duties a duty of 2½ per cent ad valorem: *Provided further*, That if the yarn shall have been subjected to two or more of the additional processes mentioned it shall pay in addition to the duty on yarns a duty of 5 per cent ad valorem.

TARIFF BOARD YARN COSTS.

The Tariff Board in its report of Schedule I did not give the English conversion cost on warp yarns above No. 60 and filling yarns above No. 70. It did, however, give such American and English costs as enable us to determine the ratio existing between the two countries. For warp yarns above No. 60 the English cost is approximately 65 per cent of the American cost, and for warp yarns above No. 100 the English cost is approximately 60 per cent of the American cost. While the data in the Tariff Board's report is not as complete upon the fine yarns as we would like, it will not be disputed that these percentages are substantially correct and that they are sufficiently accurate for tariff comparisons.

The Tariff Board gives on page 401 of its cotton report the cost of producing a large variety of yarns in the United States. These figures have been used in the following table, and the English cost has been calculated on the basis of the percentages mentioned above:

Conversion cost of selected yarns as found in the Tariff Board's report on Schedule I.

Yarn count.	English price, May, 1913.	American conversion cost per pound.	English conversion cost per pound.	Difference in conversion cost.	Ad valorem rate to cover difference in conversion cost.
2/60's.....	\$0.51	\$0.415	\$0.268	\$0.147	28.82
2/80's.....	.55	.479	.304	.175	31.80
2/80's.....	.62	.525	.328	.197	31.77
2/100's.....	.73	.593	.359	.234	32.05

The costs and percentages in the foregoing table are presented simply as representative. Statistics, of course, are useless unless accompanied by sound judgment, and by manipulation the figures of the Tariff Board might be made to tell any story; but it is submitted that this table shows the ratio existing between the conversion cost of the finer yarns in the United States and England, and it shows that approximately 30 per cent is the minimum rate of duty necessary to equalize the difference in conversion cost. Considering this fact in connection with the fact illustrated by the chart—i. e., that as the yarn becomes finer the difference in cost becomes greater—the rates which I have suggested would seem to be very reasonable. I propose to start with 25 per cent on carded yarns of Nos. 60 to 69 and to increase at the rate of 2½ per cent for each 10 counts up to 37½ per cent for 109's and over.

I then propose to increase these rates by 2½ per cent when levied on combed yarns. The great majority of yarns above No. 60 used in the United States are combed, and yarns above No. 80 that are not combed are seldom made in American mills. In England, where

the mule system of spinning is all but universal, the cotton is less frequently combed; it is double carded, and the fine yarns spun from that stock. The result is that the American spinner has the additional expense of combing on his finer yarns, and is by that much more at a disadvantage with his foreign competitor. Two and one-half per cent, then, is not unreasonable additional duty to be levied on combed yarns. The Underwood bill makes no distinction between carded and combed yarns; nor does it make any provision for the added costs due to dyeing, bleaching, gassing, mercerizing, or twisting. I propose that 2½ per cent additional duty be added to yarns to which any one of these processes have been applied, and that if two or more of them have been applied 5 per cent additional duty be added.

There are several reasons why the rates which I have proposed are too low. The Tariff Board costs upon which they are based do not include interest on investment or selling expense. It costs much more per spindle to build a mill in the United States than in England, and this fact alone would make a material difference in cost. Then, too, the Tariff Board does not claim to have investigated the fine goods industry in as much detail as it did the coarser goods industry and I believe that an exhaustive investigation would show that the disadvantage of the American producer of these fine goods is even greater than suggested by the board.

In this connection also appears the unanswerable objection to ad valorem duties. I have based my calculations on present-day English prices, which are relatively high. A given ad valorem rate may equalize the difference in cost of production between the United States and England at the present level of foreign prices, but a decline in price would immediately cease to equalize the difference in cost. To assure the maintenance of the industry, then, even according to the Tariff Board, higher rates than I have proposed can be justified.

CLOTH.

The following rates are proposed for cotton cloth containing 60's yarn and over:

	60's to 69's.	70's to 79's.	80's to 89's.	90's to 99's.	100's to 109's.	109's and over.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Plain cloth.....	30	32½	35	37½	40	42½
Fancy cloth.....	35	37½	40	42½	45	47½

The Underwood bill recognizes the fact that the difference in the cost of manufacturing cotton cloth is greater than the difference in the cost of the yarn it contains. It therefore adds 2½ per cent for plain cloths and 2½ per cent more when the cloth is "bleached, dyed, colored, stained, painted, printed, Jacquard figured, or mercerized." My proposition follows the present bill, except that I propose to give the fancy goods 5 per cent instead of 2½ per cent additional. The reason for this will subsequently appear.

The statement of the Tariff Board that the cost of weaving coarse plain cloths in the United States is, because of the use of the auto-

matic loom, no greater than in England, has been extended to cover all cloths, and some have gone so far as to conclude that this means that the duty on woven fabrics should be the same as on yarns from which they are made. The Tariff Board did state that the weaving cost of fabrics produced on automatic looms, which are more common in this country than in England, is no greater here than abroad; but it also stated that in the case of fine and figured goods the American cost is higher. It says:¹

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 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.

The fabrics discussed in this brief will practically all fall under the provisions of the above statement, and since it may be assumed that this statement is as trustworthy as the statement about automatic looms which has been worked for all it is worth, I submit that the rates which I have recommended for cloths are not inconsistent with the findings of the Tariff Board.

The reason why weaving done on automatic looms reduces the cost of production in the United States is because it reduces the labor cost per unit of product. One man can tend 20 or more of these looms. Since they have not been introduced extensively in England we have a man in the United States multiplied by 20 competing with a man in England multiplied by 6 or 8. Under these conditions it would not be surprising if the labor cost on some coarse goods were lower in the United States than in England. But as soon as we turn to the finer or figured goods the situation changes fundamentally. We have the automatic loom practically eliminated and the American and English weavers competing with looms of similar structure. The result is that the higher American labor and other costs immediately put the American producer at a disadvantage.

In New Bedford there are about 55,000 looms, and it can be safely stated a very small per cent of them are automatic looms. The bulk of the New Bedford production is fine and fancy goods.

The great increase in labor costs in fancy goods is shown by the following from the Tariff Board:²

The labor cost of the plain weaves varies from 3½ cents to slightly over 6½ cents per pound, constituting from 8 to 21.5 per cent of the total cost. * * * The conversion cost on the same cloths varies from 29.5 to 35.8 per cent of the total cost. * * *

Treating the three fancy-weave groups as a whole, we find that the labor cost varies from 15.2 to 29.3 cents per pound, constituting from 20 to 42.7 per cent of the total cost. The conversion cost forms from 35.7 to 58.6 per cent of the total cost.

In view of the facts which I have brought to your attention there seems no escape from the conclusion that the duty on plain cloths should be at least 2½ per cent above the yarn, and the duty on fancy cloths should be 5 per cent in addition. These statements are particularly true of cloths using yarn of No. 60 and over.

It is significant in this connection to recall that since the Tariff Board made its report there has been in Massachusetts a 10 per cent

¹ Report of the Tariff Board on Schedule I, p. 12.

² Report of the Tariff Board on Schedule I, p. 456.

increase in wages and a 3½ per cent decrease in the hours of employment, both of which tend to increase the labor cost.

PROFITS.

Statements have been frequently made calling attention to what have been considered unusual and extraordinary profits which have been made by the New Bedford mills. It is true that some of the older mills have, during a long period of years, made accumulations and have declared dividends which seem, as compared with the capitalization, very large, but in most of the mills of this class the capital stock issued and outstanding is very small. Hence the large rate of dividend which may have attracted attention.

Others of the mills which have not been in operation so long have adopted the practice of issuing relatively larger amounts of capital stock, and as dividends have been declared on this last class of mills the rate seems to be lower. As a matter of fact, however, it can be safely stated that, taking the industry as a whole during a range of 10 years, a comparatively small return has been paid out to stockholders as compared with the number of spindles and a reasonable capitalization of these spindles. The following table indicates that the highest return was paid in the New Bedford mills in 1907, and that this return is only 5.96 per cent, and that it has ranged from this percentage down to 2.13 per cent, and that the average for the 10 years is only 3.7 per cent.

It is probably true that the total capital taken at \$20 per spindle represents approximately the amount of business done by these mills during the period of a year, so that it would appear, taking all the years represented by the table together, on all the business which has been done, only 3.7 per cent of its results have been paid out to stockholders in dividends.

Year.	Spindles.	Capital, at \$20 per spindle.	Paid in dividends.	Rate on \$20 per spindle.
				<i>Per cent.</i>
1903.....	1,695,080	\$33,901,600	\$958,000	2.53
1904.....	1,748,180	34,963,600	746,750	2.13
1905.....	1,783,492	35,705,840	\$24,500	2.40
1906.....	2,000,530	40,010,600	1,379,500	3.45
1907.....	2,088,402	41,768,040	2,459,750	5.96
1908.....	2,137,811	42,756,220	1,798,595	4.29
1909.....	2,647,843	52,956,860	2,923,062	5.65
1910.....	2,935,264	58,705,280	3,057,800	4.33
1911.....	2,939,684	58,797,680	2,020,475	3.42
1912.....	2,956,104	59,122,080	1,669,250	2.80

Average for 10 years, 3.7 per cent.

AD VALOREM OR SPECIFIC DUTIES.

In framing the Underwood bill the Ways and Means Committee made all the rates in Schedule I ad valorem. This was done upon the theory that there is some necessary connection between a protective tariff and specific rates, on the one hand, and a tariff for revenue only and ad valorem rates, on the other. There are several reasons, to be noticed presently, why from the point of view of the

producer specific rates are more desirable, but it does not follow that ad valorem rates are more desirable for revenue purposes than specific rates. The tariff of the United Kingdom is a purely revenue tariff; it does not afford any incidental protection as the revenue tariff of this country will do, since it levies rates only on those articles produced outside the country. Still, all of its rates are specific. The United Kingdom, like all the other advanced European countries, has abolished ad valorem rates, chiefly because they are not practical from the administrative point of view.

But turning to our own fiscal system we find that the ad valorem rates are not found in one of the purely revenue phases of the system. Our internal-revenue rates are all specific. If specific duties are preferable in a system whose only object is revenue, they would seem to be all the more preferable in a system the effect, if not the purpose, of which is to afford protection to domestic industries.

Speaking of the method of assessing duties the Tariff Board said:¹

The system of specific duties has many advantages. From the point of view of revenue and administration such a system has the advantage of fixing definite rates which are independent of the fluctuations of the market, and solves and eliminates the very important problem of undervaluation. From the economic point of view the system has this advantage, that the amount of duty remains uniform despite fluctuations in prices. One serious disadvantage of ad valorem duties is that the amount of duty increases with every increase in the price of the article. In other words, at the time when prices are high and when the consumer would be most benefited by the active competition of foreign fabrics the duty automatically increases. Conversely, the amount of duty diminishes when prices fall; that is, when the consumer least needs relief and when the competition of foreign manufacturers is most injurious to the home producer.

From the point of view of protecting the domestic manufacturer by equalizing the difference in cost of production at home and abroad by means of tariff duties, the system of specific duties is the natural and logical method. Market values fluctuate continuously according to the prices of the raw material. The cost of manufacturing this material, however, remains relatively constant, and does not change with such fluctuations. That is, the difference in the cost of production is a relatively constant quantity, and consequently a duty assessed in ad valorem terms would inevitably be at one time in excess of the difference in the cost of production and at another time less than the difference in the cost of production, according to the temporary and speculative changes of the market.

If it is the object of a legislator to give attention to the interests of legitimate industries affected by the tariff, a more equitable tariff can be framed if specific as well as ad valorem rates are used. A given ad valorem rate on cotton yarns, for example, may be protective when the price of cotton is high and inadequate when the price of cotton is low; but in both cases the conversion cost of the yarn may be the same. In the production of yarns the difference in conversion cost between the United States and England is a comparatively constant factor and in order to protect that difference one of two things must be done—either a specific duty must be levied just equal to the difference in cost or an ad valorem duty must be levied sufficient to equalize the difference in conversion cost in the periods of low prices. Obviously, therefore, a more equitable tariff can be framed if specific rates are used.

No great principle is involved in the use of ad valorem or specific duties. It is purely a question of expediency. On yarns a specific duty is preferable. The Tariff Board's observations on assessing

¹ Report of the Tariff Board on Schedule K, p. 709

duties on worsted yarns apply with equal force to cotton yarns. It says: ¹

Yarns are comparatively well standardized and their cost varies in a certain regular relation to the fineness or count of the yarn. It is a simple matter, then, to adopt the specific system in this particular case. A duty can be assessed on No. 1 yarn and be made to increase by a certain proportion with each additional count of yarn. The proper additions could furthermore be made for doubling, dyeing, hard twisting, etc.

The most equitable method for fixing duties on cotton woven fabrics is to employ both ad valorem and specific duties. It no doubt requires more work and expert knowledge to frame a just bill containing specific rates, but this should be no obstacle, especially when the proposed legislation affects intimately the very foundation of our industrial life.

The rates in the cotton schedule in the pending bill are arranged upon the ad valorem basis. It has been stated, perhaps without authority, that this basis must be adhered to and that no change in basis will be considered.

Having in mind the history of tariff making for the past 30 years, especially with reference to the cotton schedule, such a statement seems on its face wholly unbelievable.

The cotton schedule in the act of 1883 provided for specific duties on yarns and cloth; so did the acts of 1890, 1894, 1897, and 1909, and in all of them the element of labor and manufacturing cost in this country and abroad was carefully considered and the adjustment of duties was arranged accordingly.

The pending bill with its ad valorem duties seems to throw to the four winds all the experience and discriminating thought of the past 30 years, with reference to the cotton schedule, and proposes an arrangement which has been thrown aside as insufficient from the standpoint of the American producer, and unsatisfactory from the standpoint of obtaining honest revenue from imports.

It may be that it is too late to protest against this method of levying the duties on cotton manufacturers, but nevertheless it seems a duty to refer to this subject else your committee may receive the impression that this basis of arranging the schedule meets with approval.

It is to be hoped that the committee may see the wisdom of rewriting this schedule and of adopting the specific basis as appears to have been done in all the legislation to which reference has been made.

THE AMERICAN COTTON MANUFACTURERS' ASSOCIATION, BY STUART W. GRAMER, PRESIDENT.

MAY 20, 1913.

Senator CHARLES F. JOHNSON, *Chairman*,
Senators HOKE SMITH and HUGHES,
Finance Subcommittee, Washington, D. C.

DEAR SIR: On January 22, a committee from our association appeared before the Ways and Means Committee and submitted suggested reduced rates on cotton manufactures, Schedule I, that would, in our opinion, put those products on a competitive basis with foreign-made goods. We subsequently filed briefs substantiating our figures.

¹ Report of the Tariff Board, Schedule K, p. 710.

When we first appeared before the House committee, we based our cotton-yarn classifications upon the assumption that yarns were but steps in the manufacture of cotton fabrics. In the discussions and investigations that followed, we realized that for tariff purposes yarns should be regarded as finished products for sale and distribution to the yarn trade, as they come into competition with foreign yarns in the yarn markets.

We found that of the 2,037,653,722 pounds of yarns spun in the United States, only 470,370,995 pounds were made for sale; the others were manufactured in the same plants where spun. Of those yarns for sale, approximately 142,000,000 pounds were produced in the New England States; 51,000,000 pounds in the Middle and Western States, and 270,000,000 pounds in the Southern States.

See the following table:

Counts of yarns.	All domestic yarns, 1910.	Percent of product.	Yarns for sale.	Importations.	Percent of importations.
	<i>Pounds.</i>		<i>Pounds.</i>		
Under No. 20 (coarse).....	1,011,020,688	50	235,182,358	\$1,645	
Nos. 20 to 40 (medium).....	866,328,065	42	190,107,974	2,628,736	1.0
No. 41 and over (fine).....	157,255,429	7	35,277,821	6,711,111	19.0
Total.....	2,037,653,722	100	470,370,995	8,885,474	1.9

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.

We also found that the total domestic production of 78/2 and 80/2 amounted to 2,530,337 pounds, of which 1,361,210 pounds were made in the Northern States and 1,169,127 pounds in the South, and that the importations amounted to over 35 per cent of the American production. All this is set forth at length in our Tariff Bulletin No. 6, copy of which is herewith appended.

Hence, our suggestions embodied rates based upon 78/2 as a competitive or contact point, and a proportionate reduction on the lower numbers. As already stated, the classifications were, however, adapted to yarns regarded as but steps in the manufacture of cotton fabrics and not as finished products for sale and distribution with attendant expense, inspection, risk, etc.

When we approached your committee after the introduction of the new tariff bill, H. R. 3321, which embodied similar grouping by numbers to those suggested by us, we did not sufficiently emphasize the importance of the distinction, although we did point it out.

And so, in our several representations to you, we have not treated the subject broadly, as we should have done, but contented ourselves with endeavoring to get such modifications of the rates and classifications as would smooth out their inequalities and bring them to a parity with the cloth rates.

The open-mindedness and keen insight into its contradictions shown by your committee during the several discussions has both brought out and brought home to us the fact that you would likely favor a clean-cut piece of work rather than patchwork, even though it requires new classifications, provided the basis is low enough to meet your views and the classifications are warranted by the facts.

We therefore wish to submit an amendment that will change the groupings, but which accepts as its basis the gray carded single yarn rates of H. R. 3321, with trifling modifications that will not affect over 3 to 4 per cent of the production of those yarns, such modifications being so obviously in order as to be self-evident by an inspection of the rates in tabular form.

The acceptance of our proposed amendment reclassifying yarns by changing the group numbers does not change in the slightest the cloth rate situation. As already stated, the present grouping of numbers in the cloth rates is adapted to yarns considered as steps in the manufacture of cloth, and never should have been suggested by us for rates on yarns for sale and distribution.

In explanation of what we propose I herewith exhibit, first, in tabular form the yarn rates embodied in H. R. 3321:

Rates on all yarns in H. R. 3321.

	Per cent.		Per cent.
Nos. 1 to 9.....	5	Nos. 60 to 69.....	20
Nos. 10 to 19.....	7½	Nos. 70 to 79.....	20
Nos. 20 to 29.....	10	Nos. 80 to 89.....	20
Nos. 30 to 39.....	10	Nos. 90 to 99.....	20
Nos. 40 to 49.....	15	No. 100 and above.....	25
Nos. 50 to 59.....	17½		

Now, is it not evident that the group 30 to 39 should take a rate of 12½ per cent? The schedule would then advance by steps of 2½ per cent for each group of 10 numbers up to No. 70. If there be good reason for the 2½ per cent steps in the other groups, there is equally good reason for the same step here, especially when it does not advance any of the other group rates.

Again, is it not evident that the 70 to 79 group should take a rate of 22½ per cent; the 80 to 89 group 25 per cent; the 90 to 99 group 27½ per cent; and the 100 and above group 30 per cent? For an inspection of conversion costs, selling prices, invoice values, or any other data that may be accepted as a basis for fixing the rates below No. 70, constituting 95 to 96 per cent of the whole yarn production of the country, shows clearly that not only should there be equal and uniform increments of advance in the rates for each group of 10 numbers, but really that the increments should actually be greater as the yarn numbers become finer.

This is more clearly shown in the Tariff Board's Report, volume 2, chart 6, page 416, in which it will be noted how the cost of conversion, both in England and America, increases in an ascending scale on the finer numbers, the difference in the conversion cost of each group not being a uniform advance but an increasing one. Yet we make no point of that to ask for increasing steps in the rates on the finer counts, as the rates throughout the range of 1 to 70 in H. R. 3321 are based upon uniform steps of 2½ per cent between groups, and it is our purpose to accept both the rates and the grouping of that bill with trifling and obvious modifications that are too apparent to admit of contradiction.

It is true that there is a slight advance in the rates on the groups 70 to 79, 80 to 89, 90 to 99, and 100 and above; those rates are not only warranted by the scale of rates on the lower numbers, but the yarns

in these higher groups are already on a thoroughly competitive basis, as shown by actual importations the ad valorem equivalents of which are higher than the rates we are suggesting. Quoting from my statement before the Ways and Means Committee:

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 upward are fairly competitive at the present rates, as shown by actual importations. Of these 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.

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

Reclassified as above, II. R. 3321 rates on all yarns becomes:

	Per cent		Per cent.
Nos. 1 to 9.....	5	Nos. 60 to 69.....	20
Nos. 10 to 19.....	7½	Nos. 70 to 79.....	22½
Nos. 20 to 29.....	10	Nos. 80 to 89.....	25
Nos. 30 to 39.....	12½	Nos. 90 to 99.....	27½
Nos. 40 to 49.....	15	No. 100 and above.....	30
Nos. 50 to 59.....	17½		

Frankly, we can not indorse those rates, as we think more importations will be made under them than Congress intends if they are adopted, for we understand that only competitive rates are sought, and we believe these reductions go further than that; we only adopt them, and are willing to try them cheerfully and in good faith in the belief that corrective legislation will be forthcoming in case importations exceed what you expect.

So much for the rates as to the intent of the bill: You undoubtedly intend those rates to actually operate exactly as adopted both as to the revenue you estimate from them and as to limiting importations to the amounts you anticipate. The Ways and Means Committee have given unusual study and attention to the administration features of their bill looking toward that end.

We believe, however, that still a slight modification of the groupings is absolutely necessary to accomplish that result. Consult yarn price lists and any authorities you choose, and you will at once be struck with the fact, especially above No. 30, that the demand is very largely for yarn numbers in multiples of 10, such as 30, 40, 50, 60, 70, 80, and the like. An examination of importations discloses at once that at whatever points rates change, importations in large amounts are made just under the dividing line—importers obviously taking an un contemplated advantage by bringing in a trifle inferior substitute, thereby imposing upon American manufacturers more competition than was intended and at the same time depriving the Government of its rightful revenue.

Therefore, while groupings by 10 numbers is both close enough to suit the trade and not elaborate and complex of administration, evidently the line of division should not come just under the numbers most in demand or there will be a repetition of the present situation

as to bringing in 78's for 80's, and it will be on a much larger scale. So we suggest the dividing line for the groups at a point halfway between those numbers mostly in demand; the groups will then divide at 5, 15, 25, 35, 45, 55, 65, 75, 85, etc. That will enforce the intent of the bill, for customers would not accept as substitutes yarns five or six numbers lower than their requirements.

The competition of the substitute is a perplexing and annoying thing in any schedule; in the case of cotton yarns for sale and distribution, unless guarded against, the effect will be absolutely to nullify the legal rates and to subject the major part of the whole production to an actual competition of the next lower rate. The proposed regrouping as above will solve the problem.

It is true that an apparent effect will be to raise the rates on the whole by 1½ per cent, or one-half part of each group by 2½ per cent; but that is apparent and not real, for bear in mind that the demand is for what may be termed the "decimal numbers," on which this plan insures only the duty actually intended.

H. R. 3321 modified as thus outlined would contain yarn rates as follows:

	Per cent		Per cent.
Nos. 1 to 4.....	5	Nos. 55 to 64.....	20
Nos. 5 to 14.....	7½	Nos. 65 to 74.....	22½
Nos. 15 to 24.....	10	Nos. 75 to 84.....	25
Nos. 25 to 34.....	12½	Nos. 85 to 94.....	27½
Nos. 35 to 44.....	15	No. 95 and above.....	30
Nos. 45 to 54.....	17½		

We have previously appeared before your committee asking that the H. R. 3321 yarn rates all be raised 2½ per cent for single carded yarns in the gray to bring them to a parity with yarns when woven into cloth, pointing out that in the large majority of plain goods the advantage of our foreign competitor was in spinning and not in weaving; therefore that single gray-yarn rates should certainly be as high as those on the cloth into which they are woven.

We have also shown you that yarns combed or advanced in manufacture by twisting, bleaching, dyeing, gassing, etc., should be accorded an additional rate of at least 5 per cent to the other rates on carded single gray yarns. Conversion costs, finishing risks, greater expense in every way, entitles them to that extra rate.

A false impression exists as to the relative costs of finishing yarns in this country and abroad. Because the Tariff Board's report stated that cloths could be as cheaply finished in this country as abroad, it has been erroneously assumed the same is true as to yarns. Such is certainly not the case; the foreigner has more of an advantage over us in finishing yarns when subjected to two or more processes than is compensated for by only the 5 per cent asked. I will not take up your time by further argument on this point, as I understand that your disposition is to make this change.

The advantage and equity of smoothing out the inequalities of the present groupings in H. R. 3321 by the method of regroupings which we now propose are such that if our suggestion is adopted and the 5 per cent extra allowed on yarns advanced in manufacture we consider it equal in effect to the substance of our former request. By your so doing we can adopt the H. R. 3321 rates for the basis on

yarns, as we assure you that we are disposed to go to extremes in both yarn and cloth rates that we may approach your committee in the spirit of accepting the House rates as a basis.

We also desire to call your attention to the reduction from 10 per cent to 5 per cent that we offer on cotton card laps, sliver, roving, etc., as they are but steps in manufacture and certainly not entitled to any more, if as much, duty as the products into which they enter.

The amendment which we offer to the yarn rates embraced in H. R. 3321 may be tabulated as follows:

	Per cent.		Per cent.
Nos. 1 to 4.....	5	Nos. 55 to 61.....	20
Nos. 5 to 14.....	7½	Nos. 65 to 74.....	22½
Nos. 15 to 24.....	10	Nos. 75 to 84.....	25
Nos. 25 to 34.....	12½	Nos. 85 to 91.....	27½
Nos. 35 to 44.....	15	No. 95 and above.....	30
Nos. 45 to 54.....	17½		

Yarns combed or advanced in value over singles in the gray, 5 per cent on all numbers extra and in addition to above rates.

Proposed amendment to Schedule I (H. R. 3321, Cotton manufactures)

Strike out all of paragraph 255, page 65, and insert in lieu thereof the following:

255. Cotton thread and carded yarn, warps or warp yarn, in singles, whether on beams or in bundles, skeins or cops, or in other form except spooled 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, shall be subject to the following rates of duty:

Numbers not finer than 4, 5 per cent ad valorem; numbers finer than 4 and not finer than 14, 7½ per cent ad valorem; numbers finer than 14 and not finer than 24, 10 per cent ad valorem; numbers finer than 24 and not finer than 34, 12½ per cent ad valorem; numbers finer than 34 and not finer than 44, 15 per cent ad valorem; numbers finer than 44 and not finer than 54, 17½ per cent ad valorem; numbers finer than 54 and not finer than 64, 20 per cent ad valorem; numbers finer than 64 and not finer than 74, 22½ per cent ad valorem; numbers finer than 74 and not finer than 84, 25 per cent ad valorem; numbers finer than 84 and not finer than 94, 27½ per cent ad valorem; numbers finer than 95, 30 per cent ad valorem.

If combed, bleached, dyed, colored, gassed, mercerized, or advanced beyond the condition of singles in the gray, by grouping or twisting two or more single yarns together, shall be subject to a duty of 5 per cent ad valorem in addition to the rates otherwise chargeable thereon.

Cotton card laps, roping, sliver, or roving, cotton waste, and flocks manufactured or otherwise advanced in value, 5 per cent ad valorem.

[Inclosure.]

OFFICE OF SECRETARY AND TREASURER,

Charlotte, N. C., May 19, 1913.

MR. STUART W. CRAMER,
President, Charlotte, N. C.

DEAR SIR: The attached tables show the value of middling cotton in Liverpool, as compared with the price paid by southern mills for middling cotton delivered at their mills. The writer is agent for Messrs. Geo. H. McFadden & Bro. (of Philadelphia) in North Carolina, South Carolina, Virginia, part of Georgia, and Alabama. Messrs. Geo. H. McFadden & Bro. have offices all over the cotton belt, as well as in New England and various points in Europe, and this information is secured through all sources available to the writer.

Table A is price of middling cotton to Liverpool and southern mills for two years, with explanatory notes, showing average difference during two years at about \$1

per bale, but these prices are subject to fluctuations of American and foreign markets, to supply American and foreign stocks, and various other conditions, by which I should estimate that middling cotton does not cost English mills any more in the run of a year than it does southern mills.

Table B shows the average freight rates paid by southern mills, English mills, and continental mills. The average is not more than \$1 a bale difference, New England being practically the same as Liverpool and Bremen. Southern mills from 20 to 25 points less, or not exceeding \$1 a bale less. Southern mills draw practically their entire supply east of the Mississippi River, as represented by Table B.

Table C represents the territory west of the Mississippi River, the freight rates being practically the same to southern mills, New England and Europe.

Table F shows that a very large percentage of the crop grown west of the river is exported.

Table D, contention has been made that Carolina mills draw most of their cotton locally and do not have to pay freight. This table shows that the receipts at the ports which draw from the Carolina crops leaves an average during three years of only 167,000 bales available for Carolina mills. We have included one-third of Savannah receipts, for reason that Savannah draws from the Carolina crops, and this estimate is conservative.

Table E shows the crops of the territory east of the Mississippi River, and receipts at ports that draw their cotton from this territory. The amount left for movement other than via ports is not far from the consumption of southern mills, and really a large percentage of the remainder goes to southern mills.

Table G shows the exports from South Atlantic and Gulf ports, and with the crops as shown in Tables D, F, and E an accurate idea may be gotten as to the percentage of export for specific territories.

Table H shows the takings of northern and southern spinners. You will note the takings of northern spinners are about equal from the interior and from the ports, and the fact that the New England rate is practically the same as the foreign rate confirms the statement that New England pays as much for her cotton as does Europe. The fact that a very large percentage of southern takings move from the interior confirms the fact that southern mills pay an average of about 44 cents a hundred pounds on all their cotton.

As stated above, differences in the markets as caused by fluctuations, stocks of cotton, and the supply available to the mills as they want it, produce varying conditions, which overcome the difference shown in Table A, and I do not believe the average cost of cotton to Manchester mills per year is any more than to the southern mills per year. You must remember that Liverpool is the largest cotton market in the world and always has a large supply of cotton in stock. On any depression on the market the foreign mills have opportunity to buy largely and much more than American mills, as American stocks are always widely scattered.

C. B. BRYANT,
Secretary, The American Cotton Manufacturers' Association.

TABLE A.—Quotations, middling upland cotton; prompt shipment.

	Liverpool. ¹				Liverpool.		
	North Carolina and South Carolina mills.	Pence.	Cents less 6 per cent guaranteed tare.		North Carolina and South Carolina mills.	Pence.	Cents less 6 per cent guaranteed tare.
1911.				1912.			
Sept. 11.....	\$ 12.06	7.17	13.46	Aug. 9.....	\$ 13.88	6.96	13.08
21.....	\$ 11.00	6.85	12.88	23.....	\$ 12.62	6.90	12.41
Oct. 12.....	\$ 9.87	5.41	10.17	Sept. 12.....	\$ 12.56	6.72	12.63
26.....	\$ 9.62	5.17	9.72	26.....	\$ 12.00	6.65	12.50
Nov. 9.....	\$ 9.44	5.13	9.64	Oct. 10.....	\$ 11.38	6.26	11.77
23.....	\$ 9.69	5.24	9.85	24.....	\$ 11.38	6.13	11.42
Dec. 14.....	\$ 9.25	4.94	9.29	Nov. 7.....	\$ 12.62	6.73	12.75
23.....	\$ 9.35	5.03	9.46	Dec. 21.....	\$ 13.00	6.92	13.01
1912.				5.....	\$ 13.50	6.97	13.10
Jan. 11.....	\$ 9.87	5.33	10.02	19.....	\$ 13.62	7.13	13.40
25.....	\$ 10.06	5.50	10.34	1913.			
Feb. 8.....	\$ 10.81	5.55	11.00	Jan. 9.....	\$ 13.25	7.04	13.24
15.....	\$ 11.00	5.91	11.11	23.....	\$ 13.00	6.89	12.95
Mar. 8.....	\$ 11.13	6.03	11.34	Feb. 6.....	\$ 12.81	6.89	12.93
22.....	\$ 11.25	6.11	11.49	27.....	\$ 12.75	6.86	12.90
Apr. 12.....	\$ 11.88	6.44	12.11	Mar. 13.....	\$ 12.62	6.78	12.75
26.....	\$ 12.00	6.56	12.31	27.....	\$ 12.87	6.99	13.14
May 10.....	\$ 12.00	6.53	12.28	Apr. 10.....	\$ 12.62	7.00	13.16
24.....	\$ 11.87	6.36	11.96	24.....	\$ 11.25	6.74	12.67
June 14.....	\$ 12.43	6.63	12.46	Average.....	11.80		\$ 12.00
28.....	\$ 12.43	6.62	12.44				
July 12.....	\$ 13.12	7.07	13.29				
26.....	\$ 13.62	7.31	13.74				

¹ Liverpool ex-warehouse terms average prices 51 to 8d..... \$0.16
 Liverpool middling average value below American middling..... .59

Add to Liverpool prices for parity..... .04

² Actual sales.

³ +.04=12.04.

TABLE B.—Freight rates on cotton, east of the river.

From—	To—								
	South Carolina mills.	North Carolina mills.	New England.	Liverpool.			Bremen.		
				Interior to port.	Ocean.	Through.	Interior.	Ocean.	Through.
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	
Charlotte, N. C.....	35	30	70	34	30	64	34	35	69
Raleigh, N. C.....	40	30	72	32	30	62	32	35	67
Goldboro, N. C.....	40	30	67	22½	30	52½	22½	35	57½
Fayetteville, N. C.....	35	40	63	24	30	54	24	35	59
Columb., S. C.....	25	38	59	27	30	57	27	35	62
Bennetsville, S. C.....	38	40	69½	24	30	51	24	35	59
Florence, S. C.....	38	40	71	27	30	57	27	35	62
Anderson, S. C.....	33	40	72½	33	30	65	35	35	70
Augusta, Ga.....	38	43	51	22	30	52	22	35	57
Macon, Ga.....	38	43	63½	34	30	64	34	35	69
Atlanta, Ga.....	38	43	68	43	30	73	43	35	78
Columbus, Ga.....	40	45	68	42	30	72	42	35	77
Birmingham, Ala.....	43	48	68	45	38	83	45	38	83
Montgomery, Ala.....	46	51	68	35	38	73	35	38	73
Selma, Ala.....	43	48	68	38	38	76	38	38	76
Decatur, Ala.....	46	51	70½	48	38	86	48	38	86
Meridian.....	51	56	71	41	38	79	41	38	79
Greenwood.....	61	67	74	44	38	82	44	38	82
Vicksburg.....	51	56	55	20	38	58	20	38	58
Tupelo, Miss.....	47	52	84	53	38	91	53	38	91
Memphis, Tenn.....	47	52	50½	30	38	68	30	38	68
Average.....	42	45	67			68			70

TABLE C.—*Freight rates on cotton west of the river.*

From—	To—								
	South Carolina mills.	North Carolina mills.	New England.	Liverpool.			Bremen.		
				Interior to port	Ocean.	Through.	Interior.	Ocean.	Through.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Shreveport, La.	60	65	60	30	32	62	30	36	66
Monroe, La.	57	62	65	25	32	57	25	36	61
St. Joseph, La.	69	74	68	15	32	47	15	36	51
Newport, Ark.	69	74	75	47	32	79	47	36	83
Little Rock, Ark.	74	79	80	52	32	84	52	36	88
Pine Bluff, Ark.	74	79	80	52	32	84	52	36	88
Hope, Ark.	84	89	90	60	32	92	60	36	96
Oklahoma common points.	100	100	101	70	32	102	70	36	106
Texas common points.	100	100	87	51	32	83	51	36	87
Average.	76	80	79			77			81

TABLE D.—*North and South Carolina crops, running bales, including linters.*

[In thousands.]

	1909-10	1910-11	1911-12	Total.
North Carolina.	660	777	1,191	2,641
South Carolina.	1,188	1,241	1,732	4,161
Total.	1,848	2,021	2,923	6,793

YEARLY RECEIPTS AT SELECTED PORTS.

[In thousands.]

	1909-10	1910-11	1911-12	Total.
Savannah (one-third).	455	457	795	1,737
Charleston.	288	286	416	930
Wilmington.	312	411	548	1,271
Norfolk.	574	590	821	1,985
Baltimore.	83	114	122	319
Newport News.	13	3	35	51
Total.	1,665	1,891	2,737	6,293

DEDUCTION.

	1909-10	1910-11	1911-12	Average.
Left for Carolina mills, and carry over.	183	130	180	167

TABLE E.—*Crop by States, east of the Mississippi River, including linters.*

[In thousands.]

	1909-10	1910-11	1911-12
North Carolina.	660	777	1,191
South Carolina.	1,188	1,241	1,732
Georgia.	1,362	1,881	2,875
Florida.	61	68	83
Alabama.	1,088	1,230	1,738
Mississippi.	1,137	1,271	1,221
Tennessee.	233	310	574
Total.	6,322	6,811	9,431

TABLE E.—Crop by States, east of the Mississippi River, including linters—Continued.

RECEIPTS AT ALL SOUTH ATLANTIC PORTS AND PORTION OF GULF PORTS.

(In thousands.)

	1909-10	1910-11	1911-12
Baltimore.....	83	114	122
Norfolk.....	574	591	821
Newport News.....	13	3	35
Wilmington.....	313	411	548
Georgetown.....	1	1	1
Charleston.....	229	287	416
Savannah.....	1,366	1,462	2,382
Brunswick.....	229	219	401
Jacksonville.....	40	26	50
Pensacola.....	147	152	581
Mobile.....	384	251	256
New Orleans (one-third).....	438	536	554
Total.....	3,817	4,089	5,874

REMAINING SUPPLY FOR SOUTHERN MILLS LESS OVERLAND MOVEMENT NORTH.

(In thousands.)

Movement.	1909-10	1910-11	1911-12
Other than via ports.....	2,503	2,722	3,656
Returned from ports.....	88	55	69
Out of which southern mills draw supply.....	2,503	2,777	3,622

TABLE F.—Crop by States, west of Mississippi River, including linters.

(In thousands.)

	1909-10	1910-11	1911-12	Total.
Texas.....	2,633	3,135	4,327	10,115
Louisiana.....	286	274	403	963
Arkansas.....	729	838	941	2,507
Oklahoma.....	575	956	1,056	2,587
Total.....	4,242	5,203	6,727	16,172

RECEIPTS AT GULF PORTS.

(In thousands.)

	1909-10	1910-11	1911-12	Total.
New Orleans (two-thirds).....	877	1,072	1,198	3,057
Port Arthur.....	142	207	200	549
Galveston.....	2,591	2,918	3,728	9,267
Corpus Christi.....	23	322	591	936
Eagle Pass.....	1			1
El Paso.....	1			1
Total.....	3,643	4,549	5,627	13,811

Available for overland movement and carry over: 1909-10, 607; 1910-11, 654; 1911-12, 1,100.

TABLE G.—Statement of annual exports from each United States port.

[Cotton Facts, A. B. Shepperson.]

[000 omitted.]

	Season of—			
	1911-12	1910-11	1909-10	1908-9
Galveston.....	3,109	2,429	2,106	3,150
New Orleans.....	1,601	1,513	1,194	1,957
Mobile.....	292	185	185	307
Savannah.....	1,787	913	772	921
Charleston.....	251	126	116	83
Wilmington.....	502	353	298	402
Norfolk.....	21	16	7	37
Baltimore.....	130	120	58	128
New York.....	655	744	735	454
Boston.....	187	110	106	167
Philadelphia.....	90	68	63	69
Pensacola.....	281	153	153	189
Brunswick.....	373	188	191	283
Other ports.....	1,223	663	254	559
Total exports.....	10,502	7,616	6,208	8,447

The "Other ports" are Laredo, Eagle Pass, and Port Arthur, Tex.; Portland, Me.; San Francisco; Tacoma, Seattle; Portland, Oreg.; San Diego, Cal.; Ferdinandina, etc.

TABLE H.—Takings of cotton by American spinners.

[Cotton Facts, A. B. Shepperson.]

	Season of—			
	1911-12	1910-11	1909-10	1908-9
Northern spinners:†				
From the ports.....	1,431,000	1,156,000	1,258,000	543,000
Overland.....	1,277,000	971,000	865,000	1,270,000
Total.....	\$2,708,000	\$2,127,000	\$2,123,000	\$2,813,000
Southern spinners:				
From the ports.....	65,000	55,000	88,000	54,000
From the interior.....	2,705,000	2,252,000	2,156,000	2,301,000
Total.....	2,772,000	2,307,000	2,244,000	2,355,000
Total takings of United States and Canada.....	5,540,000	4,434,000	4,367,000	5,168,000

† Including Canada by rail.

‡ Including 142,000 bales to Canada.

§ Including 131,000 bales to Canada.

¶ Including 111,000 bales to Canada.

§ Including 125,000 bales to Canada.

English and American prices for cotton yarn.

[From Textile World Record, Boston, May, 1913.]

As this issue was about to go to press, we received the following quotations on representative qualities of white cotton yarn, packed in cases f. o. b. Liverpool, from one of the leading spinners of Lancashire. We have reduced the prices to American money, and annexed the American prices for corresponding grades and size. The English terms are net cash 45 days. The American terms will average net cash 20 days:

Yarn.	English price.	Under-wood duty.	English total.	American price.
Warp cops:		<i>Per cent.</i>		
20s American.....	18½	10	20.3	23½
30s American.....	20½	10	22.3	26½
40s American.....	23½	15	27.3	35½
50s English.....	32½	17½	38.2	47
60s English.....	35	20	42	54
80s English.....	44½	20	53.4	70
Wet cops:				
20s American.....	18	10	19.8	24
30s American.....	19½	10	21.1	27
40s American.....	20½	15	24.6	36
50s English.....	23	17½	27	43
60s English.....	27½	20	32.7	55
80s English.....	35	20	42	72
Combed ring warp bundles:				
20s American.....	20	10	22	29
36s American.....	23½	10	25.6	39
48s American.....	25	15	29.3	41
2/40s American.....	26½	15	30.5	41
2/40s English.....	32	15	36.8	50
2/50s English.....	34	17½	40	56
2/60s English.....	36	20	43.2	62

SAML. S. DALE, Boston, Mass.

NORTH CAROLINA COTTON MANUFACTURERS' ASSOCIATION, BY C. E. HUTCHISON, PRESIDENT. (NO ADDRESS GIVEN.)

[Submitted May 26, 1913.]

To Senator Charles F. Johnson, chairman, and Senators Hoke Smith and Hughes, Senate Finance Subcommittee, Washington, D. C.

GENTLEMEN: I wish to call your attention briefly to the yarn section of Schedule I. First, I wish to state that there is an impression with some that yarns are not exactly a finished article of manufacture, inasmuch as they are mostly used for weaving and knitting fabrics, and also from the fact that many cotton mills in this country both spin and weave or knit, as the case may be.

Yarns of commerce, however, are just as much a finished article of manufacture as finished woven cloth, hosiery, underwear, etc., and, as Mr. Cramer has pointed out to you in one of his briefs, yarns are subject to even more critical examination than woven fabrics, and any slight imperfections are more easily observed than in the woven or knitted fabrics, and they are therefore entitled to as much consideration in the framing of tariff laws.

Second, as to the cost of producing yarns in the United States as compared with the cost in foreign countries, I will say that, owing to the very nature of the policy of our Government, which for so many years has fostered the high cost of living, it is almost impossible for us to manufacture goods in the United States as cheaply as they can be made in foreign countries.

One of the leading elements entering into this high cost is labor, and none of us begrudge the laborer his hire. As a matter of fact this high-priced labor has produced in the United States a higher standard of citizenship among the working classes than in any other country in the world, and any considerable reduction in the price of labor we would seriously deprecate. While on this labor subject I wish to bring out a point that I am not sure has been brought to your attention in connection with the textile industry, and that is the question of "efficiency," a subject that so many delight to dwell upon, and rightly, too.

It has been charged that the way to meet the reduced cost of manufacturing cotton goods so that we can compete with Europe, Japan, etc., in making yarns is to teach our operatives greater efficiency. We do not doubt for a moment the sincerity of those making this statement, but when it is applied to the manufacture of cotton yarns it is not altogether tenable, but in some lines of manufacture where skill and physical endurance enter largely into the cost their contention is absolutely correct. In a mill spinning and twisting yarns in all their different processes this question of increased efficiency will not apply, for the reason that all the machinery in a cotton mill is regulated to run at uniform speeds to obtain the best results; that is, each machine is set to run so many revolutions, and production is based on these speeds, and the operative, having so many machines, owing to the process, to tend, can do just so much and no more, and necessarily can not turn out more work than the speed of the machines will produce, for instance, a spinning frame the spindles of which make, say, 10,000 revolutions per minute, will produce so many ounces or pounds of yarn in a given number of hours. It may be said, Why not let the operative become more efficient and tend more machines? I will answer this by saying that whenever a man, woman, boy, or girl working in a cotton mill becomes familiar with their work they soon find that the maximum limit of the machinery they can operate, and inasmuch as the speeds can not be increased or reduced at will their efficiency stops at that point. This is the situation in the textile industry, which makes it very different from other lines of labor where skill and physical endurance play an important part.

Now, as to the proposed duty on yarns, will say that as this is to be an ad valorem duty, which as applied to yarns, cloth, knit goods, etc., made from yarns, as a matter of fact works to a great extent automatically, the duty on yarns should be practically the same percentage as on cloth in which given numbers of yarn are used in the construction thereof, as the increased value of the cloth makes the actual duty on the cloth just so much more per pound. The schedule on yarns as proposed by the American Cotton Manufacturers' Association, which was 10 per cent on Nos. 1 to 9, inclusive, 12½ per cent on 10's, inclusive, etc., is considered by all competent mill men to be as low as the mills can stand at the present time in competition with the foreign manufacturers, and we sincerely hope that you can see your way clear to adopt rates not lower than that schedule. Referring to the brief recently filed with you by Mr. L. W. Parker, asking that the duty on yarns as named in the bill passed by the House be raised 2½ points, will say that Mr. Parker, who is primarily a cloth manufacturer, has repeatedly pointed out that the duty on yarns as named in the House bill is too low, particularly on the coarser counts, and when he made the recommendation to raise this 2½ points he no doubt had in mind that this was probably the best that could be obtained at this time. This, however, should be 5 points over the bill as passed by the House.

We all realize that this whole proposition is an experiment, as no one can foretell with any degree of accuracy just what the actual result to the manufacturers will be, but if we are to err at all as to what is the proper reduction to be made at this time it is better to

err on the side of safety. Should you recommend the rates approximately as outlined above, and the same should be enacted into law, and if it is found later that we can safely stand a lower rate, a further reduction could then be made.

THE NEW ENGLAND COTTON YARN CO., BY ITS TREASURER.

The FINANCE COMMITTEE, UNITED STATES SENATE:

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

It is submitted that the rates established in sections 255 and 256 of Underwood bill, H. R. 3321, do not take into consideration the different kinds and varieties of yarn, their different costs and qualities.

The numbers in section 255 of this bill are applicable, so far as the numbers of yarn are concerned and their different costs of manufacture, solely to weaving yarns.

This petitioner practically makes no weaving yarns.

The yarns made by your petitioner are for the most part used in knitting work, electrical work, crocheting, and darning work, narrow goods fabric, upholstery, tapestry and threads, and a great variety of other special uses.

These special yarns require a higher degree of manufacture than weaving yarn, and consequently a higher cost.

KNITTING COTTONS.

As stated, a large part of the product of this corporation is knitting cottons, carded and combed, mule spun, of high grade and quality. These cottons or yarns are made from good middling and strict good middling cotton, which commands a premium on the market.

They bear a twist which differentiates them from weaving or ordinary yarn.

In subsequent manufacture they are subjected to a more severe test than weaving or ordinary yarn and must therefore be better or more carefully made.

In the process of knitting every part of the knitting cotton or yarn is subjected to the inspection of the eye of the knitting needle, and unless made with great perfection seconds result, which in knitting work is the cause of more relative loss than seconds made in weaving work.

American spinning ordinarily is, so far as coarse numbers are concerned, on spinning frames. Knitting yarns in America are spun on mules. Frame spinning is cheaper in cost than mule spinning, and therefore in ordinary or weaving yarns the American manufacturer has this advantage in costs. In knitting cotton this is not so.

These cottons or yarns have to be made with a high degree of perfection, for the additional reason that the goods subsequently manufactured from them are for the most part sold to the consumer in the exact condition in which they come from the knitting machine.

They are not washed, bleached, and only a very small portion of them dyed. These cottons or yarns differ only slightly in twist from crochet or darning cottons.

They have slightly more twist than darning cotton, and slightly less twist than crochet cotton.

It is submitted, therefore, that knitting cotton should be included in paragraph 256, found on page 64 of bill H. R. 3321.

THREAD.

Your petitioner manufactures in a mill of 70,000 spindles thread yarns and threads. It is submitted that the general provisions of section 255 should not be applicable to the spool-cotton threads, and that these threads in different forms, whether put up on spools, tubes, or in any other manner, should bear a duty of at least 25 per cent ad valorem, as they are made of higher numbers of yarn and at largely increased costs from ordinary yarns.

ADVANCED YARNS.

Your petitioner manufactures large quantities of advanced yarns—that is, mercerized, bleached, gassed, and dyed yarns, and in many cases subjected to two or more of these processes.

Attention is called to the fact that when goods are advanced in the form of cloths they received under this bill an advanced duty ad valorem. (See lines 10, 11, 12, and 13, p. 65.) Yarns advanced should be given also a differential of not less than 2½ per cent over the original ad valorem duty.

FINE YARNS.

Your petitioner has about 100,000 spindles which are applicable to yarns Nos. 80 and above.

Attention is called to the fact that the House bill 3321, paragraph 255, does not afford sufficient protection for fine yarns.

It is submitted that above 60's all yarns should receive an additional 2½ per cent duty, but even if this concession can not logically be accorded, then your petitioner urges with what force it can that it is not logical to subject to the same rate of duty yarns from No. 59 to 99.

There should be a subdivision of these numbers, and it is suggested that the break be made at No. 79, the duty being 20 per cent from Nos. 59 to 79 and 22½ per cent from Nos. 79 to 99 or 100. A table is herein inserted giving the labor in the costs of numbers of yarns from 30 to 120.

No. of yarn.	Labor in cost on this number.
30's.....	\$0.0498
40's.....	.0533
50's.....	.0507
60's.....	.0286
70's.....	.1141
80's.....	.1290
100's.....	.1705
120's.....	.5066

Reference to the above shows that No. 60's can be made with a labor cost of less than 10 cents; 80's with a labor cost of practically 13 cents; and 100's with a labor cost of 17 cents.

There is annexed hereto a suggested draft of sections 255 and 256 of bill H. R. 3321, the changes suggested by your petitioner being put in *italic*.

[Inclosure.]

Suggested amended paragraphs 255 and 256.

[Proposed amendments in *italic*.]

255. Cotton thread and carded yarn, combed yarn, warps or warp yarn, whether on beams or in bundles, skeins, or cops, or in any other form, except spool thread of cotton, crochet, *knitting*, darning and embroidery cottons, hereinafter provided for, shall be subject to the following rates of duty: Nos. 1 to 9, inclusive, 5 per cent ad valorem; Nos. 10 to 19, inclusive, 7½ per cent ad valorem; Nos. 20 to 39, inclusive, 10 per cent ad valorem; Nos. 40 to 49, inclusive, 15 per cent ad valorem; Nos. 50 to 59, inclusive, 17½ per cent ad valorem; Nos. 60 to 79, inclusive, 20 per cent ad valorem, 80 to 99, inclusive, 22½ per cent ad valorem; No. 100 and over, 25 per cent ad valorem. *Cotton thread or yarns, carded or combed, which have been advanced in manufacture by being bleached, dyed, colored, gassed, or mercerized, shall be subject to a duty of 2½ per cent ad valorem in addition to the rates otherwise chargeable thereon.* Cotton card laps, topping, silver, or roving, 10 per cent ad valorem; cotton waste and flocks manufactured or otherwise advanced in value, 5 per cent ad valorem.

256. Spool thread of cotton, *on spools, tubes, or in any other form*, 25 per cent ad valorem; *crochet, knitting, darning, and embroidery cottons, on spools, reels, or balls, or in skeins, cones, or tubes, or in any other form*, 15 per cent ad valorem.

INDEPENDENT MANUFACTURERS OF NEW ENGLAND STATES, BY S. B. CHASE, FALL RIVER, MASS., CHAIRMAN OF SPECIAL COMMITTEE.

FALL RIVER, MASS., *May 22, 1913.*

The honorable Finance Committee of the United States Senate, represented by subcommittee, the honorable Senators Charles F. Johnson, chairman, William Hughes, and Hoke Smith.

GENTLEMEN: By courtesy of your chairman we are permitted to present to your committee an analysis of fact regarding the provisions of H. R. 3321 in relation to cotton yarns and cloth.

REASONS FOR THIS BRIEF.

1. We recognize that in H. R. 3321 a basis has been established by the House of Representatives for tariff rates on cotton yarns and cloths on an ad valorem principle; duties to be assessed according to fineness of yarns. We understand that if inequalities are shown to exist this method must be used to point them out. Realizing that most serious faults do exist, we undertake to indicate a method of possible correction that will not involve a change of principle, but a fair exaction of justice, to the end that various manufacturers of yarns and cloths, with especial reference to finer (combed) yarn productions, can be more equitably treated. Rates that will bear more evenly on various divisions of trade, according to increased ratio of labor and actual costs, are therefore respectfully suggested.

2. *Lest it be forgotten.*—The following statement is pertinent to what we consider excessive reduction on yarns and cloth. The Democratic platform stated:

We favor the immediate downward revision of the existing high, and, in many cases, prohibitive tariff duties, insisting that material reductions be speedily made on the necessities of life.

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.

3. *General effect of amendments proposed.*—We point out, by Exhibit B attached hereto, a comparison of the Payne-Aldrich rates on cloth, the rates proposed under H. R. 3321, and what we consider competitive rates based upon known facts established not only by the report of the Tariff Board, but by the difference in prices on yarns here and abroad. Particular attention should be given to the point that if the competitive rates referred to are adopted, great reductions will still be made in accordance with the pledges of the Democratic platform. In fact, the reductions on approximately 70 per cent of goods used will produce a basis of about one-third the rates under the Payne-Aldrich law; the remaining 30 per cent will produce a basis of about one-half the rates under the Payne-Aldrich law.

In suggesting amendments we have confined ourselves to goods that will be dutiable under paragraphs 255, 257, 258, 263, 268, 269, and 271, which affect productions of \$500,000,000 annual output at mill cost.

YARN SCHEDULE.

SUGGESTED AMENDMENTS (5).

Paragraph 255:

- (1) Page 65, line 13, strike out the words "combed yarn."
- (2) Page 65, line 14, after the word "yarn," insert "in singles".
- (3) Page 65, line 17, after the word "~~for~~" insert "not bleached, dyed, colored, or advanced beyond condition of singles by grouping or twisting two or more single yarns together".
- (4) Page 65, line 17, after the word "numbers," strike out the succeeding lines down to and including the numeral "25," in line 24, and insert instead the following: "not higher than No. 9, ———¹ per cent ad valorem; numbers higher than No. 9 and not higher than No. 19, ———¹ per cent ad valorem; numbers higher than No. 19 and not higher than No. 29, 15 per cent ad valorem; numbers higher than No. 29 and not higher than No. 39, 17½ per cent ad valorem; numbers higher than No. 39 and not higher than No. 49, 20 per cent ad valorem; numbers higher than No. 49 and not higher than No. 59, 22½ per cent ad valorem; numbers higher than 59 and not higher than No. 69, 25 per cent ad valorem; numbers higher than No. 69 and not higher than No. 79, 27½ per cent ad valorem; numbers higher than No. 79 and not higher than No. 89, 33 per cent ad valorem; numbers higher than No. 89 and not higher than No. 99, 32½ per cent ad valorem; numbers higher than No. 99 and not higher than No. 109, 35 per cent ad valorem; numbers higher than 109 and not higher than 199, 40 per cent ad valorem; numbers higher than 199, 26 per cent ad valorem." (For application and comparison of these rates see Exhibit A.)

(5) Page 66, line 1, after the word "valorem," insert the following: "if combed or advanced by one or more processes beyond a condition of carded single yarn in the gray, shall be subject to a duty of

¹As we are not interested in the production of yarns below No. 20, we omit suggesting rates for the first two subdivisions, namely, yarns Nos. 1 to 9 and Nos. 10 to 19.

2½ per cent ad valorem in addition to the rates otherwise chargeable thereon."

OBJECT OF THE FOREGOING CHANGES.

(a) As there are so many different stages of separate processes, such as bleaching, dyeing, coloring, mercerizing, twisting, etc., all of which might lead to confusion if an attempt were made to fix rates for each process, it is deemed advisable to have the rates as suggested cover all these various processes, such rates as proposed automatically acting as a check in the sale of yarns either in the gray or otherwise, for whatsoever purpose needed, against foreign competition.

(b) An advance of 2½ per cent in duty is very small on the poundage price of landed foreign goods and is, from the point of view of administering the law, as small a subdivision as seems practicable.

(c) Importations have been steadily growing in the last few years under the existing Payne-Aldrich rates, and while the rates have been on a specific basis, the importations have continued to grow because such rates have proved competitive, particularly in finer yarns, above No. 40.

(d) Inasmuch as the poundage production of yarns above No. 40 is established by the Tariff Board report, table 19, page 43, as less than 8 per cent of the total, and as a digest of the imports of merchandise entered for consumption in 1912 (or in 1910) shows that such importations are almost entirely above No. 40, the 4½ per cent of such importations referred to in the Tariff Board report is really about 20 per cent of the total yarns used above No. 40, and when importations reach over 10 per cent of an article used the rates should be held as truly competitive.

(e) Change in language here given overcomes failure to provide for yarns Nos. 9½ to 19½, or fractional numbers, as the bill is written.

CLOTH SCHEDULE.

SUGGESTED AMENDMENTS (16).

Paragraph 257:

(1) Page 66, line 7, after the word "cloth," insert "of plain weave." (For application and comparison of these rates, see Exhibit B.)

NOTE.—It would also be a good suggestion to define a "plain weave." It is a cloth in which only each warp and filling thread passes alternately over and under each other.

(2) Page 66, line 7, strike out the words "not bleached, dyed, colored, stained, painted, printed, jacquard figured, or mercerized," and insert instead "of single yarns." Page 66, line 10, no rate suggested for the proposed 7½ per cent.¹ Page 66, line 11, no rate suggested for the proposed 10 per cent.¹

(3) Page 66, line 12, strike out the word "thirty-nine" and insert instead "twenty-nine."

(4) Page 66, line 13, strike out "12½" and insert instead "17½."

(5) Page 66, line 13, after the word "valorem," insert the following: "exceeding No. 29 and not exceeding No. 39, 20 per cent ad valorem."

¹ As we are not interested in the manufacture of cloth composed of yarns below No. 20, we omit suggesting rates for the first two subdivisions containing yarns Nos. 1 to 9 and Nos. 10 to 19.

(6) Page 66, line 14, strike out "17½" and insert instead "22½."

(7) Page 66, line 16, strike out "20" and insert instead "25."

(8) Page 66, line 17, after the word "number" insert the following: "69, 27½ per cent ad valorem; exceeding No. 69 and not exceeding No. 79, 30 per cent ad valorem; exceeding No. 79 and not exceeding No. 89, 32½ per cent ad valorem; exceeding No. 89 and not exceeding No. 99, 35 per cent ad valorem; exceeding No. 99 and not exceeding No. 109, 37½ per cent ad valorem; exceeding No. 109, 40 per cent ad valorem."

(9) Page 66, line 17, strike out, commencing with the word "ninety-nine," the remainder of this line and succeeding lines down to and including line 22, concluding with the word "thereon," and insert instead the following: "cotton cloth of other than plain weave, including cloth which is wholly or in part fancy or figured, and plain or fancy cotton cloth composed wholly or in part of plied or twisted yarns or colored yarns; all of the foregoing, unless otherwise specially provided for, containing yarns the highest number of which does not exceed No. 9, ——— per cent ad valorem; exceeding No. 9 and not exceeding No. 19, ——— per cent ad valorem; exceeding No. 19 and not exceeding No. 29, 22½ per cent ad valorem; exceeding No. 29 and not exceeding No. 39, 25 per cent ad valorem; exceeding No. 39 and not exceeding No. 49, 27½ per cent ad valorem; exceeding No. 49 and not exceeding No. 59, 30 per cent ad valorem; exceeding No. 59 and not exceeding No. 69, 32½ per cent ad valorem; exceeding No. 69 and not exceeding No. 79, 35 per cent ad valorem; exceeding No. 79 and not exceeding No. 89, 37½ per cent ad valorem; exceeding No. 89 and not exceeding No. 99, 40 per cent ad valorem; exceeding No. 99 and not exceeding No. 109, 40 per cent ad valorem; exceeding No. 109, 40 per cent ad valorem." ("Fancy cloths"—For application and comparison of these rates see Exhibit B.)

OBJECT OF THE FOREGOING CHANGES (CLOTH).

(a) To simplify rates and make them more uniform.

(b) To slightly split up some of the rates made, obviously in error in framing the bill; that made, for instance, only one rate on cloths containing yarns from 20's to 39's, a spread of 20 numbers, while the preceding and following changes up to 60's are 10 numbers each, thus making all numbers evenly rated from No. 1 to 60 take proportionate rates. Such change will do away with rates that do not tax the higher numbers proportionately to the duties fixed on No. 20 for instance. (See Exhibit C attached). To rectify this, one of the most glaring inequalities, it is necessary to put the rates on 20's and finer at a higher plane. Examination of the rates under H. R. 3321 on Nos. 10, 19 or 20 yarns show that the duty is equal to 52 per cent, 40 per cent, and 51 per cent of conversion cost, respectively; while an examination of the duties proposed under H. R. 3321 for yarns of Nos. 39, 40, 49, 50, 59, 60, 99 and 100 shows that the rates amount to only 18 per cent, 27 per cent, 21 per cent, 25 per cent, 23 per cent, 27 per cent, 23 per cent, and 20 per cent of conversion cost, respectively. Obviously the rates on yarns above No. 20 are too low, denying the sale of American yarns against foreign, according to every established fact of the difference of cost of production

between here and abroad. The one-duty rate on all yarns from 20 to 39 should be split into two-duty rates on each 10 numbers therein.

(c) This method of grouping and arranging rates will do away with questions arising as to fixing many different rates for each branch of finishing various kinds of fabrics. At the same time it will be appreciated that the rates are competitive in operating against finished fabrics of foreign manufacture. High prices in the home market for gray goods (the converters' raw material) become remote, as the duties on finished goods are as low.

(d) These rates would correctly make conditions competitive on goods containing colored yarns, or fabrics composed wholly or in part of such yarns.

(e) We apply the same method of subdividing rates above No. 60 yarns at a change for each 10 yarn numbers, which will operate more equitably for different grades of cloth manufactured, and thereby not ruin the new fine-yarn goods business developed in the last 10 years.

(f) The rates above 35 per cent will fall only on a class of goods that should more properly be classed among "Luxuries," involving highest art and care in their manufacture. Such goods are of higher value in the finished condition, and not to be averaged with the great quantity of goods that goes to the masses. They are more correctly classified with embroideries, and as importations are now large in comparison to the American production of such, the rates are at present competitive. By this method of division, rates above 35 per cent fall on a very small amount of goods used, and by actual comparison with the present law, these rates in almost every instance will cut the Payne-Aldrich law rates very materially, particularly if fancy in weave. Swivel-figured goods might as well return at least 45 per cent duty to the Government, as they are not made in this country and are distinctly in the nature of "Luxuries;" made of fine-count yarns, they are in the class of embroideries, which are admittedly luxuries. Table 213, page 722, Tariff Board report, shows that no swivel-figured goods are included among representative fabrics made in this country.

(g) Compare in Exhibit B how the rates work on fabrics representing over 90 per cent of distribution, which conclusively shows enormous reductions, viz: On yarn content from No. 20 to 39 the present rates on gray cloth range from 23 to 143 per cent—mostly, however, above 50 per cent, which will be reduced to 22½ and 25 per cent respectively.

(h) The report accompanying H. R. 3321, page 210, provides an estimate of importations, claiming that rates proposed will reduce duties on cotton cloth from an average of 42.75 per cent to an average of 26.44 per cent, but it figures on practically no increase in importations over 1910. At the same time it classifies all cotton cloth as "Necessities." We point out that this is an error. There are cotton cloths of a very luxurious nature, made of fine yarns and used by the better classes. The manufacture of these in this country should be encouraged—not discouraged. At the same time competitive duties on such cloths can be made by this proposed method that will in no wise interfere with compelling low competitive rates on lower grades of goods. Refer to Imports of Merchandise for 1912 (p. 18), and it

will be seen that where importations occurred on various goods of higher cost, frequently to the detriment of the home market, the duties show ad valorem equivalent rates mostly from 50 to 60 per cent.

(i) We take exception to the statement accompanying report on H. R. 3321, April 21, 1913, page 8, that—

The information in the hands of the Ways and Means Committee strongly confirms the belief that there is rarely a highly protected industry in which a considerable percentage of the plants and machinery are not hopelessly behind the times.

There is no industry which is a better exemplification of high efficiency than the cotton cloth industry. Table 147, page 472, of the Tariff Board report shows that 63.6 per cent of the looms in use are not over from 10 to 15 years old; 23.2 per cent not over from 20 to 25 years old; or, 87 per cent well under the ordinary age of common usage, which is from 30 to 40 years.

(j) The correction of rates on the basis suggested will, to the best of our knowledge and belief, produce "competitive rates," compared on a basis of foreign price against our actual net cost without adding profit, or allowing interest on investment, or a return to the investors on capital.

Paragraph 263:

(10) Page 68, line 18, strike out the word "other."

(11) Page 68, line 19, strike out the words "upholstery goods" and insert instead the words "cotton cloth."

(12) Page 68, line 21, strike out the numeral "35" and insert instead "40."

(13) Page 68, line 24, strike out the numeral "30" and insert instead "40."

Paragraph 268:

(14) Page 70, line 20, after the word "valorem" strike out the comma and insert a semi-colon, adding the following: "If Jacquard figured, 35 per cent ad valorem."

Paragraph 269:

(15) Page 71, line 2, after the word "valorem," strike out the period and insert instead a semicolon, adding the following words: "if Jacquard figured, 40 per cent ad valorem."

Paragraph 271:

(16) Page 71, line 16, strike out the numeral "30" and insert instead "35."

OBJECT OF THE FOREGOING CHANGES (UPHOLSTERY, JACQUARDS, ETC.).

The changes suggested in paragraphs 263, 268 and 269 relative to Jacquard goods take them entirely out of the cotton-cloth provisions elsewhere covered by paragraph 257. Jacquard figured cloths comprise a class of both wide and narrow goods, produced by considerable extra labor expense as well as conversion costs, with the use of no more looms per weaver here than are generally used abroad. The conversion costs figure high on this class as against foreign production. The total amount of looms making Jacquards in this country is so small that the production, including that used for quilts and higher class novelties, such as novelty blankets and dress materials, ranges from not over $1\frac{1}{4}$ to $1\frac{3}{4}$ per cent of the entire distribution. The duties suggested will produce generally close competitive rates.

ADMINISTRATION.

NOTE.—As there are so many points essential for a correct administration of the law based on yarn content in cloth, we believe great pains should be taken to secure accurate wording to avoid controversy later.

Paragraph 258:

Without attempting to suggest the proper wording, we believe the following points should be covered:

1. The yarn content in cloth should be established by a provision in the law and not ascertained by regulations to be prescribed by the Secretary of the Treasury, because the question of rates depends upon an accurate decision of yarn content; and by the working of the law as provided for under H. R. 3321 the yarn content would be subject to protest and appeal, thus involving a decision on the part of the Board of General Appraisers. This point should be obviated by special provision under paragraph 258.

2. The numbers of yarns in cotton cloth should be determined by Government test at nearest port of entry, where there should be provided a testing room conducted at the same degree of temperature the year round for tests.

3. The sizes of yarns so determined should be a question of fact within 10 days from analytical return made by examiner of merchandise at such port of entry, and not subject to appeal to the Board of Appraisers.

4. A provision should be added and written into the law to avoid controversy, that—

The yarn found in cloth as imported shall be the basis for assessing duties, but when sizing or foreign substance has been added to increase weight more than 1 per cent the cloth shall be boiled off and such foreign substance removed before determining the yarn content.

This in conjunction with the foregoing suggestions will obviate thousands of technical protests being raised on infinitesimal grounds. The importer would have the opportunity, by outside tests under the same conditions as provided for by the Government, of disproving any examiner's return. Said examiner would be compelled to adjust correctly or be subject to immediate scrutiny for incorrect classification.

5. It is proper that regulations for entering goods should be made by the Secretary of the Treasury—for instance, to compel the yarn content of cloth to appear on invoices—or other such regulations as are deemed advisable.

6. Regarding yarn duties: In applying yarn duties on yarns that are twisted the number of the finest yarn before having been twisted shall be the basis of determining "yarn number."

Regarding cloth duties: Where two or more numbers of yarn are grouped or twisted and so appear in cotton cloth, the finer number of such grouped or twisted yarns shall be the basis of determining yarn content, provided that such yarn is finer than the other yarns composing the balance of the fabric.

EXHIBIT A.

COTTON YARNS.

Showing comparisons of duties and excessive reduction as compared to proper competitive rates under proposed amendments.

[These figures of Payne-Aldrich rates are from actual importations 1912, report of Department of Commerce and Labor.]

CARDED YARNS.

	Yarns.											
	1-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90-99	100-109	110-200
Payne-Aldrich, 1912...	16.65 to 20.98 per cent.				26.37 to 29.54 per cent.		29.33 per cent.		26.15 per cent.		(?)	(?)
H. R. 3321.....	5	7½	10	10	15	17½	20	20	20	20	25	25
Competitive rates.....			15	17½	20	22½	25	27½	30	32½	35	40

COMBED YARNS OR ADVANCED BEYOND SINGLES IN THE GRAY.

	Yarns.										
	1-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90-99	100-140
Payne-Aldrich, 1912.....	21.14 to 22.63 per cent.		23.66 to 25.26 per cent.		28.88 to 38.77 per cent.		30.16 to 46.29 per cent.		34.56 to 50.14 per cent.		36.05 to 54 per cent.
H. R. 3321.....	5	7½	10	10	15	17½	20	20	20	20	25
Competitive rates.....			17½	20	22½	25	25	27½	32½	35	37½-42½

EXHIBIT B.

COTTON CLOTH.

Showing comparison of duties and excessive reduction as compared with proper competitive rates under proposed amendments.

PLAIN CLOTHS.

	1-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90-99	100-109	110 and over.
	Payne-Aldrich, 1912....	17.50 to 38.94 per cent.		23 to 97 per cent.		30 to 143 per cent. ¹		30 to 49.62 per cent.		Approximately 33 to 66.04 per cent.		Approximately 33 to 66.04 per cent.
H. R. 3321:												
Gray.....	7½	10	12½	12½	17½	20	22½	22½	22½	22½	27½	27½
Finished.....	10	12½	15	15	20	22½	25	25	25	25	30	30
Proper competition.....			17½	20	22½	25	27½	30	32½	35	37½	40

FANCY CLOTHS.

Payne-Aldrich, 1912....	31.82 to 79.40 per cent.	31.82 to 79.40 per cent.	31.82 to 79.40 per cent.	Approximately 33 to 79.40 per cent.	Approximately 40 to 79.40 per cent.	Approximately 40 to 79.40 per cent.
H. R. 3321 ² .				32½	35	37½
Proper competition.....		22½	25	27½	30	40

¹ The rates as high as 143 per cent are figured from actual gray cloth rates applied to Tariff Board Table 172, pp. 569 and 570.

² As no provision is made, the rates of above plain cloth table apply as far as H. R. 3321 is concerned.

EXHIBIT C.

YARNS.

Duties under H. R. 3321 compared at each step of duty change, showing the duties proposed under the Underwood bill allow rates on yarns 10 to 20 equal to 47 1/2 per cent of conversion cost, but on finer yarns—yarns 39 to 100—equal to only 24 1/2 per cent of conversion cost. Inequality immediately apparent. You should raise the rates proportionately on finer yarns.

No. of yarn.	American cost of production, excluding cotton, per pound.	English price per pound.	Rate of duty, H. R. 3321.	Amount of duty.	Cost landed, per pound.	American cost, including cotton, per pound.	Excess American cost shown.	Cotton on American cost (yarns).	Duty in Underwood bill on American cost of product exclusive of cotton.
	Cents.	Cents.	Per cent.	Cents.	Cents.	Cents.	Cents.	Per cent.	Per cent.
10	2.42	16.75	7 1/2	1.25	18.00	17.72	0.28	86	52
19	3.22	16.83	7 1/2	1.26	18.00	18.52	.41	82	49
20	3.39	17.00	10	1.70	18.70	18.80	Even.	82	50
39	10.51	19.25	10	1.92	21.17	23.81	4.64	59	18
40	10.85	19.50	15	2.92	22.42	26.15	3.73	58	27
49	15.50	22.00	15	3.50	25.30	32.50	7.20	52	21
50	15.71	22.25	17 1/2	3.59	26.14	32.51	6.57	52	25
59	18.65	25.75	17 1/2	4.46	30.21	38.65	8.44	51	23
70	18.68	26.25	20	5.25	31.50	38.98	7.48	51	27
70	57.87	43.00	20	9.00	54.00	70.87	16.87	46	23
100	32.14	46.00	25	11.50	57.50	72.14	14.64	45	29

NOTE.—Prices of foreign yarns, June, 1912; cotton here or abroad at 13 cents per pound for same period.

EXHIBIT D.

SHOWING THE ERROR MADE BY THE WAYS AND MEANS COMMITTEE IN NOT SEPARATING IN WIDER PROPORTION THE DUTIES FOR COMBED YARN AND FINE OR FANCY CLOTHS AGAINST DUTIES FOR CARDED-YARN PRODUCTIONS.

Yarns above 60's as used in cloth are largely combed yarns. The Tariff Board gave details, but did not mention the application in the table of 100 representative cloths or in table 215, pages 744 to 789, which table covered all cloth investigated.

First. Compare the facts as established in Tariff Board report on cloths of plain weave, 6 to 9 square yards per pound.

Carded-yarn cloths, as represented by samples 26 to 117 (yarn number from 4 to 37; pp. 744-746, 92 samples):

Labor cost averages.....	Per cent.	14.97
Conversion cost averages.....		26.82
Combed-yarn cloths, as represented by samples 615 to 693 (yarn number from 42 to 120; pp. 764-766, 79 samples):		
Labor cost averages.....	Per cent.	29.4
Conversion cost averages.....		46.4

As finer than 50's yarns is used and the finer the number production decreases approximately 50 per cent, labor increases 100 per cent, value increases correspondingly.

Second. Taking all the 737 gray cotton cloths of plain weave and of single yarn, comparing low, high, and average conversion cost, the following appears (deducted from Table 215, pp. 744 to 789, inclusive, of the Tariff Board report):

Carded yarns.—Showing five of the most used yarn numbers, and taken collectively representing 92 1/2 per cent of poundage production: 1,014,069,688 pounds, No. 20 and under, 92 1/2 per cent; 866,328,605 pounds, Nos. 21 to 40, 92 1/2 per cent; 157,255,429 pounds, No. 41 and over, 7 1/2 per cent. (Table 19, p. 43, Tariff Board report.)

The automatic looms (many looms to weaver) are used almost exclusively to make cloth of yarns under No. 40. This accounts for lower comparative labor costs or conversion costs in any particular comparison of high and low costs on cloth of a given yarn number below No. 40.

TARIFF SCHEDULES.

CARDED YARNS.

Yarn No.	Highest conversion cost. ¹	Lowest conversion cost. ¹	Average conversion cost. ¹
	Per cent.	Per cent.	Per cent.
12	30	14	22
13	39	17	23
22	38	20	29
28	42	27	34
36	44	30	37

¹ Given in per cent of total cost of fabric.

Combed yarns.—Representing a part of only 7½ per cent of poundage production of the United States. When woven into cloth frequently no more looms per weaver used here than in England, while England enjoys higher speed of loom and greater production.

COMBED YARNS.

Yarn No.	Highest conversion cost. ¹	Lowest conversion cost. ¹	Average conversion cost. ¹
	Per cent.	Per cent.	Per cent.
50	45	35	40
60	50	37	44
70	52	37	45
80	56	46	51
90	55	48	53
100	60	48	54
110	59	59	59
120	65	51	58
130	61	55	58
140	70	63	67

¹ Given in per cent of total cost of fabric.

Then examine a range of fancy cloths such as No. 1260 to 1276 on page 789, and note that the labor costs run from 30 to 44.7 per cent of cloth which is made entirely of from 40's to 80's yarns, and you will see that the Underwood duties are too low for cloth of finer yarn numbers.

Finally, do not overlook the fact that wages since the publication of the Tariff Board report have increased 10 per cent to 15 per cent (Mar. 25, 1912), and hours of labor have decreased 3½ per cent (July 1, 1912), which facts if applied to labor and conversion costs on yarns and cloths, as shown in said report, will very materially change them to show still higher labor costs, and these facts demand greater consideration for appreciation of these required competitive duties.

We respectfully submit the foregoing suggestions with four exhibits giving an "analysis of fact," said exhibits referred to as A, B, C, and D on preceding pages.

(The above was signed as follows: The Independent Manufacturers of Cotton Yarns and Cloth of the New England States, by S. B. Chase, chairman special committee representing Andw. G. Sinn, J. F. Osborn, H. Whitin.)

MAY 27, 1913.

The SENATE FINANCE COMMITTEE:

Referring to our discussion of cost of mercerizing yarns and cloths and the statements of the Tariff Board as to the same, we have to say that as a matter of fact we are obliged to pay from 6 to 8 cents

per pound for mercerizing yarns and from 1½ to 4 cents per yard for mercerizing cloth, which has to be added to the price at which we sell our products in competition with foreign countries.

S. B. CHASE,
Chairman New England Committee.

F. B. GORDON, COLUMBUS, GA., PRESIDENT COTTON MANUFACTURERS' ASSOCIATION OF GEORGIA.

[Representing 160 cloth, yarn, and knitting mills capitalized at \$36,915,000; also president of Columbus Manufacturing Co., 65,000 spindles, 1,720 looms, making 4-yard sheetings.]

To Senator Charles F. Johnson, chairman, and Senators Hoke Smith and Hughes, Senate Subcommittee on Finance, Washington, D. C.

GENTLEMEN: At the present time there are actively at work in the State of Georgia the following textile plants: One hundred and thirty cloth and yarn mills, capitalized at \$34,621,600; 26 knit-goods manufacturers, capitalized at \$1,794,660; 4 woolen mills, capitalized at \$500,600; a total capitalization of \$36,915,000. Total number of textile plants, 160.

The only brief I wish to submit for the Cotton Manufacturers' Association of Georgia is embodied in the following resolution, unanimously passed by the association in annual convention assembled at Columbus, Ga., May 9, 1913, as follows:

Whereas this association has always favored a proper revision of the tariff on cotton yarns and fabrics.

Resolved, That in our judgment the reduction of duties on cotton yarns and fabrics proposed by the Underwood tariff bill, now before Congress, if passed, is too drastic, and will cripple our industry, particularly on plied, combed, or finished yarns, also fabrics bleached, dyed, mercerized, and fancy weaves, and those composed of plied yarns, which should have an additional duty over plain cloths in the gray.

We believe the duties proposed by the American Cotton Manufacturers' Association are the lowest that will properly sustain our mills and maintain reasonable rates of labor, for the reason that the items mentioned above are practically all labor and machinery propositions, and the finding of the Tariff Board is that labor and machinery are over 40 per cent higher in America than in England and the Continent.

Considering these facts, we earnestly request the President of the United States, the United States Senate, and the House of Representatives to see that the Underwood bill is amended along these lines, so that justice will be done our stockholders, our laborers, and our country.

Effect of Underwood tariff bill on southern export sheetings.—A number of the most important cotton mills in Georgia and the Carolinas make gray goods, which are largely exported to China and other foreign countries. These are known to the trade as brown sheetings and drills, the sheetings weighing 28½ yards to the pound.

In the tariff discussions and hearings little has been said as to the effect of pending legislation on the export business of southern mills. Granted that the effect of the proposed duties on these goods will not be felt as quickly and directly as will the rates proposed on cloths made of higher count yarns, yet the fact that it is supposed that this export business on coarse sheetings will be immune from the generally disastrous effects of the proposed rates will be the very reason why many mills on finer goods will turn to the manufacture of the heavier goods as a possible solution of unprofitable business from European competition on the higher classes of cloth.

This will surely lead to overproduction, the most deadly blight that can afflict any manufacturing industry. It is of the utmost impor-

tance in this connection to realize that in the cotton-mill business there is absolutely no control of prices in any way, shape, or form. Whenever overproduction occurs, the price is made and the market is fixed by the weak mill or the timid holder, and it is then a scramble to get rid of goods without a loss if possible. No mill center in the South has rejoiced over the building of the Panama Canal more than has Columbus, Ga., situated at the head of navigation of the Chattahoochee River, with direct water connections via the canal to the Orient.

The Columbus Manufacturing Co. is a typical southern mill on brown sheetings and has been shipping these goods to China for the last 10 years. At present they are routed to Shanghai via Vancouver, British Columbia, at a rate of \$1.20 per hundredweight, of which rate the railroads get \$1 and the steamship for a haul of greater distance gets 20 cents. On this basis it is estimated that sheetings loaded at the wharf in Columbus can be routed to Shanghai for a rate of not over 50 cents per hundredweight, all-water route. Is there a resident of Columbus or a resident of Georgia or a Representative in Congress from Georgia whose patriotic blood will not be stirred when he realizes the significance of this important business possibility to a Georgia city? Columbus, Ga., with her 12 cotton mills and knitting mills, will thus be put on the international cotton-mill map. But of what avail will be the Panama Canal to Georgia mills if its great benefit is to be nullified by such tariff rates as will prevent those mills from prospering and thus using the canal to advantage? Cripple the Columbus mills and you cripple Muscogee County and every farmer located therein. Cripple Muscogee County and you cripple the State of Georgia, reduce her revenue from taxes and cut down her appropriation for schools and every other beneficent cause. Cripple Georgia and you cripple the South, the "Nation's greatest asset."

The writer has always been and is now an advocate of "tariff for revenue only." He has believed the assurances of the Baltimore platform and the statements of the leaders of the present administration that the reduction in duties would be gradually brought about without injury to any legitimate industry, and he appeals to the Democratic Senators of the South to make glorious history by safeguarding at this critical moment the very heart, soul, and body of the commercial South. Don't listen to political sentiment; listen to common sense, every-day facts. Who appeals to you? Every southern lad with a cotton hoe in his hand, every southern boy attending an agricultural college, every crossroads cotton gin, every southern community which by popular subscription has built a 5,000 or 10,000 spindle yarn mill, to which has been subscribed the hard earnings of the neighboring farmers and the widows of the county looking for a safe investment.

Will you, blinded by the glare of a magnificent political victory, give your own God-favored section a commercial deathblow?

The commercial papers are quoting editorial opinions as to the attitude of the cotton manufacturers of England and the Continent. They are gloating over the prospect. Cotton can be shipped from Houston, Tex., to Liverpool as cheaply as to the Carolinas. In England, with a superabundance of low-priced Anglo-Saxon labor and centuries of specializing in cotton manufacturing, where immense mills are being run on one number of yarn only, they will light bonfires to the pending tariff bill unless same is modified to a competitive basis.

Par. 256.—SPOOL THREAD.

THE JOHN M'GREGOR CO., BY RODERICK J. M'GREGOR, PRESIDENT, SOUTH LINCOLN, ME.

PROPOSED TARIFF ON SPOOL COTTON.

SOUTH LINCOLN, ME., *April 26, 1913.*

HON. CHARLES F. JOHNSON,
Washington, D. C.

DEAR SIR: We are particularly interested in the sections of the Underwood tariff bill pertaining to duty on spool cotton now under consideration, having been for the past 37 years manufacturing wood spools for cotton thread. We have always supplied the Clark Thread Co., of Newark, N. J., and at present have two plants, one at South Lincoln, and one at Foxcroft, Me., supplying about three-quarters of their stock. Our spool mills are, without doubt, the largest in this country. Maine has supplied almost the total amount of thread spools consumed in the United States, which spools are made of white birch wood. No other wood can well be used for turning into spools. New Hampshire to a very much smaller extent than Maine has been furnishing spools.

The profits to-day in our business are very small, and any reduction in the tariff, as proposed, from about 40 per cent to 15 per cent on 200-yard cotton, such as is universally used, would, it seems to us, result very disastrously to all spool manufacturers in Maine. Furthermore, the Underwood bill would put a duty of 20 to 25 per cent upon fine yarns from which spool cotton is made, thus taxing the raw material at a higher rate than the finished article.

If spool cotton can not be successfully manufactured in the United States, the spool mills will be likewise affected. There are very large thread mills in Scotland and England, some in Belgium, Ireland, and Germany; also large quantities of white birch in the Provinces of Quebec and New Brunswick on this side, and in Finland and Sweden on the other.

We believe we are voicing the sentiment of the other manufacturers of Maine, who in different processes of manufacture give employment to many hundred people, in objecting to the proposed tariff. The other larger spool manufacturers are: American Thread Co., Milo and Lake View; N. S. Stowell Spool & Wood Turning Co., Dixfield; E. L. Tibbetts Spool Co., Lockes Mills; Dearborn Spool Co., Bryants Pond; J. P. Skillings, Bethel; Elliot & Bartlett Co., East Stoneham; and International Manufacturing Co., Phillips.

We respectfully ask your consideration of this matter, and, if you can see conditions in the same light, ask that you use your influence and vote against the passage of the section referred to.

W. WARREN THREAD WORKS, PER CHARLES B. WARREN, PRESIDENT,
WESTFIELD, MASS.

WESTFIELD, MASS., May 13, 1913.

Hon. F. L. SIMMONS,

United States Senator, Washington, D. C.

DEAR SIR: In addition to the brief which has been submitted to the Ways and Means Committee of the House, I beg to offer for your consideration the following comparisons: Out of the 295 different qualities and brands of thread, the selling price abroad was 16.8 cents; selling price, United States, 24.3 cents; difference, 7.5 cents; per cent, 46.

We find that the average rate of duty (23½ per cent) as shown in the Ways and Means Committee Handbook is misleading concerning our industry, as the goods actually imported were composed principally of fancy items and not staple goods. If the thread imported had been used in this country, the average duty under the Payne-Aldrich tariff would have been between 60 and 80 per cent.

From any standpoint we find that the proposed duty is such a radical reduction that we can see nothing but a very serious condition ahead for our industry. Although supplies in this country range from 23 per cent to 64 per cent higher, construction and equipment from 32 per cent to 70 per cent higher, we believe that we could contend with foreign competition if it were not for the wide difference in labor costs, which we have shown in our brief to be from 100 per cent to 400 per cent higher in this country than in foreign countries.

Please note that the proposed bill covering cotton yarn gives a higher average duty than is placed upon spool cotton. This seems to us an inconsistency, as yarn is the raw material from which our product is manufactured. We understand that there is a possibility of some change in the cotton-yarn schedule, and if it is not deemed advisable to grant the rate proposed in our brief we certainly trust that we may be allowed 10 per cent advance over the yarn schedule. This seems to us imperative, on account of the great amount of labor added to the yarn to make the same spool cotton.

If any further information is desired, kindly take the matter up with William H. Hall, chairman of the thread manufacturers' committee, South Willington, Conn.

Respectfully submitted.

W. WARREN THREAD WORKS,
CHAS. B. WARREN, *President*.

P. S.—Inclosed you will please find copy of the brief referred to above, including a few additional comparative rates of wages, under Schedule B.

(The additional rates of wages follow. For brief submitted to Committee on Ways and Means, see Hearings, p. 3324.)

Wages, piece rates.

	Yarn count.	United States.	England.	Belgium.	Italy.
Mule spinning, per 100 pounds.....	20	\$1.65	\$0.63		
	24	1.80	.75		
	26	1.84	.81		
	30	1.96	.91		
	40	2.10	1.40		
	48	3.17	1.77		
Winding 2 or 3 ends of singles from a cop or from a ring-spinning bobbin to a spool, per 100 pounds.	20	.87	.53		
	24	.95	.60		
	26	1.02	.63		
	40	1.45	.67	\$0.29	\$0.29
	50	1.54	.81		
	60	1.78	.77		
	80	2.09	.99		
	100	2.62	1.44		
Winding 2 ends of 2-ply from twister bobbins to a spool, per 100 pounds.	20	.49	.29		
	50	.70	.37		
Winding 3 ends of 2-ply from twister bobbins to a spool, per 100 pounds.	40	.69	.32	.20	.13
	48	.80	.35		
	58	.88	.36		
	76	1.03	.46		
	96	1.20	.58		
Reeling, per 100 pounds.....	20	.42	.19		
	24	.45	.21		
	26	.47	.22		
	40	.70	.28	.12	.08
	50	.81	.34		
	60	.92	.39		
Winding from a skein or hank to a spool, per 100 pounds.	26-2	1.40	.83		
	30-2	1.50	.92		
	18-3	.80	.50		
	20	.90	.55		
	24	1.00	.59		
	40	1.40	.87	.48	.24
	50	1.00	.96		
	60	1.00	1.14		
	80	2.50	1.54		
	100	3.00	1.73		
Per gross of spools of finished thread:	Yards.				
Winding from a supply bobbin to the spool ready for sale, per 100 gross of spools.	100	6.00	2.02		
	150	5.76-6.26	2.12-2.42		
	200	5.76-6.26	2.42-3.02	1.72	1.25
	300	12.00	3.02-3.73		
	500	12.00	4.03-5.04		
Ball winding, in form of a ball with spool center.	100	5.94	2.27		

ROVING FRAMES.

England, 10-hank roving:

Girl runs 2 frames. 162 spindles each=324 spindles; speed, 1,158 revolutions per minute.

Earns—68 hanks, at 2.8d.=10/2=\$3.90 per 55 hours.

Produces 68 hanks, 1,162 pounds.

Cost, 1,162 pounds for \$3.90=\$0.0035 per pound.

United States, 10-hank roving:

Girl runs 2 frames. 200 spindles each=400 spindles; speed, 1,250 revolutions per minute.

Earns—68 hanks, at \$0.135=\$9.18 per 54 hours.

Produces 68 hanks, 1,360 pounds.

Cost, 1,360 pounds for \$9.18=\$0.0068 per pound.

RING SPINNING.

England, on 24's:

Girl runs 1 frame on 24's and 1 frame on finer count.

Earns—

41 hanks of 24's, at 2.2d.=7/6 = \$1.82

40 hanks finer, at 2.84d.=0/5 = 2.28

4.10

Per week of 55 hours.

Produces 41 hanks, 603 pounds, per 55 hours.

Cost, 603 pounds for \$1.82=\$0.003 per pound.

United States, on 24's:

Girl runs—

2 sides on 24's, at \$0.86½ = \$1.73

5 sides finer at \$1.50 = 7.50

Earns per week of 54 hours— 5.23

Produces on 2 sides 208 pounds per 54 hours.

Cost, 208 pounds for \$1.73 = \$0.0058 per pound.

England, on 40's:

Girl runs 2 frames = 4 sides, at 8,500 revolutions per minute.

Earns—80 hanks, at 2.84d. = 18/11 = \$4.57 per 55 hours.

Produces 80 hanks, 704 pounds.

Cost, 704 pounds for \$4.57 = \$0.0065 per pound.

United States, on 40's:

Girl runs 6 sides, at \$1.50 = \$9 for 54 hours; speed, 8,400 revolutions per minute.

Produces 670 pounds.

Cost, 670 pounds for \$9 = \$0.0134 per pound.

England, on 58's:

Girl runs 2 frames = 4 sides.

Earns—60 hanks, at 3.42d. = 17/1 = \$4.13 per 55 hours.

Produces 60 hanks, 364 pounds.

Cost, 364 pounds for \$4.13 = \$0.0114 per pound.

United States, on 58's:

Girl runs 6 sides, at \$1.50 = \$9 per 54 hours.

Produces 434 pounds.

Cost, 434 pounds for \$9 = \$0.0207 per pound.

COP WINDING.

(Winding 2 or 3 ends from cops to a spool.)

Speed:

England, 500 feet per minute.

United States, 450 feet per minute.

Attend:

England, 14 to 25 drums.

United States, 20 to 37 drums.

Production, rates, and earnings.

	Production per week.		Piece rates per pound.		Earnings per week.	
	England, 55 hours.	United States, 54 hours.	England.	United States.	England, 55 hours.	United States, 54 hours.
24's/2 ends.....	570	1,000	<i>d.</i> 0.300 = \$0.0060	\$0.0028	\$3.42	\$2.80
40's/2 ends.....	600	750	.323 = .0067	.0135	4.02	10.20
58's/2 ends.....	600	600	.353 = .0077	.0169	4.31	10.14
76's/2 ends.....	440	550	.433 = .0099	.0202	4.36	11.11
40's/3 ends.....	725	800	.333 = .0067	.0129	4.86	10.32
55's/3 ends.....	600	650	.383 = .0077	.0159	4.62	10.33
Average of 6.....					25.59	61.90
					4.27	10.32

REWINDING.

(Winding 2 or 3 ends from twister bobbins to a spool.)

Speed:

England, 400 feet per minute.

United States, 440 feet per minute.

Attend:

England, 17 to 22 drums.

United States, 25 to 37 drums.

Production, rates, and earnings.

	Production.		Piece rates per pound.		Earnings per week.		
	England, 55 hours.	United States, 54 hours.	England.	United States.	England, 55 hours.	United States, 54 hours.	
47's/2 ply/3 ends.....	750	1,250	d. 0.158—	\$0.0032	\$0.0069	\$2.40	\$3.63
55's/2 ply/3 ends.....	600	1,000	.180—	.0036	.0088	2.16	3.50
76's/2 ply/3 ends.....	550	850	.228—	.0046	.0103	2.53	8.76
Average of 3.....						7.09	26.18
						2.36	8.73

HANK WINDING.

(Winding from a skein to a spool.)

Speed:

England, 600 feet per minute.

United States, 450 feet per minute.

Attend:

England, 12 drums to each winder.

United States, 18 to 24 drums to each winder.

Production, piece rates, and earnings.

	Production.		Piece rates.		Earnings per week.		
	England, 55 hours.	United States, 54 hours.	England.	United States.	England, 55 hours.	United States, 54 hours.	
24/3.....	600	840	d. 0.295—	\$0.0059	\$0.0100	\$3.54	\$8.40
40/3.....	400	650	.430—	.0087	.0140	3.48	9.10
58/3.....	340	500	.565—	.0114	.0190	3.68	9.50
76/3.....	270	390	.765—	.0154	.0250	4.16	9.75
Average of 4.....						15.06	36.75
						3.77	9.18

POLISHING.

Speed:

England, 22 feet per minute.

United States, 60 feet per minute.

Attend:

England, 200 ends.

United States, 100 ends.

Production, piece rates, and earnings.

	Production.		Piece rates.		Earnings per week.		
	England, 55 hours.	United States, 54 hours.	England.	United States.	England, 55 hours.	United States, 54 hours.	
24/3.....	620	1,600	d. 0.350—	\$0.0071	\$0.0094	\$4.40	\$15.00
40/3.....	425	1,450	.525—	.0106	.0104	4.51	15.00
50/3.....	370	1,350	.625—	.0126	.0111	4.66	15.00
60/3.....	303	1,200	.725—	.0146	.0125	4.42	15.00
Average of 4.....						17.99	15.00
						4.50	15.00

† Daywork; rates obtained by dividing production into wages.

SELF-ACTING SPOOLERS.

(Winding from a supply spool to spool ready for the trade.)

Speed:

England, 4,500 revolutions per minute.

United States, 4,000 revolutions per minute.

Attend:

England, 8 spindles.

United States, 8 spindles.

Production, piece rates, and earnings.

	Production.		Piece rates.		Earnings per week.	
	England, 55 hours.	United States, 54 hours.	England.	United States.	England, 55 hours.	United States, 54 hours.
200 yards.....	<i>Dozen.</i> 2,300	<i>Dozen.</i> 2,400	<i>d.</i> 0.125 = \$0.0025	\$0.00475	\$5.75	\$11.40
500 yards.....	1,050	1,050	.250 = .0050	.0100	5.25	10.50
1,000 yards.....	960		.333 = .0067		6.43	
1,200 yards.....		600		.0200		12.00

CLARK THREAD CO., NEWARK, N. J., BY A. H. GRAVE.

REASONS WHY THE PROPOSED TARIFF ON 200-YARD SPOOL COTTON SHOULD NOT PREVAIL.

WASHINGTON, D. C., April, 1913.

The COMMITTEE ON FINANCE, *United States Senate*:

The present tariff on spool cotton (par. 314) reads as follows:

Spool thread of 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.

Which is briefly a duty of 6 cents per dozen of 100-yard spools, or 12 cents per dozen of 200-yard spools, the universal length used in the United States.

The statistics prepared by the Treasury Department (see *Tariff Handbook*, p. 209, par. 260) show that the tariff is only 22.95 per cent, this percentage being reached by taking the value of the importations and the duty paid. This, however, is most misleading, as the importations consisted almost entirely of coarse crochet and embroidery cottons upon which a duty of 20 per cent was levied, as per the last clause of the section.

To show that the figures are erroneous it would be necessary for 200-yard spool cotton to be sold abroad in the neighborhood of 55 cents a dozen to make the duty at the rate of 22.95 per cent reach the present rate of 12 cents per dozen. Of course the price of 55 cents is far beyond the price obtained abroad and is very considerably higher than the price now ruling in the United States.

As can be readily seen from the following table which represents the net wholesale price—not consumer's price—of five of the popular brands 200-yard spool cotton of England, Ireland, Belgium, and German manufacture, and from which you will observe that the average wholesale price is about 29 cents per dozen, and that the present duty of 12 cents per dozen on 200-yard spool thread of cotton is equivalent to about 42 per cent of the foreign wholesale selling price, as follows:

	Cents.
The English Sewing Cotton Co. (Ltd.), Manchester, England: "Arkwright" best 6/200 yards, soft finish 18/- per gross, less 15 per cent and 3½ per cent = net.....per dozen...	29.862
Present duty.....do.....	12
Alost Thread Co., United Spinning & Thread Manufacturing Co., (Ltd.), Alost, Belgium: "F & F. R." best 6/200 yards, 16/- per gross, less 10 per cent and 4 per cent = net.....per dozen...	28
Present duty.....do.....	12
Hicks, Bulloch & Co. (Ltd.), Sackville Thread Works, Belfast, Ireland: "Shamrock" best 6/200 yards, 18/- per gross, less 10 per cent and 4 per cent = net.....per dozen...	31.51
Present duty.....do.....	12
Jonas Brook & Bros. (Ltd.), Meltham, England, Brook's Glace 200 yards, 1/1½ per dozen, less 14½ per cent = net.....per dozen...	29
Present duty.....do.....	12
Zwirneri & Nahladenfabrik, Goggingen, Germany: Patent 6/200 yards, 14.25 marks per gross, less 10 per cent and 4 per cent = net.....per dozen...	21.40
Present duty.....do.....	12

The average of the above prices shows:

	Wholesale price.	Present duty on 200 yards.
	Per dozen.	Per dozen.
Arkwright brand (England).....	\$0.30	\$0.12
Brook's brand (England).....	.29	.12
Shamrock brand (Ireland).....	.32	.12
Alost brand (Belgium).....	.28	.12
Zwirneri brand (Germany).....	.24½	.12
	1.4340	60

Equivalent to an average wholesale price of 28.68 cents per dozen; average duty of 12 cents per dozen. Equivalent to 41.85 per cent duty.

There are many more cheaper brands made by the above and other foreign manufacturers.

It should also be noted that if the proposed rate of 15 per cent ad valorem becomes a law the duty on 200-yard spool cotton will be reduced from 12 cents per dozen to about 4 cents per dozen, a reduction of 66½ per cent from the present rate.

The new tariff, too, is unfair in the way that it taxes yarns, the basic or raw material from which spool cotton is manufactured. The duty proposed on yarns, in the principal numbers used for thread making being 20 and 25 per cent (representing over 90 per cent of sales of 200-yard spool cotton). In other words the single yarn upon which a large amount of labor and capital has to be expended to bring it to its finished state for spool cotton, is more favored than the finished article. Thus, the tariff, if passed in its present form, is inconsistent and unjust, and will give undue advantage to foreign compe-

tion, as in the proposed tariff the finished marketable product 200-yard spool cotton has a protection of but 15 per cent, whereas the single yarns receive a protection of 20 per cent and 25 per cent.

We would therefore respectfully urge that we should have a slightly higher rate of duty, say 10 per cent on spool cotton, than that given to fine yarns on account of its being the finished product. This has been recognized in the case of bleached cotton cloths which have been given under the new tariff, a duty of 5 per cent over yarns, also their raw material, and not as highly a finished product as 200-yard spool cotton.

Underwood bill.

Nos.	Cotton thread and yarn.	Un-bleached cloth.	Bleached.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1 to 9.....	5	7½	10
10 to 19.....	7½	10	12½
20 to 29.....	10	12½	15
30 to 39.....	15	17½	20
40 to 49.....	17½	20	22½
50 to 59.....	20	22½	25
60 to 99.....	25	27½	30
100 to fine.....	25	27½	30

Spool thread of cotton, crochet, darning, and embroidery cottons on spools, reels, or balls, or in skeins, cones, or tubes, or in any other form, 15 per cent ad valorem.

Payne law.

Gray cotton thread and yarn, specific duties:

Nos. 1's to 15's, 2½ cents per pound.

Nos. 16's to 30's, ¼ cent per number per pound additional.

Nos. 31's and above, ¼ cent per number per pound additional provided that no number pay less than 15 cents.

Calculated equivalent ad valorem rates:

Nos. 1's to 15's, 19 per cent.

Nos. 21's to 30's, 16.05 per cent.

Nos. 31's to 40's, 29.98 per cent.

Nos. 41's to 50's, 29.54 per cent.

Nos. 51's to 60's, 26.37 per cent.

Nos. 71's to 80's, 29.33 per cent.

Nos. 91's to 100's, 36.15 per cent.

Par. 257.—BLEACHED COTTON, ETC.

**WINDSOR PRINT WORKS, 65 AND 67 WORTH STREET, NEW YORK CITY,
BY CHARLES MARVIN HOWARD, VICE PRESIDENT.**

NEW YORK, May 19, 1913.

To the Honorable Senators, Charles F. Johnson, chairman; Hoke Smith and William Hughes, members of the subcommittee of the Finance Committee:

COTTON PRINTING INDUSTRY.

According to the latest figures available (1911), it was estimated that there are in the United States about 392 printing machines, capable of a daily consumption of cloth of 98,000 pieces, or, per working year of 300 working days, 29,400,000 pieces; or, figuring 50

yards to the piece, 1,470,000,000 yards. This is of printed material alone and does not include dyed fabrics. The industry has been progressive and has developed from a low quality of goods ranging from 4½ cents to 6 cents per yard, to the finer and higher grades selling up to 60 cents or more. We can now produce workmanship equal to that of any country in the world, but the drastic reduction of tariff will undoubtedly bring in an unfair foreign competition, particularly on the finer grades, and would discourage the progress already made.

The important point of domestic competition must not be lost sight of; it is most active and persistent and keeps prices down to the lowest point. This is in direct contrast to the English field where the industry is practically controlled by a trust called "The Calico Printers Association," they controlling, it is estimated, 80 per cent of the production, and can, therefore, control prices. The American printer keeps the cost of printing down only by efficiency of organization, large runs per pattern, and consequent greater production per machine.

The fact must not be overlooked that the foreigner has and is seeking the markets of the world and can handle them, owing, aside from manufacturing advantages, to better shipping and banking connections.

Our labor is more highly paid. To our general help, the lowest grade of employes, we pay wages 50 per cent greater than those paid in Great Britain. On eight other positions in a print works, the only English data available, we pay wages ranging from 80 to 250 per cent greater; and as labor, we estimate, is 55 per cent of our cost of production, this item alone must be appreciated.

It may not be out of place to state also that Canada has a tariff of 25 per cent on gray and bleached cotton and 35 per cent on printed cotton goods, which shows that Canada appreciates the distinction between goods that are only bleached and those that are gone through the later processes of finishing.

In accordance with my suggestion accepted by you, I present herewith certain amendments I would suggest be made to Bill H. R. 3321.

These amendments are based upon the bill as passed by the House May 8, 1913, and deal with the cloth schedule in only so far as it affects cotton cloth when bleached, dyed, printed, etc., as appearing in paragraph 257, page 66, lines 19, 20, 21, and 22.

OBJECTS.

I. We feel the duties prescribed on gray cloths in the bill H. R. 3321, as passed, are so low that in view of the additional low duties placed on finished material, an extra tariff is absolutely necessary on the finished goods to enable the American printer to overcome the low tariff fixed on gray cloth, with other considerations hereafter outlined, and exist. This is particularly necessary on fine wash fabrics—i. e., printed, dyed, and mercerized fabrics of fine yarns—which fabrics are being developed by American printers and require greater protection to perfect this development.

II. As dyeing, printing, and mercerizing and other processes are many steps in advance of bleaching, a substantial distinction should be made between goods bleached only and those otherwise finished.

The cost of bleaching in a finishing works is necessarily greater than in a plant equipped for bleaching only. We estimate that a bleachery turning out a production equal to that of the Windsor Print Works can do so at approximately 25 per cent of our cost. Figuring on this basis, these goods being subject to a duty of 2½ per cent, dyed and printed fabrics should carry a duty of 10 per cent, although we request less, as will appear in a later paragraph.

I would therefore suggest:

Cloth schedule, paragraph 257, page 60:

In line 19, after word "bleached," insert the words "shall be subject to a duty of 2½ per cent ad valorem in addition to the rates otherwise chargeable thereon."

In line 19, after the word "dyed," insert the words "colored, stained, painted, printed, napped, mercerized, or otherwise advanced by any other process beyond the process of bleaching, shall be subject to a duty of 7½ per cent ad valorem in addition to the rates otherwise chargeable thereon."

After these amendments section 257 would read, from the clause ending on page 60, line 19, as follows:

Cotton cloth when bleached shall be subject to a duty of 2½ per centum ad valorem in addition to the rates otherwise chargeable thereon, and when dyed, colored, stained, painted, printed, napped, mercerized, or otherwise advanced by any other process beyond bleaching, shall be subject to a duty of 7½ per centum ad valorem in addition to the rates otherwise chargeable thereon.

The result of these alterations would be:

First. To truly recognize the difference between cotton cloths only bleached and those far advanced by other processes.

Second. To give a protection that is necessary in an industry that is most competitive in this country and can not afford to be jeopardized by foreign competition by other than a fair differential.

Third. The words "advanced by any other process beyond the process of bleaching" will cover any processes now employed not covered and protect against any new processes that may be developed and which would not be covered by this clause as passed by the House in the bill now under consideration.

The samples on this and the following sheets (not printed) represent some of the products of the Windsor print works.

On each sheet is a sample of the cloth in the gray as received by us, and sample in the bleached state, also in the dyed and printed state.

These will give a fair idea as to the number of processes that are involved in these different classes of production.

The number of operations in a cotton printing establishment is about 23; of these 23 operations only 6 appear in the process of bleached goods, leaving 17 that have to be employed to produce dyed and printed fabrics.

Pars. 257-259.—COTTON CLOTHS.

AMOSKEAG MANUFACTURING CO., AMES BUILDING, BOSTON, MASS., BY
F. C. DUMAINE, TREASURER.

BRIEF REGARDING GINGHAMS, A CLASS OF GOODS COMPRISING ABOUT 8½
PER CENT OF THE COTTON CLOTH MADE IN THE UNITED STATES.

The honorable MEMBERS OF THE SENATE FINANCE COMMITTEE,
United States Senate, Washington, D. C.:

In framing tariff schedules, especially where the basis of rates is completely changed, as in the cloth items of Schedule I of the Underwood bill (H. R. 3321), it is inevitable that some inequalities should occur. Any inequality, we understand, your committee is willing to see corrected where the change does not affect the general principle on which the measure is framed; and it is to such an inequality we beg to call your attention.

Ginghams are fabrics woven wholly or in part from colored yarns and contain generally no yarns coarser than No. 19. These goods have been treated very differently in H. R. 3321 from other cotton fabrics, having considerably less duty proportionately than ordinary gray goods.

We trust the committee must agree with us that the rates should be corrected and equalized, on examination of the facts in the case, fully established in the Tariff Board's report on Schedule I.

In calling your attention to this matter we offer no opinion as to the effects of the rates imposed in the bill, which we presume have been carefully considered by the committee. We are asking to have gingham, of which we are extensive manufacturers, treated equitably in the rates to be established in H. R. 3321.

The report of the Tariff Board contains a table, No. 215, pages 744 to 789, giving the details of construction of more than 1,200 fabrics, representing almost the whole cotton industry, and in this table is shown the percentage of the cost of cotton (or material) and the percentage of cost of converting the cotton into cloth for all these fabrics.

In this table No. 215 the different cloth constructions are arranged in groups according to the classification of the tariff of 1909, but the percentage of the duty under H. R. 3321 to cost of conversion can be in all cases readily ascertained and compared.

Such a comparison in the case of plain gray goods of all ordinary numbers, and also of gingham, is given below, and from this it can readily be seen that the duties on gingham are much less compared with conversion cost than on the plain goods.

GRAY CLOTHS.

Group A.—Twenty-five samples containing no yarns finer than No. 19. Conversion cost: Average, 24.7 per cent; duty (H. R. 3321), 10 per cent, 40 per cent of conversion cost.

Yarns between No. 19 and No. 39.

Groups B, C, E, F, L.—469 samples. Conversion cost. Average, 30 per cent. Duty (H. R. 3321), 12½ per cent, 41.66 per cent of conversion cost.

NOTE.—A few of these samples are below 19's and would take the 10 per cent duty, but not enough to affect the average.

Yarns between No. 39 and No. 59.

Group K.—50 samples. Conversion cost. Average, 41.1 per cent. Duty (H. R. 3321), 17½ per cent., 42½ per cent of conversion cost.

Yarns between No. 59 and No. 99.

Groups H and L.—215 samples. Conversion cost. Average, 46½ per cent. Duty (H. R. 3321), 22½ per cent, 48½ per cent of conversion cost.

NOTE.—A few of these goods contain yarn finer than 100's, and would take a 27½ per cent duty under H. R. 3321.

GINGHAMS.

Colored yarns above 19's or gingham, plain weave.

Group F1.—12 samples. Page 760, Tariff Board report. Samples 515 to 526.

Yarns 19 to 39.

Conversion cost. Average, 50.2 per cent. Duty (H. R. 3321), 15 per cent., 30 per cent of conversion cost. (Duty should be proportionately at least 21 per cent.) See below.

DROP-BOX LOOM WORK.

Checks and plaids.

Group F2.—15 samples. Page 762, Tariff Board report. Samples 554 to 556.

Yarns 19 to 40.

Conversion cost. Average, 56.7 per cent. Duty (H. R. 3321), 15 per cent, 26 per cent of conversion cost. (Duty should be proportionately at least 23.6 per cent.)

NOTE.—Although the filling is given as No. 40 in a few (five) of these samples, a foreign competitor would of course use No. 39 with a little lighter warp and thus avoid the extra duty. Neither the cost nor selling value of the goods would in any way be affected by the change.

Comparing gingham conversion costs and duties with the rates on common gray goods, we find on the 469 samples of gray goods that the proposed duty in H. R. 3321 is 41.66 per cent of the conversion cost. Forty-one and sixty-six one-hundredths per cent of conversion cost applied to gingham would call for at least a duty of 21 per cent in the bill, instead of 15 per cent, on samples given in group F1, Nos. 515 to 526, and of at least 23.6 per cent on group F2, samples Nos. 554 to 556.

By following the proposed duties under H. R. 3321 on the various gray-cloth constructions in use in the United States, as given above, it is noted that the new duties run to 40 per cent, 41½, 42½, and 48½ per cent of the conversion costs of different grades.

On gingham the duties are only 26 per cent and 30 per cent of conversion costs. The modification of this clear inequality is requested. The colored-yarn goods are equitably entitled to a higher duty, as given.

Manufacturers of colored yarns coarser than No. 19, like tickings, denims, etc., are given duties of 35 per cent to 37 per cent of conversion cost, as shown below.

Colored yarns below 19's (tickings, denims, stripes, etc.).

Group B.—20 samples. Conversion cost. average, 34.1 per cent. Duty (H. R. 3321), 12½ per cent, 37 per cent of conversion cost.

Group E.—60 samples, 14 with yarns above 19's. Conversion cost, average, 30.1 per cent. Duty (H. R. 3321), 12½ per cent, 35 per cent of conversion cost.

This further proves that the duties on gingham are far below what they should be proportionately.

We therefore request that to properly make this modification the following changes be made in H. R. 3321:

Paragraph 257, page 65, line 11, strike out the words "Jacquard figured."

Line 12, strike out "2½ per cent" and insert "5 per cent."

And add, after the word "thereon," line 13, the following words:

Provided, That cotton cloth of fancy or figured weaves of any description, cords, stripes, checks, plaids, figures, kindred weaves, and leno weaves; and cloth composed wholly or in part of any of the foregoing shall pay a duty of 5 per cent ad valorem in addition to all foregoing rates on cotton cloths provided for by this paragraph.

APPENDIX.

The Underwood bill (H. R. 3321) adds only 2½ per cent to the duty on gray cloths for the duty on the same goods printed, dyed, and finished. On this subject of coloring by dyeing in the piece and finishing gray cloth the Tariff Board, on page 502, says:

"A comparison of the finishing charges in the two countries is therefore indicative of the relative costs of finishing in those countries.

"The English rates are fixed by bleaching and printing associations which control about 80 per cent of the business in their respective fields, and these rates are closely followed by the few independent concerns. The charges in the United States are fixed independently by different plants, and the table gives the predominant rates during the period of investigation.

"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 the English."

These rates show nothing at all as to the relative costs of dyeing and finishing in England and the United States. They only show that the American finishers are on a competitive basis, while the English finishers are in a combination or trust and will doubtless be much encouraged by the low 2½ per cent duty on their work.

Although the cost of dyeing and finishing of gray goods has nothing whatever to do with the cost of dyeing yarns for ginghams and finishing the goods after weaving; the report of the Tariff Board above quoted has been made the basis for the assertion that dyeing and finishing can be done as cheaply here as in England; and we have therefore thought it necessary to notice it. Now we could not do dyeing and finishing as cheaply here as abroad, even if the duties now placed on dyestuffs were removed; but assuming, for the sake of argument, that we could do so, and that the cost of these processes should therefore be deducted from gingham conversion cost before computing an equitable duty on them, our position would be in no way changed.

In no gingham mill is the cost of dyeing the yarns and finishing the cloth more than one-fifth or 20 per cent of the total cost of conversion.

Making this deduction we find in plain ginghams, F1, that the cotton could be left 55½ per cent and the conversion 44½ per cent of the total.

In box-loom ginghams, F2, the cotton and conversion would be 50 per cent each.

The higher cost (exclusive of coloring and finishing) of making ginghams, or higher cost of "conversion" compared with gray goods of the same count and numbers of yarn, is due to the added difficulty of handling and making up patterns in colored yarns, necessitating extra processes, greater care, and slower running, and more complicated machinery.

Compared with 469 common gray-cloth samples the duties on the two gingham groups should be, under H. R. 3321—

F1. 41½ per cent of 44½	18.50
Add for coloring	2.50
	<hr/>
	21.00
	<hr/>
F2. 41½ per cent of 50	20.83
Add for coloring	2.50
	<hr/>
	23.33

Ginghams should not be compared with gray goods referred to by Tariff Board in Table 150, page 502, which table only refers to samples of gray goods that have been dyed, bleached, or printed. Ginghams of the 100 samples do not appear in Table 150.

The gingham samples are among samples Nos. 71 to 89, which are not finished or compared.

Very truly, yours,

AMOSKEAG MANUFACTURING Co.,
By F. C. DUNAINE, *Treasurer*.

J. J. FARNON, 445-457 WEST THIRTY-FIRST STREET, NEW YORK, N. Y.

NEW YORK, *May 6, 1913.*

Hon. F. M. SIMMONS,

Chairman Finance Committee, Washington, D. C.

DEAR SIR: Your attention is respectfully called to a possible omission in the writing of Schedule I, paragraph 257, H. R. 10:

Cotton cloth.—Not bleached, dyed, colored, stained, painted, or mercerized—various specified rates.

Cotton cloth.—When bleached, dyed, colored, stained, painted, printed, Jacquard figured, or mercerized, shall be subject to a duty of 2½ per cent ad valorem, in addition to the rates otherwise chargeable thereon.

The apparent intention being to consider only cotton cloth manufactured wholly abroad, both in unfinished and finished state.

The omission consists in failure to provide for cotton cloth manufactured in the United States and then sent abroad for finishing.

The intent of this paragraph is to fix a duty of 2½ per cent ad valorem on the cost or value of the cloth, to cover the finishing, and for the protection of the American finishers, and which is presumably reasonable and fair, but as it is not specifically stated to the contrary, such cloth of domestic manufacture, after being finished abroad and returned to this country, may be made to pay in addition to this 2½ per cent the same duty as if fully manufactured abroad, which may result in the imposition of a duty amounting to several hundred per cent protective tariff on the finishing, instead of protecting the finishing work (which is a relatively small part of the total value) by a tax of 2½ per cent of the total value of similar goods of foreign manufacture.

By way of general illustration we will select a medium cotton cloth—

Which would be valued abroad at.....per yard.....	\$0.25
The import duty of 20 per cent adds.....do.....	.05
The import duty on finishing, 2½ per cent, adds.....do.....	.00½
	<hr/>
	.30½
The same cloth fabricated in the United States, equivalent value per yard.....	.30
Sent abroad for finishing, when returned, might be dutiable as follows:	
On the cloth, 20 per cent.....	\$0.06
On the finish, 2½ per cent.....	.00½
	<hr/>
	.06½
	<hr/>
	.36½
An unintentional and improper tax of 20 per cent, as above.....	.06½
	<hr/>
	.30½

The condition here illustrated would have general application and would render it commercially impossible to manufacture in the United States with the assurance that our finishing plants would be compelled to recognize foreign competition such as it is designed that the American manufacturer shall do.

The tariff of 2½ per cent fixed by paragraph 261, Schedule I, is alone presumably sufficient, and it is submitted that it would be manifestly unfair to impose upon goods manufactured by American labor and merely finished abroad duties totaling exactly the same as upon similar goods entirely fabricated and finished abroad.

Of the greatest importance to all branches of the industry is the fact that the finishing plants of this country would be enabled to double or, perhaps, treble their charge for finishing work, and present rates for performing this work are known to be highly profitable.

Unless it is made clear that fabrics woven in the United States, of yarns spun either here or abroad, are to be exempted from the fabrication tax—which in the case of fancy weaves is 35 per cent or higher—the effect will be to discourage or render impossible the manufacture of certain cotton cloth in this country.

While no special advantage would be gained by the manufacturer (weaving mill), favorable action on this recommendation would result in great benefit to the people (labor) by providing employment in the manufacture in this country of fabrics that otherwise might be brought from abroad. The consumer would be insured a price in competition with imported goods of equal quality and finish, and there would be no injury done to the finishers of the United States, who would continue to receive the proposed protection of 2½ per cent, not on the cost of the finishing work, but upon the total value of the fabric.

Viewed from every angle, the result would be in harmony with the purpose of the present revision.

CONSOLIDATED COTTON DUCK CO., CONTINENTAL TRUST BUILDING, BALTIMORE, MD., BY WILLIAM G. NICHOLS, GENERAL SUPERINTENDENT.

BALTIMORE, MD., *May 9, 1913.*

SENATOR CHARLES F. JOHNSON,

United States Senate, Washington, D. C.

DEAR SIR: We understand that the Underwood tariff bill, known as House bill 10, proposes a reduction in the tariff on coarse cotton goods to about 7½ per cent.

This rate is so low that we estimate it will lead to much importation of goods of the kind made in Baltimore, and there seems to be but one way of meeting this foreign competition.

The cost of making cotton goods is made up of three parts: First, the stock, cotton; second, the manufacturing labor; third, the general expense, comprising fuel for power, heat, light, etc., supplies, repairs, taxes, insurance, salaries, etc.

The cost of cotton is the same in England as in this country. More cotton is consumed in that country than here, and the freight rates are as low as our own.

The cost of supplies is greater in this country than in England, according to the report of the Tariff Board. We do not know how

a reduction in these general expenses, which are comprised in a large measure of the cost of fuel, can be made, and there remains only one element in the cost of goods, namely, the labor.

This we do not wish to reduce, as the wages at the present time are none too high and any reduction would make it all the more difficult for us to obtain help to run the mills. We are in competition with many kinds of industries and have suffered from shortage of help during the past five or six years.

I would like to call your attention to some of the statements in the report of the Tariff Board on the cotton schedule of the present tariff. Unfortunately, among the 100 samples of fabric analyzed by the board upon which they made special reports there was not included any sample of heavy duck fabric such as is made in Baltimore, and on this account we are unable to point out the exact differences in cost. We call your attention, however, to certain statements in the report of the Tariff Board.

The process of making cotton goods may be divided into two parts—the conversion of the cotton into yarn and the fabrication of the yarn into goods. On page 9 of the report of the Tariff Board it is stated that the actual book figures for English mills and American mills show that the labor cost per pound of yarn in American mills is about one-seventh higher than in English mills.

It is further stated on page 11 that there is a difference in the system of weaving in American and English mills which is well known to the cotton manufacturers. In the manufacture of heavy duck, however, for various reasons the number of looms which can be attended by one weaver in our mills is one, two, or three, and in a few instances on light ducks four looms. It is a fair inference from the remarks on page 11, and following that goods of a class in which the weaver can attend only one, two, or three looms can be woven cheaper in England than in this country on account of the lower rate of wages, and the figures given in detail confirm this statement. On page 481 of the report of the Tariff Board there is beginning of a long table showing actual records of English weavers, and you will notice that these weekly earnings include not only the actual wages of the weaver for his attention to the running of the looms, but also certain other work known as labor which is incidental to the actual work of weaving. This includes bringing filling from the storeroom, sweeping, oiling, cleaning, examining the roll of cloth, and repairing little imperfections, trimming the edges, etc. In America this work is done by attendants in the employ of the mill, and is not included in the weaver's wages. We invite your special attention to the actual records of English weavers and it is an easy task to obtain these figures by multiplying the yards per week by the wage per yard, when it will be found that these wages vary from \$3.22 up to some over \$8.

The average of the first 10 weavers on each page of plain weaving is as follows: Page 481, \$5.98 per week; page 482, \$5.40 per week; page 483, \$6.13 per week; page 484, \$4.82 per week; page 485, \$6.47 per week; total average, \$5.76 per week.

The average earnings per week of full time in our Mount Vernon mill for the week ending May 3 was \$10.11 (92 weavers), and this did not include the additional work known as laboring, which is included in the English figures. If we add to the cost of weaving

20 per cent for this additional labor the rate in comparison would be as \$5.76 against \$12.14.

Further, we call your attention to the cost of erecting a cotton mill for making goods of ordinary kinds, which is given on page 465 of the report of the Tariff Board. The cost per spindle in the United States is set at \$17.43, and \$12.72 in England. It is well understood among cotton manufacturers that the cost of building and equipping a mill for making duck is much greater per spindle and is generally regarded as about twice the cost of the ordinary mill. We mention this that you may appreciate the magnitude of the business in Baltimore and the necessity of fair profits for a reasonable return upon the investment.

Again, on page 8 it is said the cost of erecting a spinning and weaving plant in this country is about 50 per cent higher than in England; in other words, it is necessary that the returns in profit in this country should be 50 per cent higher than in England that capital may be justified in investing in cotton manufacturing. This company has in the last few years spent large sums of money in renewing and developing its plants in Baltimore, and the possible output was never as large as to-day. It is very disappointing after this outlay to face a prospect of poor business, insufficient market, and foreign competition on most unfavorable terms.

The present plants include 8 mills with about 80,000 spindles, employing about 2,500 hands with a weekly pay roll of about \$17,000. We are prepared to make all weights of duck from 7 ounces per yard to the heaviest constructions, and from 1 inch to 16 feet in width. We also make lamp wick, twine, rope, etc.

I have tried in the figures just given to establish our position by the report rendered through your House of Representatives by an American commission who studied this subject for a long time.

Furthermore, we would state that the general manager of our company is English by birth; has been raised in and about English mills; since coming to this country has made various trips to his homeland and other European countries; and it is his judgment that the proposed rates of tariff on cotton goods will lead to large importations of goods from England of the character made in our Baltimore mills, rendering it more difficult to keep our mills in operation and work people employed.

We also have in our selling force an export department, which has been trying to build up and extend an export business, but they have found the difference in price between our goods and English goods of the same character to be a barrier which we have not yet overcome, and it is their opinion that the proposed rates will lead to grave injury to our business.

Considering all these facts, we earnestly request that you use your influence to obtain a higher rate on cotton goods than that provided in the Underwood bill.

Our company freely opened their books to the inspection of the Tariff Board, who examined the accounts of four of our mills which are included in their report, and we protest that the facts which they must have gained do not warrant so drastic a reduction in the tariff rates.

The data which we have quoted from the report of the Tariff Board are only a few of many which might be elaborated upon, but

we call your especial attention to the table on pages 664 and 665, which shows the comparative wages of cotton-mill workers in England and in this country. It would appear to be up to the advocates of the tariff bill to show how we can compete with English goods on a basis of $7\frac{1}{2}$ per cent tariff, with a difference running mainly from 32 to 112 per cent in wages.

J. SACHS & CO., 45-47 WEST TWENTY-FIRST STREET, NEW YORK, N. Y.,
BY POTTER.

NEW YORK, *May 26, 1913.*

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: Paragraphs 257 and 258 of the proposed tariff (H. R. 3321) provide for cotton cloths, both plain and figured. Plumotis, dotted swiss, madras muslin, and similar fabrics are cotton cloths containing figures woven by the use of the jacquard, swivel, or other attachment to the loom. Such goods appear to us to be clearly provided for under the above paragraphs, but the examiner of such goods in the local appraiser's office insinuates that such goods may be returned by him for duty at 60 per cent under paragraph 368. He appears to interpret the clause "woven fabrics * * * from which threads have been * * * cut," etc., in that paragraph as covering all goods with clipped figure threads.

These cloths are being assessed for duty under paragraphs 315-319, and 323 of the present tariff, and to impose a much higher rate under the new tariff would appear to be unwarranted and inexcusable.

It would appear to be the intent of Congress to lower the rates of duty on cotton cloths, and if, through mistaken zeal by customs officials and strained and absurd interpretations of the provisions of the new act, higher rates of duty are assessed the Democratic Party would be accused of stupidity or bad faith.

In order that this may not occur, it is suggested that paragraph 368 be amended by an addition at the end of line 4, page 95, so that it shall read "not including hemstitching or spokestitching, or lappets, lenos, swivels, and other figures or fancy effects produced by the loom at the time of weaving by means of the swivel, jacquard, or other attachment to the loom."

THE GLENSIDE WOOLEN MILLS, 56 AND 68 GREENE STREET, NEW YORK,
N. Y., BY H. MORTIMER SPECHT, TREASURER.

NEW YORK, *May 29, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senator, Washington, D. C.

MY DEAR SIR: Since appearing before your committee on Monday, May 26, and reflecting over the brief testimony given by myself in protest regarding the particular hardship which the present wording of Schedule I, paragraphs 257-258 would cause in the event that it became law, I respectfully submit the following information and facts, which I hope will present a keener insight:

In the making of cotton warp broadcloths, which are technically known as face finish union cloths, the entire process is one exclusively and only adaptable to the woolen machinery and skilled operatives who have had a training in a woolen mill. The cotton warp, or the base of the cloth, is used as a binding proposition to give the fabric its inherent strength. This cotton warp, which is usually a 40/2 plies carded peeler yarn, is in certain qualities or styles of fabrics made by us, the component of the chief value. The filling, or weft yarn, used in the face of the goods and which necessarily gives the cloth its woolen characteristics and appearance in certain styles is composed largely of woolen shoddy at a price considerably less per pound than the cotton warp; and this shoddy is blended with staple American quality (of greater value per pound) in order to bind together the short staple of the woolen shoddy. In the finishing process of these fabrics skilled woolen-mill operatives in the various branches of finishing, such as fulling, gigning, shearing, pressing, dyeing, etc., are required, and these various processes are extremely slow, costly, and tedious; and it is a paradoxical fact, that in order to imitate the high-lustered, foreign imported broadcloths, the low-grade stock used in the making of the filling, or weft yarn requires the same elaborate treatment, processing, and care as do the foreign or domestic ladies' broadcloths.

The bulk of these union broadcloths are used for the covering of burial caskets and coffins and are necessarily a fabric for appearance; but owing to their construction and particular design to produce the desired effect they have inherent strength and stability so that they can stand rough usage or handling.

We respectfully ask that you give the facts in our case your attention and study, believing thereby you will appreciate the injustice done us by permitting foreign manufacturers to avail themselves of the technicality in the law as proposed by the wording of Schedule 1, paragraph 257-258, thereby flooding the American market with similar goods made under cheap foreign labor.

Our mill has manufactured this class of material for 25 years, bringing the process and machinery from England, where these fabrics originated and are made by numerous manufacturers very cheaply and skillfully.

We have been forced by the peculiar American labor conditions, and especially relating to our line of manufacturing, to steadily increase wages from year to year in all departments of manufacturing, so that since 1894 the increase has been over 51 per cent on the average per man per day's wage.

Owing to the constricted consumption of this class of material—which is governed by the majority of adults in the United States—the change in styles of covering materials for caskets, the demand, is therefore very limited and the price kept down to a minimum of profit owing to the overproduction by the several mills making the same.

We sincerely hope that you will appreciate the dire consequences which the present reading of the proposed bill would cause, and the unfairness of the situation in placing us in the category of the cotton

manufacturers and only giving us their meager protection, which would result in completely annihilating our mill, and we furthermore appeal to your sense of justice to see that the woolen schedule is amended so as to include such woolen fabrics where the component of chief value is cotton.

E. DE GRANDMONT, BY CHURCHILL & MARLOW, 63 WALL STREET, NEW YORK, N. Y.

[Extract.]

* * * * *

Under the act of 1897 cotton cloths were provided for at certain specific rates dependent upon whether bleached, dyed, colored, stained, painted, printed, weight per square yard and number of threads to the square inch, and on the more expensive cotton cloths a fixed ad valorem rate in proportion to their value. It will be noted, therefore, that under the act of 1897 all of the rates provided for in the cotton cloth paragraph were fixed rates.

The act of 1909 generally increased the specific rates and also the number of provisions in which the value was a factor in determining the rate. Then after making the respective fixed specific rates on such goods it imposed a minimum ad valorem rate of 30 per cent, 35 per cent, or 40 per cent. As this method works out with the merchandise in question we find that the duties actually paid figure out an equivalent ad valorem bearing little relation to the value of the goods—the duty being proportionately higher upon the cheaper grades. That such a system does violence to the principle running through all tariff acts requires no argument.

We submit the following illustrations:

Under paragraph 317 bleached cotton cloth exceeding 150 threads to the square inch, but not exceeding 200, counting warp and filling, is dutiable as follows:

	Duty per sq. yd. (cents).
Valued over 12 cents, not over 15 cents per square yard.....	5½
Valued over 15 cents, not over 16 cents per square yard.....	6½
Valued over 16 cents, not over 20 cents per square yard.....	8
Valued over 20 cents.....	10

But not less than 35 per cent ad valorem.

Under paragraph 318 bleached cotton cloth exceeding 200 threads to the square inch, but not exceeding 300, counting warp and filling, is dutiable as follows:

	Duty per square yard (cents).
Valued over 15 cents, not over 16 cents per square yard.....	6½
Valued over 16 cents, not over 20 cents per square yard.....	8
Valued over 20 cents, not over 25 cents per square yard.....	11½

But not less than 40 per cent ad valorem.

The above produces the following results:

Cotton cloth costing F. 1.60 per running meter, 54 inches, with less than 200 threads to the square inch in warp and filling, duty 8 cents per square yard equals 43.378 per cent ad valorem.

Costing F. 2.10 per running meter, 54 inches, with less than 200 threads to the square inch in warp and filling, duty 10 cents per square yard equals 41.066 per cent ad valorem.

Costing 14½d. per running yard, 54 inches, with less than 200 threads to the square inch, duty 8 cents per square yard equals 38.6 per cent ad valorem.

Costing 15d. per running yard, 54 inches, with less than 200 threads to the square inch in warp and filling, duty 10 cents per square yard equals 48 per cent ad valorem.

Costing 33d. per running yard, 54 inches, over 200 threads to the square inch in warp and filling, duty equals 40 per cent ad valorem.

The result of the increased rates and the change in the method of imposing duties in the cotton schedule under the act of 1909 can not be better illustrated than by a reference to the effects these rates have had on imports of cotton cloth unbleached or bleached, dyed, colored, etc., as shown by the following statement:

Year ending June, 1910: 61,947,101 square yards; value, \$9,040,667.

Year ending June, 1911: 55,535,160 square yards; value, \$8,801,004.

Year ending June, 1912: 46,710,473 square yards; value, \$7,760,729.

(See Monthly Summary of Commerce and Finance of the United States, June, 1912.)

It appears plain, then, that the act of 1909 imposed rates on cotton cloths which operate otherwise than as a stimulus for imports, and a simple calculation based on this table will show that if the rates imposed by that act were continued in force for several years longer, the revenue from imports of cotton cloths would be entirely wiped out.

As to many of the rates in the cotton schedule, particularly the higher priced goods, there is practically no competition with the American manufacturer. Probably the highest wholesale price in American markets for cotton cloth is 25 cents per yard in 36-inch width. In this industry, as in many others, the particular value of the product lies in the greater care which the foreign manufacturer gives to his output.

As to corset materials at any rate the nature of the industry requires greater strength in the fabric than for most uses to which cotton cloths are put, and for the particular purpose of corset making the domestic cotton cloth is absolutely unfit.

The cotton cloth used in the manufacture of corsets forms the body of the article, and when it is noted that this body must hold heavy whalebone and corset steels, the necessity for unusual strength in the fabric itself is apparent.

There is one thing further to which we desire to call the attention of your committee. The rates as at present imposed are figured largely on the basis of the square yard. Practically all of the looms used in France, England, and Germany in the production of cotton cloths are built for either 27-inch or 54-inch widths. The use of the square yard as a basis for figuring the amount of duties results in complicating a schedule which is too complicated as it is.

We therefore respectfully suggest to your committee that the rates on cotton cloths be reduced in the new law to the equivalent ad

valorem of 25 per cent and that the basis of calculation in the assessment of duties be changed from the square yard to either 27-inch or 54-inch widths.

PARAGRAPH 323.

For the first time in the history of tariff acts in the United States, the act of 1909 placed a cumulative duty of 1 cent per square yard on all cotton cloth mercerized or subjected to any similar processes. As is well known the mercerizing process is named after the inventor, Mercer, and consists of treatment of the yarn or fabric in a caustic alkali bath. The result of the process is to glaze the fabric and to increase its tensile strength. It is believed that the additional rate imposed in the act of 1909 for mercerized cotton cloth is the approximate equivalent of the cost in the United States for this process.

There are several methods in common use abroad by which a glaze is imparted to cotton yarn or cotton cloth in addition to the well-known mercerizing process. There is, for example, the "glazing" process, which consists of starching the yarn with potato flour; the "fibring" process, which consists in subjecting the yarn to a gas flame and burning the loose fibers from the thread. Neither of these processes, however, increases the tensile strength of the fabric nor is the glaze so obtained as permanent in character, and in these particulars they are distinguishable from mercerization. There is really no process similar to mercerization either as to the results obtained or the treatment itself in common use in the cotton-cloth industry. Notwithstanding this fact, in the early period after the enactment of the act of 1909 cotton cloths which had been "glazed" or "fibred" were repeatedly assessed for duty at the additional rate of 1 cent per square yard on the theory that the result obtained, to wit, the glaze, came under that part of the paragraph providing for "any similar processes."

It may be stated that almost without exception all the cotton cloths sold in the markets of France have been treated either in the yarn or in the piece to one of these three processes, and it is beyond question that the selling price abroad includes in addition to the per se cost of the cloth the cost of the particular process to which the fabric or the yarn of which it is composed has been subjected.

Whatever may be said as to the average rates in the cotton schedule, it seems beyond argument that the assessment of a cumulative duty for mercerization is indefensible. As a matter of fact, it is in the nature of double taxation, for it must be clear that where the selling price is close to the dividing line in the schedule the increased value due to mercerization results in the application of a higher rate of duty. Notwithstanding this fact, however, under the present act the importer is required to pay a rate higher in proportion to the value of the goods and on top of that an additional duty on one of the constituents of that value.

It is respectfully suggested to your committee that the entire provision for the cumulative duty on cotton cloths mercerized or subjected to any similar processes as appears in the act of 1909 be omitted in the new law.

Par. 259.—TRACING CLOTH.

REGINA MANUFACTURING CO., EAST GREENWICH, R. I., BY E. A. PALMER,
PRESIDENT.

Scale of wages paid in this industry in this country and abroad.

	America.	England.	Germany.
		<i>Shillings.</i>	<i>Marks.</i>
Foreman.....per week.....	\$22.50	60	35
Calendermen.....do.....	11.00	25	22
Starchers.....do.....	11.00	25	22
General help.....do.....	10.00	20	18
Girls.....do.....	7.00	8	10

List price of the imported "Imperial" tracing cloth: 30-inch, \$8.10; 36-inch, \$9; 42-inch, \$12.

List price of the Regina Manufacturing Co.'s "Arrow" tracing cloth: 30-inch, \$7.25; 36-inch, \$8.10; 42-inch, \$10.75.

NOVEMBER 30, 1908.

The MEMBERS OF THE WAYS AND MEANS COMMITTEE,
House of Representatives.

HONORABLE SIRS: We respectfully submit for the esteemed consideration of your honorable committee for tariff revision:

First. The manufacture of tracing cloth used by draftsmen, architects, and engineers for making or drawing of plans for buildings, machinery, construction work, etc.

Second. The schedule and paragraph of the present tariff law under which the product is now classed is Schedule 1, paragraph 301. "Cotton cloth filled or coated," duty thereon being 20 per cent ad valorem and 3 cents per square yard specific.

Third. We desire this duty changed so as to retain the present ad valorem duty of 20 per cent and increase the specific duty from 3 to 5 cents per square yard. Possibly tracing cloth should be differentiated from the general head it now comes under, "Cotton cloth, filled or coated," as its manufacture in the United States is a new industry here.

Fourth. Reasons for asking the above revision are that our product is a new manufacture and we are the only manufacturers in the United States. Many years of time and a large sum of money has been spent in experimental work to accomplish the manufacture of this product here. It being a secret process, the successful knowledge of which has heretofore been confined to Europe, and only within the last two years have we fully succeeded. We have during the present year completed the equipment of a new factory at large expense.

Fifth. Our sole and only competitors are European manufacturers.

Sixth. The average wages paid our labor are fully double, or 100 per cent more than those paid in England, and we would conservatively estimate that it costs us 50 per cent more to produce the article in entirety here than it costs in England.

Seventh. Revision is asked to enable our infant industry in this country to be in only a fair position to compete with and not to exclude foreign manufacturers for the trade on tracing cloth in the United States without in any way working a hardship or injury through increased cost to the dealer or consumer, as our price to them will not exceed what they now pay for the popular English make. As a matter of fact, a larger percentage of profit is now and will continue to be realized by the dealer selling our product than is made on the popular English article, possibly excepting the importers of such English make, who are restricted in number to a very few in comparison with the entire number of dealers, and it is said that such importers are precluded by contract from handling or dealing in any way in any other make, seemingly to be a combination of a very few that tends to restriction of trade. It would seem that if our industry was protected it will in all probability eliminate such condition of restriction as has existed and work a benefit to a vast majority of dealers and to all consumers. Without the protection asked for to place us on

equal basis of cost of producing with the foreign manufacturers we will be obliged to discontinue the industry in this country, thus wasting and losing the many years of experimental work and large money expenditure that we have devoted to perfecting and establishing this new industry, and the United States will again be dependent solely on Europe for its tracing cloth.

Eight. Under the original tariff of 40 per cent the English product sold in this country for a much less price than it now does under the present so-called Dingley tariff, which is a reduction on the original, because at the time of passing the Dingley tariff there was no tracing cloth manufactured in the United States.

ERNEST A. PALMER, PROVIDENCE, R. I.

PROVIDENCE, R. I., *May 27, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: I am led to believe that the Regina Manufacturing Co., of East Greenwich, R. I., have filed a brief with your committee, on tracing cloth, of Schedule I, which brief is signed by me as president of said company. Let me call your attention to the fact that this brief is one I filed with the Ways and Means Committee originating the Payne-Aldrich bill over four years ago, excepting that a schedule of wages for labor in America, England, and Germany have been added that was not a part of my brief. In explanation, I desire to say that after continuing to manufacture tracing cloth, as president of said company, for about two years, under the increased protection of the Payne-Aldrich bill, I abandoned such manufacture and severed connection with such company, for the reason that I could not make or cause to be made a tracing cloth that was good enough in quality to command the American trade, and as evidence of a like situation continuing to the present time I have only to refer you to the importations of tracing cloth into this country, which importations you will find, I think, have annually increased under the Payne-Aldrich bill, showing conclusively that no matter how high the tariff, the American draftsmen must have the imported article and the American manufacturer is in no way benefited, because it would seem that he can not supply the market, even though his product be sold, as it is done, at a much lower price than the imported article. Thus, with benefit to none, as has been proven in the above manner, the present high rate of tariff on tracing cloth, which I regret to say I sought to obtain four years ago, has worked and is working a hardship upon the drafting rooms of this country, and in my opinion will continue to work such hardship until relief is furnished by a reduction of the present rates of tariff.

REGINA MANUFACTURING CO., EAST GREENWICH, R. I., BY WILLIAM
P. COVELL, TREASURER.

EAST GREENWICH, R. I., *May 24, 1913.*

Hon. F. M. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

HONORABLE SIR: It was not the intention of this company to file a brief with your honorable committee regarding the duty on tracing cloth, believing the conditions existing in this industry were sufficiently self-evident as to warrant no attack upon the present amount

of protection, but since the published brief submitted by Mr. Lovejoy, of the Palmer Co., Providence, R. I., to the members of the Ways and Means Committee, we believe, in justice to ourselves, that your committee should be informed as to the injustice of their position, and we desire to make a general denial of their entire brief.

First. We desire to submit the inclosed copy of brief prepared, executed, and submitted to the Ways and Means Committee by Mr. Palmer (now the Palmer Co.) in 1908, when he was identified with this company, a copy of which is on file in Washington, and which is a true statement of the case to-day.

Second. That the Palmer Co. are importers of tracing cloth, representing (by said Palmer's own statement) the Winterbottom Book Back Co., of Manchester, England.

Third. That the said Winterbottom Book Back Co. are the principal exporters of tracing cloth to this country, and are reported to be interested directly or indirectly in every brand of tracing cloth used both here and abroad.

Fourth. That any reduction in the duty on this article is beneficial only to the Winterbottom Co., thereby aiding and abetting the greatest monopoly existing in this country.

Fifth. That while the Regina Manufacturing Co. in 1908 was the only company manufacturing tracing cloth in America, there has since been formed the National Tracing Cloth Co., of Saylesville, R. I., and the productive capacity of these two plants is at least 2,000,000 yards per annum.

Sixth. That the duty on this article is no hardship upon the consumer. Tracing cloth is at present being sold, owing to the American competition, at a lower price than ever before.

Seventh. That the removal of or a reduction of the present duty will tend to destroy a comparatively new industry that has cost many thousands of dollars to American capital, and will place our European competitor in a position to derive all the benefits from the sale of this cloth and permit them to exact such price as they wish, thereby making the cost of the article to the American users far greater than before and permitting a monopoly to exist that is directly against the principles of this Government.

Eighth. We submit samples of the cloth made by this company, proving that the cloth can be made successfully in this country, regardless of the ridiculous assertion of the Palmer Co.

(Inclosure.)

Scale of wages paid in this industry in this country and abroad.

	America.	England.	Germany
		Shillings.	Marks.
Foremen.....per week.....	\$22.50	60	50
Calendarmen.....do.....	11.00	25	22
Starchers.....do.....	11.00	25	22
General help.....do.....	10.00	20	18
Girls.....do.....	7.00	8	10

List price of the imported "Imperial" tracing cloth.

30-inch.....	\$8. 10
36-inch.....	9. 00
42-inch.....	12. 00

List of the Regina Manufacturing Co.'s "Arrow" tracing cloth.

30-inch.....	\$7. 25
36-inch.....	8. 10
42-inch.....	10. 75

NATIONAL TRACING CLOTH CO., BY KENNETH F. WOOD, MANAGER,
SAYLESVILLE, E. I.

MAY 27, 1913.

Hon. HOKE SMITH,
United States Senate, Washington, D. C.

DEAR SIR: We desire to invite your attention to the duty on tracing cloth, which is fixed in paragraph 259 of the tariff bill as passed by the House at 30 per cent ad valorem. In our opinion the reduction of duty from the present rate, which is approximately 50 per cent to 30 per cent, will not benefit the consumer or reduce prices and will involve an unnecessary sacrifice of revenue.

Tracing cloth, of which several samples are inclosed herewith, is used almost exclusively in the preparation of drawings for construction of various sorts, including buildings, steel framework and molds, and other designing and architectural work. It is made transparent by special processes, in order to enable the designer to transfer the lines from the original drawing to the cloth in ink. From the tracing cloth blue prints are made by a sort of photographic process, which makes the paper blue except on those parts covered by the ink on the tracing cloth, which remains white.

Up to two years ago tracing cloth had not been successfully made in the United States, although there had been a few efforts to manufacture it. The process used by the foreign manufacturers, who are found principally in England and Germany, is a secret process, which even at present is not known definitely to your petitioners. They discovered, however, through their own investigations, in connection with their bleaching and dye works, as a result of prolonged experiment and large expenditure, a process which makes tracing cloth equal in quality to that made abroad if not superior. For two years they have been manufacturing the product and have made some contracts with large corporations for its use.

The duty on tracing cloth under the Dingley Act of 1897 was 3 cents per square yard and 20 per cent ad valorem, which worked out at an ad valorem equivalent of about 38 per cent. The duty under the tariff act of 1909 was 5 cents per square yard and 20 per cent ad valorem, which worked out, according to the report of the present chairman of the House Committee of Ways and Means, at 50.12 per cent ad valorem on the importations of the fiscal year 1910.

The importations, as set forth in the statistical records of the Government, have been as follows for the past three years:

Importations of tracing cloth.

Year.	Square yards.	Value.	Duty collected.	Average value per unit of quantity.	Ad valorem rate of duty.
1910.....	2,065,984	\$343,018	\$171,902	\$0.166	50.12
1911.....	2,128,950	349,330	175,000	.163	50.6
1912.....	2,189,279	361,523	181,768	.165	50.27

The product of our mills, which represent the only important manufacturing plant in the country, was in 1911, 193,000 yards and in 1912, 297,000 yards. Adding the last amount to the importations indicates a total consumption annually of about 2,426,000 yards, of which the American product constitutes 12.2 per cent, or less than one-eighth of the whole.

The present status of the industry in America is one of development, which has already assured the quality and demand for the product, but has not impaired the revenue derived from importations under the existing duty nor met a very large proportion of the American demand. The foreign business is controlled by a few large establishments, which for a long time had a practical monopoly of the American market.

So far as the price to the consumer is concerned, tracing cloth is an article which forms but an infinitesimal element in the cost of the manufacture of a building, bridge, or other structure, and is an insignificant factor also in the cost of conducting the drafting room of an architect or mill. By no stretch of the imagination can it be contended that the article is a necessary of life to the small consumer, or that a reduction of duty will react in any way upon his rent or other costs of living. The article, while necessary for architectural and designing purposes, may fairly be described as a commercial luxury. Even the architects themselves often express indifference to obtaining the American product at a lower price than the foreign product, because of their disposition to adhere to a trade name already known and the small amount of saving involved in transferring their business to a new producer.

It would seem, therefore, that the question, apart from the possible encouragement of an American industry, is one of the amount of revenue to be lost to the Treasury by a change in the rate of duty. As shown above, the present revenue is in the neighborhood of \$175,000 per annum. The amount of duty which would be obtained under different rates, with the volume of importations remaining unchanged, appears in the following table:

Estimated duty under different rates.

At 50 per cent ad valorem.....	\$175,000
At 45 per cent ad valorem.....	157,500
At 40 per cent ad valorem.....	140,000
At 35 per cent ad valorem.....	122,500
At 30 per cent ad valorem.....	105,000

In view of the figures already given of the volume of importations, in comparison with the volume of the product of American mills, it would seem that even the present rate of duty of approximately 50 per cent was a rate effectively competitive, and in accord with the general policy of the pending bill. It can hardly be contended, with American production equal to only about one-eighth of importations, that importations are blocked by the existing rate of duty; nor can it be contended that a reduction of duty would afford any tangible benefits to any class in the community. A reduction to the rate proposed in the House bill would involve deliberately discarding revenue to the amount of \$70,000, while even a reduction to 40 per cent ad valorem would involve the sacrifice of \$35,000 in revenue.

The duty contained in the existing law was suggested in 1908 by the Regina Manufacturing Co., through Mr. E. A. Palmer, president, upon the ground that the article was a new manufacture in this country, and that many years of time and a large sum of money had been spent in experimental work to accomplish the manufacture of the product here. The reduction of duty embodied in the House bill appears to rest, so far as it is based upon documentary evidence appearing in the reported proceedings of the House committee, upon the testimony of the same E. A. Palmer, who is now in the employ of the foreign manufacturers of this article. His radical change of position since 1909 can be justified ethically only upon the ground that the question is not one involving the cost of living to the masses, but is purely one of whether the existing competition of American mills, producing about one-eighth of the total American consumption, shall be encouraged or the ground shall be so efficiently cleared for the foreign manufacturer as to give him a monopoly in supplying the entire amount of the product required by the American market and fixing prices at his own discretion for the American consumer. There is no reason to believe that under such a monopoly the selling price of the product would be permanently reduced in America or that any tangible benefit would result to the consuming public.

CHARLES A. CONANT, WASHINGTON, D. C.

THE FARRAGUT,
Washington, D. C., June 3, 1913.

Hon. F. M. SIMMONS,
Chairman Committee on Finance, United States Senate,
Washington, D. C.

DEAR SIR: I am writing you in regard to the duty on tracing cloth, fixed by the House bill at 30 per cent. This letter is in addition to a brief setting forth the essential facts, which was mailed to members of the subcommittee on Schedule I last week.

I find on page 559 of the first print of briefs and statements filed with the Committee on Finance what appears to be a letter or written statement from Ernest A. Palmer, of Providence, R. I. In this letter it is stated that "I (Mr. Palmer) abandoned such manufacture and severed connection with such company, for the reason that I could not make or cause to be made a tracing cloth that was good enough in quality to command the American trade."

I am not in any way disposed to dispute this assertion of Mr. Palmer regarding his own manufacture of tracing cloth; but I dispute it most emphatically in regard to the tracing cloth made by the National Tracing Cloth Co., of Saylesville, R. I., who transmitted the brief of last week. I am advised by them that their tracing cloth is of sufficiently good quality to enable them to make large contracts with leading American corporations using such material, including one of the largest manufacturers of structural steel and one of the largest railroad systems in the country.

I understand that all the processes of manufacturing tracing cloth are secret, and that the foreign process is not known to the National Tracing Cloth Co. nor to Mr. Palmer. The article manufactured by

the National Tracing Cloth Co. is of a quality entirely acceptable to American architects and builders, and it requires only a reasonable amount of development to increase the share of American producers in the production of this article in the United States.

Yours, very respectfully,

CHARLES A. CONANT.

Pars. 259-270.—HOLLANDS.

THE MINETTO-MERIDEN CO., MINETTO, N. Y., BY T. D. M'CHESNEY.

MINETTO, N. Y., *May 27, 1913.*

To the honorable members of the Finance Committee of the United States Senate:

We respectfully request your attention to the following points in connection with the proposed duty on cotton window-shade cloth and cotton window hollands in tariff bill H. R. 10.

The consumer does not buy cotton window-shade cloth or cotton window hollands as such, but purchases a window shade made up ready to hang, the component parts of which are a shade roller and some grade of cotton window-shade cloth or cotton window holland.

A condensed statement of what we propose to show in this letter is as follows:

That in the United States window shades are in common use in every class of home, from the poorest to the finest, and in Europe are used only in the finest homes.

That in the United States 70 per cent of the total consumption is on grades that are manufactured and sold at less than the lowest European price, at point of manufacture.

That only three distinct grades are manufactured in and imported from Europe; one of said grades is manufactured under a secret process and is a monopoly as to both manufacture and sale, and the other two grades sell, at point of manufacture, at prices higher than the average consumer in this country is willing to pay.

That 90 per cent of the total importations are used for fine residence work in New York City and that the reduction in duty will benefit the wealthy consumer and increase the price of the window shade used by the ordinary consumer.

All as more fully hereinafter set forth.

In the United States the following conditions prevail:

Window shades are in common use in every class of home, from the poorest to the finest.

Cotton window shade cloth and cotton window hollands are manufactured in a large variety of colors and widths and in 11 distinct grades, and the selling price on this date of the width and colors, constituting about 70 per cent of the total consumption, is as follows:

Cents.	Cents.	Cents.	Cents.
5½	7½	12	20
6½	8½	16	20
7	9½	16	

The division of the consumption of cotton window shade cloth and cotton window hollands by grades is about as follows:

5½ cents.....	per cent..	60
6½ to 9½ cents, inclusive.....	do.....	15
12 to 20 cents, inclusive.....	do.....	25

A sample of the 5½-cent grade is hereto attached, marked "Exhibit D," and a window shade of this grade, complete with shade roller, ready to hang, retails at from 20 to 25 cents.

In Europe the following conditions prevail:

Window shades are a luxury used only in the finest homes, and the great majority of consumers use cheap bleached or figured cotton cloth, shirred on a cord, at the top and bottom.

Practically no cotton window shade cloth or cotton window hollands are manufactured on the Continent, but a very large amount, substantially all for export, is manufactured in Great Britain.

In Great Britain cotton window shade cloth and cotton window hollands are manufactured in a large variety of colors and widths, but only in three distinct grades, all of which sell at the point of manufacture at prices higher than the average consumer in this or any other country is willing to pay.

The selling price on this date at point of manufacture of the principal selling color and width of each of said grades is 8½ cents, 14½ cents, and 17½ cents, respectively, and samples of each grade are hereto attached, marked "Exhibit F," "Exhibit G," and "Exhibit H," respectively, and the highest-priced one is by far the largest seller in this country. (Samples not printed.)

A window shade of the cheapest, namely, the 8½-cent grade, complete with shade roller, ready to hang, retails in Great Britain at from 48 cents to 60 cents, which is from two to three times the retail price of the window shade made in the United States that covers 60 per cent of the total consumption.

The duty on cotton window-shade cloth and cotton window hollands is covered under Schedule 1, paragraph 321, of the existing, and Schedule 1, paragraph 263, of the pending tariff bill; cotton window-shade cloth by the clause "cotton cloth filled or coated" and cotton window hollands by the clause "cotton window hollands"; and in so far as it relates to these two classes of goods the wording of the paragraph is identical except as to the amount of duty, in which they differ as follows:

Existing tariff bill—3 cents per square yard and 20 per cent ad valorem.

Proposed tariff bill—25 per cent ad valorem.

The importations of cotton window-shade cloth and cotton window hollands are not segregated, but are included in the report of the Department of Commerce and Labor in a paragraph covering "cloth, filled or coated, oilcloths (except of silk and for floors), and cotton window hollands (square yards)," and for all of these classes of goods combined the report for the year ending June 30, 1912, gives the following information:

Rates of duty.	Quantities.	Values.	Duties.	Value per unit of quantity.	Actual and computed ad valorem rate.
3 cents square yard minus 20 per cent....	2,694,278.83	\$365,287.50	\$153,885.86	\$0.136	42.13

The total exports of cotton window-shade cloth and cotton window hollands from the United States do not exceed \$25,000 per annum, while the imports from Great Britain alone amount to about \$200,000.

Window shades form part of the household fittings and are purchased almost exclusively by the ladies of the household, many of whom give to the word "imported" a value distinct from the question of quality.

Except in the United States, only expensive grades of cotton window shade cloth and cotton window hollands are manufactured, and 90 per cent of the total amount imported is used in fine residence work in New York City.

A reduction in duty will increase the importations, benefit the wealthy consumer, decrease the manufacture of the better grades in the United States, and increase the cost to the consumer of the cheaper grades, which constitute 75 per cent of the total consumption in the United States.

The above statement is not theoretical, but is the actual experience of the Canadian consumer and manufacturer in connection with the same goods manufactured in Great Britain and on which the Canadian duty is 23½ per cent as compared to the proposed duty in this country of 25 per cent, and we earnestly request your attention to the statement of the experience of the Canadian consumer and manufacturer as hereinafter set forth.

The United States imports from Great Britain all three grades manufactured in that country, namely, one grade of cotton window shade cloth known as "Lancaster window blinds," and two grades of cotton window hollands known as "Scotch window hollands" and "Florentine window hollands," respectively, and the importations from countries other than Great Britain are negligible.

In connection with the hearings before the Committee on Ways and Means of the House of Representatives, we would request your attention to the following:

On "cotton cloth filled or coated," under which classification Lancaster window blinds are imported, no testimony was taken and one brief was submitted, namely, by Lyon Bros. & Co., Baltimore, Md., sole agents in the United States for the Lancaster window blind.

On "cotton window hollands," under which classification Scotch and Florentine window hollands are imported, testimony was given by Mr. F. B. Shipley and briefs submitted by Mr. Shipley and the Standard Oil Cloth Co.

The brief submitted by the Standard Oil Cloth Co. is classified under "cotton cloth filled or coated," but refers to cotton window hollands and only to the extent of suggesting that they be separated in the tariff from oilcloths.

The brief by Lyon Bros. & Co. (sole agents in the United States of the Lancaster window blind) is printed on pages 3553, 3554, and 3555 of the report of the tariff schedule hearings, and in so far as it relates to cotton window shade cloth and cotton window hollands, every statement therein made, except the quotation from the existing tariff bill, is misleading and without foundation of fact, in proof of which we request your attention to the analysis of said brief, set out in "Exhibit B" hereof.

The testimony and brief of Mr. F. B. Shipley covers many classes of goods, and among them that grade of cotton window hollands known as "Scotch hollands," and that portion which refers to said cotton window hollands in the testimony is printed on pages 3462,

3463, and 3464 and in the brief on page 3467 of the tariff schedule hearings, and in so far as said testimony and brief refers to cotton window hollands it is misleading and inaccurate, in proof of which we request your attention to the analysis of said testimony and brief set out in "Exhibit C."

As previously stated, the United States imports from Great Britain all three grades manufactured in that country, namely, one grade of cotton window shade cloth known as "Lancaster window blinds" and two grades of cotton window hollands known as "Scotch window hollands" and "Florentine window hollands," respectively, and the manufacture of and importations from countries other than Great Britain of cotton window shade cloth and cotton window hollands are negligible.

The Lancaster window blinds (window shades are known in Great Britain as window blinds) differ substantially from Scotch and Florentine window hollands in both character and price, and for a proper analysis it is necessary that they be considered separately.

In connection with Lancaster window blinds we request your attention to the following points:

They are imported under the classification of "cotton cloth filled or coated," and several other classes of goods of an entirely different nature are imported under the same classification.

They differ from all other domestic and foreign cotton window shade cloth and cotton window hollands in that they are waterproof, and that they are waterproof is evidenced by Treasury decision 22966, from which we quote, as follows:

That the goods in question are cotton cloth in pieces 30 inches or more in width and 30 yards or upward in length, which, after having been woven, have had one surface coated with a mixture of oil and pigment and perhaps other substances, which so permeated the fiber and filled or closed the interstices between the threads of the fabric as to render it entirely opaque, apparently insoluble in and impervious to water.

They are manufactured under a secret process, as evidenced by the same Treasury decision, from which we quote as follows:

Manifestly the goods have undergone some preliminary treatment with glue or other substance before being painted, but this, as well as the process of applying the paint, appears to be a business secret of the manufacturers.

They are an absolute monopoly in both manufacture and sale, as evidenced by the following:

They are manufactured exclusively by James Williamson & Son, Lancaster, England, and a recent decision of the English courts enjoined another English manufacturer from making similar goods.

They are sold by an exclusive agent in the United States, namely, Lyon Bros. & Co., Baltimore, Md.

Their importation will sharply reduce the manufacture in the United States of the better classes of cotton window-shade cloth, constituting about 25 per cent of the total consumption, and will increase the price of the remaining 75 per cent.

This statement is based, not on theory, but on the experience of Canadian manufacturers as the result of a reduction about six years ago in the Canadian duty to 23½ per cent, full details of which are hereinafter set forth.

The domestic manufacturer of cotton window shade cloth has no knowledge of the manufacture or process by which Lancaster window blinds are manufactured, is prohibited by law from bringing into the

United States skilled operatives having knowledge of said machinery and secret process, and is helpless to compete against said goods.

For your further information we have attached hereto a sample of the Lancaster, marked "Exhibit F," and of the domestic goods with which they will compete, marked "Exhibit E."

In connection with the importations of cotton window-shade cloth and cotton window hollands into Canada, we request your attention to the following information, secured from the reports of the department of customs of the Dominion of Canada:

A tariff agreement under which goods imported into Canada from Great Britain were to be dutiable at 33½ per cent less than the duty paid on similar goods from other countries went into effect in November, 1906.

Since that date the Canadian duty on cotton window-shade cloth and cotton window hollands imported from Great Britain has been 23¼ per cent ad valorem, and from all other countries 35 per cent ad valorem.

The following table shows the importations of cotton window-shade cloth and cotton window hollands into Canada from Great Britain during the fiscal years ending March 31, 1907, to 1913, inclusive:

Year.	Ad valorem duty.	Imported.	
		Square yards.	Value.
1907....	35 and 23½ per cent.....	41,131	\$5,290
1908....	23½ per cent.....	163,662	24,690
1909....	do.....	119,764	17,725
1910....	do.....	299,374	40,716
1911....	do.....	262,681	41,235
1912....	do.....	284,709	45,640
1913....	do.....	333,577	49,811

For the fiscal year ending March 31, 1907, the duty was 35 per cent up to November, 1906, and 23½ per cent ad valorem thereafter.

An analysis of the above table shows that the effect of the change in the duty from 35 to 23½ per cent ad valorem has been as follows:

During the first year of said change the importations of cotton window-shade cloth and cotton window hollands from Great Britain increased 398 per cent in square yards and 472 per cent in value, and during the last year of said change said importations increased 811 per cent in square yards and 952 per cent in value.

From Messrs. George H. Hees Sons & Co., Toronto, Canada, who are the largest manufacturers of window-shade cloth in that country, we have received the following information, namely:

That the importation of Lancaster window blinds into Canada has substantially reduced the domestic manufacture of all grades selling at over 11 cents per yard.

That the selling price of all grades sold at less than 11 cents per yard has been steadily advancing in order to cover the increased proportion of overhead and selling expenses which they must bear as the result of the decreased volume of domestic manufacture.

That a window shade similar to the one retailed in the United States at 20 to 25 cents each, and which formerly retailed at about the same price in Canada, is now retailing at from 30 to 35 cents per shade.

Based on the Canadian experience, the effect in the United States of the proposed reduction in the duty on Lancaster window blinds will be as follows:

Of the 15 manufacturers of window-shade cloth in the United States, 10 will be seriously crippled, as they make only grades of cotton window-shade cloth with which the Lancaster window blinds will come in competition.

An English monopoly will be presented with a volume of business amounting to about \$600,000 per annum, and the quantity manufactured in the United States will be decreased by the same amount.

There will be an increase in the selling price of the cheaper grades of window shades, which constitute 75 per cent of the total business and are purchased by consumers with limited incomes.

This increase will be necessary in order to absorb the percentage of overhead and selling expenses, formerly borne by the business to be presented to the English monopoly.

There will be a reduction in the selling price of the better grades of window shades, which constitute about 25 per cent of the total business and are purchased by consumers with comfortable incomes.

This reduction will be necessary in order to meet the competition of the Lancaster window blinds.

In connection with the importation of Scotch and Florentine window hollands, we call your attention to the following points:

Scotch and Florentine window hollands are imported under the classification of "cotton window hollands," and samples are hereto attached, marked "Exhibit G" and "Exhibit II," respectively.

The selling price in force on this date at the point of manufacture on the principal selling color and width is 14½ cents and 17½ cents per yard, respectively.

The price is prohibitive to the ordinary consumer, and about 90 per cent of the total amount imported is used on fine residence work in New York City.

Scotch and Florentine window hollands are purchased only by consumers able and willing to pay a fancy price for the privilege of using an imported article.

These two grades of cotton window hollands are made up only on orders received and on special measurements to exactly fit the windows for which they are intended, and the retail price is \$1 per shade and upward.

In considering this point kindly bear in mind that 60 per cent of the window shades used in this country retail at from 20 to 25 cents per shade, that 15 per cent retail between 25 and 50 cents per shade, and only 25 per cent at over 50 cents per shade.

The effect of the proposed reduction in duty on Scotch and Florentine window hollands will be as follows:

The rich consumer will secure a lower price on one of his luxuries and the ordinary consumer will not be benefited.

The amount of duty collected will be substantially decreased, for the high cost at point of manufacture places them beyond the reach of the ordinary consumer, and the amount imported can not be increased sufficiently to offset the decrease in the duty collected.

For the reasons hereinbefore set forth, and for the particular reasons that a reduction in duty will be of benefit only to an English monopoly and the wealthy consumer in this country, will increase the

cost of window shades to 70 per cent of the domestic consumers, and will seriously injure the domestic manufacturer, and expressly limiting our recommendations to so much of Schedule I, paragraph 263, H. R. 10, as relates to cotton window-shade cloth and cotton window hollands, we would respectfully request—

That paragraph 259 be amended so as to separate cotton window-shade cloth from "cotton cloth filled or coated."

That the duty be covered in paragraph 259 by a clause reading: "Cotton window hollands and cotton window-shade cloth forty per centum ad valorem"; or, if that amount seems excessive to your honorable committee, that said clause shall read: "Cotton window hollands and cotton window-shade cloth, twenty-five per centum ad valorem, and if waterproof, thirty-five per centum ad valorem."

The full text of paragraph 259 as in the pending tariff bill and of said paragraph with the second amendment above suggested are set out in Exhibit A hereof.

We have earnestly endeavored to set forth fairly and conservatively the exact facts of the manufacture and importations of cotton window-shade cloth and cotton window hollands, and trust to receive the favorable consideration of your honorable committee.

EXHIBIT A.

PARAGRAPH 263 AS ADOPTED BY THE HONORABLE HOUSE OF REPRESENTATIVES AND IF AMENDED AS REQUESTED.

H. R. 10.

IF AMENDED.

259. 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, and tracing cloth, 30 per centum ad valorem; cotton cloth filled or coated, all oilcloths (except silk oilcloths and oilcloths for floors), and cotton window hollands, 25 per centum ad valorem; waterproof cloth composed of cotton or other vegetable fiber, whether composed in part of india rubber or otherwise, 25 per centum ad valorem.

259. 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, and tracing cloth, 30 per centum ad valorem; cotton cloth filled or coated, all oilcloths (except silk oilcloths and oilcloths for floors), 25 per centum ad valorem; cotton window hollands and cotton windowshade cloth, 25 per centum ad valorem, and if waterproof, 35 per centum ad valorem; other waterproof cloth composed of cotton or other vegetable fiber, whether composed in part of india rubber or otherwise, 25 per centum ad valorem.

EXHIBIT B.

ANALYSIS OF THE BRIEF OF LYON BROTHERS & CO., BALTIMORE, MD., SOLE AGENTS FOR THE UNITED STATES OF THE LANCASTER WINDOW BLINDS.

The brief of Lyon Bros. & Co. (sole agents in the United States of the Lancaster window blinds) is printed on pages 3553, 3554, and 3555 of the report of the tariff schedule hearings, and in so far as it relates to cotton window shade cloth and cotton window hollands, every statement therein made, except the quotation from the existing tariff bill, is misleading and without foundation of fact, in proof of which we analyze said brief, as follows:

1. Said brief states that the duty "on cotton shade cloth is most excessive and therefore brings in little revenue to the Government," and as verifying this statement

quotes Government statistics, showing the combined importations of cotton cloth, filled or coated oilcloths (except of silk or for floors), and cotton window hollands.

2. Said brief states "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."

The author of said brief is sufficiently prominent in the trade to know that, except in the United States, no shade cloth is manufactured that any but "privileged persons" could afford to buy.

3. Said brief states that "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," and as verifying this statement quotes Government statistics showing the exports of cotton-back oilcloths, such as table oilcloth, enameled oilcloth, artificial leather, etc.

The printed reports of the Canadian department of customs show that the total imports of shade cloth from the United States for the seven years ending March 31, 1913, were \$27,400, an average of \$3,914 per annum.

4. Said brief states "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."

At present and for six years past the Canadian duty has been 35 per cent when imported from the United States and 23½ per cent when imported from England.

5. Said brief then makes several startling statements as to the amounts exported, all of which are based on Government statistics covering exports of cotton-back oilcloths, such as table oilcloths, enameled oilcloth, artificial leather, etc.

The total exports from the United States of all grades of cotton window shade cloth and cotton window hollands do not exceed \$25,000 per annum, and the imports from Great Britain amount to about \$200,000 per annum.

6. Said brief states that "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."

No makers of cotton window shade cloth or cotton window hollands in the United States is now or ever has published such an advertisement.

7. Said brief purports to request a reduction in the duty on cotton shade goods, and submits in support thereof Government statistics covering the export and production of cotton-back oilcloths, such as table oilcloths, enameled oilcloth, artificial leather, etc., and Government statistics covering the production of window shades and fixtures.

Exports and production of cotton-back oilcloths, etc., have absolutely no connection with the duty on cotton shade cloth, and the statistics of window shades and fixtures is germane to the subject only in that cotton shade cloth forms a component part, amounting to about 25 per cent.

EXHIBIT C.

ANALYSIS OF THE TESTIMONY AND BRIEF OF F. B. SHIPLEY, NEW YORK, N. Y.

The testimony and brief of Mr. F. B. Shipley covers many classes of goods, and among them that grade of cotton window hollands known as Scotch hollands, and that portion which refers to said cotton window hollands in the testimony is printed on pages 3462, 3463, and 3464, and in the brief on page 3467 of the Report of the Tariff Schedule Hearings, and we request your attention to the following analysis of said testimony and brief:

1. He testified "and even in the opinion of the learned court, after due contest on the part of the domestic interests, they are ordinary cotton goods."

The opinion of the learned court was not that these goods "are ordinary cotton goods," but that the collector was wrong in classifying them as "filled or coated cotton cloth." (See decision Circuit Court of Appeals, Second Circuit, Dec. 6, 1900, 105 Fed. Rep. 931.)

2. He testified, "As far as I know, and at least in the Dingley law, these goods were regarded as ordinary cotton goods."

The collector and the General Board of Appraisers held under the Dingley law that they were cotton goods filled or coated, but were reversed by the courts, as above set forth.

3. He testified that in the Payne bill "the words window hollands were written into the law, among other things, so that it was not readily seen."

They were written into the law in the same paragraph as the clause "cotton cloth filled or coated," which covered cotton window-shade cloth.

4. He testified: "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 at any one figure—but the average cost of finishing these goods in Scotland with these old-fashioned machines as against the patented beetling machines used by the two concerns making them in America was about two and one-fourth times."

At least 90 per cent of the Scotch hollands imported into the United States are manufactured by John King & Sons, Glasgow, Scotland, and they stated that a substantial portion of their plant was destroyed by fire about one year ago, and it is fair to assume that the new equipment is modern and up to date.

All printed price lists of John King & Sons' Scotch hollands for a number of years past shows 466 different widths and colors, and not 117, as testified by Mr. Shipley from personal investigation.

It is fair to assume that with modern equipment the cost of manufacturing these goods in Scotland is lower than in the United States.

5. Mr. Shipley testified: "And they were brought over here last year to the extent of about \$700,000. They will always be brought over here."

As near as we can estimate, the total importations of Scotch hollands during the last year were about \$200,000, and it could not have been \$700,000, as the total combined importations for the year ending June 30, 1912, of "cloth filled or coated, oilcloths (except of silk or for floors), and cotton window hollands," was only \$365,287.50.

6. He testified: "The cost here is a great deal less than the cost abroad."

Mr. Shipley is neither a manufacturer nor dealer in this class of goods and is not qualified to make any statement as to the relative costs of manufacturing, either in Scotland or the United States.

7. He testified: "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 crinkle, and the American goods, while an excellent imitation, are not so good."

These goods are certainly "as like as two peas" and the American goods are equal in every respect to those made near Glasgow, and neither will lay flat at the window or roll up so as not to pucker or crinkle.

About 90 per cent of the Scotch hollands imported are used in New York City by wealthy consumers, and the essential difference between the imported and domestic goods rests in the fact that they are part of the household fittings purchased by ladies of wealth, many of whom place a value on the word "imported," distinct from any question of quality.

8. He testified that on similar goods manufactured in this country "these prices are just under the prices at which it is possible to import the goods."

The prices on similar goods manufactured in this country are now and have for years averaged on the principal selling colors and widths from 20 to 30 per cent below the landed cost of the imported goods.

In spite of this fact, and due to the value of the word "imported," the sale in the United States of John King & Sons' Scotch hollands, manufactured in Glasgow, Scotland, exceeds the combined sales of both American manufacturers.

In the brief submitted by Mr. Shipley no new points are brought out, and the criticisms on his testimony will apply with equal force to the brief.

Par. 260.—COTTON HANDKERCHIEFS, ETC.

HERMANN, AUKAM & CO., PER MILTON C. HERMANN, PRESIDENT.

The following statement is made in behalf of the manufacturers of handkerchiefs produced from cotton cloth, and the first point which we desire to impress upon your committee is that we are not asking for any advance in the rate of duty, nor are we seeking for a retention of even the present rate. On the contrary, we are coming

before your committee for the purpose of showing wherein the rates proposed by the Underwood bill can be even further reduced, provided your committee in its wisdom shall see fit to give to the American manufacturer a 10 per cent differential as between the cotton cloth, to wit, the raw material, and the handkerchief itself, the completed article produced from the raw material.

Handkerchiefs of cotton are made in various styles and sizes, ladies' handkerchiefs being ordinarily from 12 to 15 inches square, and men's handkerchiefs 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 handkerchiefs 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 on 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.

TARIFF PROVISIONS.

Under the present act cotton handkerchiefs, whether in the piece as woven or cut apart, finished or unfinished, pay the same duty as cotton cloth of the same description; but if the handkerchief is advanced in value by manipulation or labor beyond the point of hemmed only, there is a differential in accordance with the amount of labor which is applied.

The Underwood bill, paragraph 260, provides as follows:

Handkerchiefs or mufflers composed of cotton, not specially provided for in this section, whether in the piece or otherwise, and whether finished or unfinished, 30 per cent ad valorem.

Under the act of 1909, during the fiscal year of 1911, about 1½ per cent of all the cotton handkerchiefs and mufflers imported paid duty at the rate of 45 per cent, 4 per cent were subject to the cotton-cloth rates plus 10 per cent, and the remainder subject to 55 per cent ad valorem.

Notwithstanding the fact that the flat rate of 30 per cent ad valorem is a very substantial cut in the rate of duty, we feel that it is quite proper to explain to your committee that, in our view of this situation, even this rate works a hardship as against the low-grade handkerchief provided the Underwood rates on cotton cloth are adopted, whereas it is insufficient on the high-grade handkerchiefs if these same Underwood rates on cotton cloth are adopted, for the reason that on the high-grade handkerchief, which has far more labor applied to it than the low-grade handkerchief, the rate on the cotton cloth and the completed article is identical, to wit, 30 per cent.

COTTON CLOTH.

It is not our intention to enter into any discussion whatsoever with respect to the merits or demerits of the proposed legislation with respect to the duty on cotton cloth. This is a subject matter which

your committee in its wisdom will dispose of in such manner as may appear to be right and proper. 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 might result in an injury to the cotton milling industry of this country, and thus indirectly affect or impair the market for cotton handkerchiefs. The interest, therefore, that the manufacturers of cotton handkerchiefs have in the duty on cotton cloth is by indirection only, 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, we would state that the price of cotton cloth is very fair.

PROPOSED LEGISLATION.

In the Underwood bill, paragraph 257 provides as follows:

257. Cotton cloth not bleached, dyed, colored, stained, painted, printed, Jacquard figured, or mercerized, containing yarn the highest number of which does not exceed No. 9, 7½ per cent ad valorem; exceeding No. 9 and not exceeding No. 19, 10 per cent ad valorem; exceeding No. 19 and not exceeding No. 39, 12½ per cent ad valorem; exceeding No. 39 and not exceeding No. 49, 17½ per cent ad valorem; exceeding No. 49 and not exceeding number 59, 20 per cent ad valorem; exceeding No. 59 and not exceeding No. 99, 22½ per cent ad valorem; exceeding No. 99, 27½ per cent ad valorem. Cotton cloth when bleached, dyed, colored, stained, painted, printed, Jacquard figured, or mercerized shall be subject to a duty of 2½ per cent ad valorem in addition to the rates otherwise chargeable thereon.

It thus appears that the duty on cotton cloth ranges from 7½ per cent ad valorem to 27½ per cent ad valorem, or, with the additional duty of 2½ per cent where such cotton cloth has been bleached, said duty ranges from 10 to 30 per cent, the first being on the low grades and the latter being on the finer and better grades.

Paragraph 260, covering handkerchiefs, also provides for a rate of 30 per cent ad valorem; and hence a situation is produced whereby the cotton cloth and the handkerchief in the piece, or otherwise, and whether finished or unfinished, all pay the same rate of duty.

In order to overcome this perfectly obvious condition, we have to recommend that paragraph 260 be stricken out, and in lieu thereof the following be inserted, to wit:

260. Handkerchiefs or mufflers composed of cotton, not specially provided for in this section, 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; if such handkerchiefs or mufflers are hemstitched, or imitation hemstitched, they shall pay a duty of 10 per cent ad valorem, in addition to the duty hereinbefore prescribed.

For the purpose of showing how the proposed schedule would work out we submit the following figures showing, on certain grades of ladies' and men's handkerchiefs, the foreign cost, including profit, landing charges, and duty, as compared with the domestic cost, including a similar profit. These figures are absolutely accurate; and in almost every instance the domestic cost plus 2½ per cent profit

is in excess of what the goods can be landed for in the United States plus 2½ per cent profit, landing charges, and the proposed duty:

LADIES' HANDKERCHIEFS.

Cloth.	Average yarn.	Foreign cost.	Foreign cost per dozen plus 2½ per cent profit, plus landing charges plus duty.		Domestic cost per dozen plus 2½ per cent profit.
			Cost.	Per cent.	
36 inches, 72 by 60.....	12½	0.1053	0.1783	35	0.1606
36 inches, 64 by 60.....	32	.1190	.1554	25	.1555
40 inches, 80 by 72.....	50	.1538	.1980	32½	.2011
40 inches, 80 by 76.....	50	.1584	.2191	32½	.2181
40 inches, 88 by 80.....	53	.1582	.2188	32½	.2570
40 inches, 96 by 92.....	72	.1752	.2568	35	.2862
40 inches, 104 by 104.....	77	.1944	.2739	35	.3075
42 inches, 126 by 132.....	110	.2476	.3615	40	.3975

MEN'S HANDKERCHIEFS.

36 inches, 64 by 60.....	32	0.2467	.03196	25	0.3130
36 inches, 64 by 60.....	32	.2767	.3614	25	.3512
39 inches, 68 by 72.....	32	.3000	.3919	25	.3906
39 inches, 80 by 76.....	50	.2946	.061	32½	.4139
39 inches, 88 by 84.....	52	.3129	.4328	32½	.4788
39 inches, 96 by 92.....	72	.3520	.488	35	.5099
39 inches, 104 by 104.....	77	.3795	.5210	35	.7431
39 inches, 104 by 116.....	76	.3850	.5424	35	.6212
42 inches, 126 by 132.....	110	.5094	.7436	40	.7856

For your fuller and more accurate information as to how these costs are reached, we direct your attention to a copy of a letter addressed to Hon. Oscar W. Underwood, which is attached hereto.

If the suggestion herein made with respect to cotton handkerchiefs be adopted by your committee, it is obvious that on a low-grade cotton handkerchief produced from cotton cloth containing yarn exceeding No. 19 and not exceeding No. 39, which under the Underwood bill would be dutiable at the rate of 12½ per cent ad valorem, plus 2½ per cent if such cloth were bleached, making in all 15 per cent, a cotton handkerchief not hemmed or hemmed only would pay 15 per cent ad valorem, which is 15 points under the proposed Underwood bill. If, however, this handkerchief were hemstitched or imitation hemstitched, it would have a differential of 10 per cent added, making the rate 25 per cent ad valorem; and this rate would still be 5 points under the proposed Underwood bill.

Of course, with respect to a handkerchief that was produced from cloth paying duty at the rate of 30 per cent ad valorem, so long as the handkerchief was not hemmed or hemmed only the rate on the cloth and the handkerchief would be the same; but if a differential of 10 per cent were granted such handkerchief when hemstitched or imitation hemstitched would pay 10 points more than is now proposed in the Underwood bill. But we claim that, whereas the duty in the Underwood bill ranges from 7½ per cent to 27½ per cent, it is perfectly obvious that a flat rate of 30 per cent ad valorem on articles produced from these varying qualities of cloth is altogether inadequate and improper.

In so far as the question of administering the law is concerned, to make the handkerchief dutiable on the basis of the cotton cloth with a differential of 10 per cent is far more accurate and satisfactory than would be a straight ad valorem of 30 per cent.

The attention of your committee is called to the fact that in Schedule L, covering "silk and silk goods," paragraph 323, wherein provision is made for handkerchiefs, such handkerchiefs composed of silk, not hemmed or hommed only, are dutiable at 40 per cent ad valorem, whereas the handkerchiefs which are hemstitched or imitation hemstitched, etc., are dutiable at 50 per cent ad valorem. It thus appears that in the silk schedule a differential of 10 per cent has been preserved. It is this same differential of 10 per cent that we ask to have preserved with respect to the cotton handkerchief provisions.

There is a further point to which attention should be called, and that is that the duty on paper boxes is 35 per cent ad valorem, whereas the duty on handkerchiefs is 30 per cent ad valorem. Thus, in addition to providing for a rate of duty which is inadequate to meet the situation, it is obvious that the foreign manufacturer is given a further advantage of 5 per cent by reason of the fact that his handkerchiefs can be packed or boxed abroad, and such boxes when brought in containing handkerchiefs will only pay 30 per cent ad valorem, whereas the American manufacturer if he imports his boxes will be compelled to pay 35 per cent thereon.

Years of experience have demonstrated that the American overhead amounts to approximately 18 per cent of the cost, as against approximately 9½ per cent in Belfast; and hence a differential of 10 per cent would unquestionably leave this merchandise on a very highly competitive basis. The labor abroad is cheaper than in this country. If raw materials are to be dutiable at the same rate as the articles produced from such raw materials, then the American manufacturer must go out of business. Neither the President in his public speeches, nor the chairman of the Ways and Means Committee, nor, do we believe, the Finance Committee of the Senate, desires to put the manufacturers of this country out of business.

In opening our books and in showing our costs and in consenting to a reduction of duty we have gone as far as it is possible to go in an effort to maintain the pledges of the Democratic party; and the differential asked for is clearly and demonstrably no more than the figures—which we understand are regarded by the chairman of the Ways and Means Committee as correct and true—show that we are justified in asking. These figures are submitted as in the nature of a confidential statement to your committee; and we have no desire to make them public. But should there be any question with respect to their correctness, we shall be gratified to have that fact indicated to us, and we will thereupon furnish them under the certificate of a duly accredited certified public accountant.

There is absolutely no opposition from any source to the request as hereinbefore outlined, and if such request were granted the rate of duty would still be on a highly competitive basis. The handkerchief industry of this country has always been on a more than competitive basis; and this fact is demonstrated by the statistics of imports, which show that such imports are at least 50 per cent of the domestic output. Hence the investment of capital in this country in this

industry has not been induced by the overprotection of the Republican tariff, and such industry has every right to demand at the hands of a Democratic majority such rate as will insure its continued business in this country.

Respectfully submitted.

(Signed by Herrmann, Aukam Co.; Milton C. Herrmann, also representing Howland & Wheaton Co.; Sawsey Manufacturing Co.; Newark Embroidery Works; The International Handkerchief Manufacturing Co.; The Acheson Hardin Co.; Heller & Long; E. Heller & Bro.; H. Rosenthal & Co.; Phillips & Hyman; Hessel Rains & Co.)

EXHIBIT A.

WASHINGTON, D. C., February —, 1913.

Hon. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, House of Representatives.

SIR: Pursuant 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 predicate a draft of the schedule on "Hemstitched cotton handkerchiefs," I desire to bring to your attention the following facts, viz:

Speaking for 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 a 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 base 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 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 value of a mean range of foreign cloth prices for that given period. We then made up a pay roll of all piecework operations. We furthermore figured the cost of boxes and ribbons for tying 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 knowledge that same 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 in the other 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 duties 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:

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	.2640
40, 96 by 92.....	72	.1752	.2379	.2882
40, 104 by 104.....	77	.1944	.2640	.3065
42, 126 by 132.....	110	.2476	.3361	.3975

MEN'S HANDKERCHIEFS.

36, 64 by 60.....	32	\$0.2447	\$0.3321	\$0.3140
36, 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

LADIES' HANDKERCHIEFS.

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	\$0.1033	\$0.1537	\$0.1606
36, 64 by 60.....	32	.1190	.1788	.1565
40, 80 by 72.....	50	.1438	.2100	.2093
40, 80 by 76.....	50	.1584	.2314	.2381
40, 88 by 80.....	53	.1582	.2311	.2640
40, 96 by 92.....	72	.1752	.2538	.2882
40, 104 by 104.....	77	.1944	.2839	.3065
42, 126 by 132.....	110	.2476	.3615	.3975

MEN'S HANDKERCHIEFS.

36, 64 by 60.....	32	\$1.2447	\$1.3372	\$0.3140
36, 64 by 60.....	32	.2767	.4639	.3512
39, 68 by 72.....	32	.3000	.4480	.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

LADIES' HANDKERCHIEFS.

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.
35, 72 by 60.....	62½	\$0.1053	\$0.1591	\$0.1006
35, 64 by 60.....	32	.1190	.1799	.1565
40, 80 by 72.....	50	.1138	.2173	.2093
40, 80 by 76.....	50	.1584	.2385	.2381
40, 88 by 80.....	53	.1582	.2892	.2640
40, 96 by 92.....	72	.1752	.2648	.2892
40, 104 by 104.....	77	.1911	.2939	.3065
42, 126 by 132.....	110	.2476	.3742	.3975

MEN'S HANDKERCHIEFS.

35, 64 by 60.....	32	\$0.2447	\$0.3768	\$0.3140
35, 64 by 60.....	32	.2767	.4181	.3512
39, 68 by 72.....	32	.3000	.4534	.3906
39, 80 by 76.....	50	.2936	.4491	.4139
39, 88 by 84.....	52	.3129	.4728	.4488
39, 96 by 92.....	72	.3420	.5170	.5099
39, 104 by 104.....	77	.3728	.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 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 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 this importation exists under the present rates, which would therefore appear to be more than fairly competitive. There is another factor 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 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 with a 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 style of cotton handkerchiefs; but the fact remains that 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 with a low rate of duty

which 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 expenses will naturally increase, with the perfectly evident result that the business as a whole, which 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 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 it 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 work 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 conditions, as it is true 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; our industry is highly competitive. An inspection of the samples left by the writer will prove to you that the handkerchiefs that are made here are good, attractive, and durable; 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 change in their demand for profit would make a big difference as far as the value is concerned, distributed 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 lines are such that they can not be distributed direct to the consumer under the 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 a consumers' and a producers' tariff, and not one which will further strengthen the already great tyranny of all our distributors.

Respectfully,

HERRMANN LUKAM & Co.,
MILTON C. HERRMANN, *President*.

THE ACHESON HARDEN CO., BY JAMES HARDEN, PRESIDENT, 66-72 LEONARD STREET, NEW YORK, N. Y.

New York, N. Y., *April 14, 1913.*

PROPOSED REVISION OF TARIFF SCHEDULE ON COTTON HANDKERCHIEFS.

The present Schedule I, for cotton handkerchiefs, reads as follows:

Handkerchiefs or muffers composed of cotton, whether in the piece or otherwise, and whether finished or unfinished, not hemmed, or hemmed only, shall pay the same rates of duty as the cloth in the piece, but none shall pay a less

rate than 45 per cent; when hemstitched, or imitation hemstitched, or reversed, or have drawn threads, shall pay the same rates of duty, but none shall pay a less rate than 55 per cent.

The proposed new tariff bill as submitted to the House of Representatives, dated April 7, 1913, under section 264, page 66, lines 7, 8, 9, 10, reads as follows for cotton handkerchiefs:

Handkerchiefs or mufflers composed of cotton, not specially provided for in this section, whether in the piece or otherwise, and whether finished or unfinished, 30 per cent ad valorem.

Remarks.—According to the proposed new bill, there is no differential between the imported handkerchiefs and handkerchief cloth in the piece and the imported fully manufactured handkerchief. The present tariff, as stated above, gives us a differential of 10 per cent between cotton handkerchiefs in the piece and finished handkerchiefs. We feel that it is necessary for successful competition by the domestic manufacturer to have a differential of at least 15 per cent between the rate as charged for the handkerchiefs and handkerchief cloth in the piece and the finished handkerchiefs, as the duty in the proposed new tariff bill on cotton handkerchiefs in the piece is so low. We respectfully suggest that paragraph 264 read as follows:

Handkerchiefs or mufflers composed of cotton, not specially provided for in this section, whether in the piece or otherwise, and whether finished or unfinished, not hemmed, or hemmed only, 30 per cent ad valorem; if hemstitched, or imitation hemstitched, or reversed, or with drawn threads, but not embroidered, initialed, or in part of lace, 45 per cent ad valorem.

The present Schedule J, for linen handkerchiefs, reads as follows:

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, 50 per cent.

Hemstitched, or imitation hemstitched, or reversed, or with drawn threads, but not embroidered, initialed, or in part of lace, 55 per cent.

The present Schedule J, for linen cloth reads as follows:

Woven fabrics of flax, hemp, or ramie, or of which these substances or either of them is the component material of chief value, including such as is known as shirting cloth, weighing less than 4½ ounces per square yard and containing more than 100 threads to the square inch, counting the warp and filling, 35 per cent.

The proposed new tariff bill as submitted to the House of Representatives reads as follows, page 73, paragraph 295, for linen handkerchiefs:

Handkerchiefs composed of flax, hemp, or ramie, or of which these substances, or any 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 ad valorem; if hemstitched, or imitation hemstitched, or reversed, or with drawn threads, but not embroidered, initialed, or in part lace, 40 per cent ad valorem.

The proposed new tariff bill as submitted to the House of Representatives reads as follows, page 73, paragraph 296, for linen cloth:

Plain woven fabrics, not including articles, finished or unfinished, of flax, hemp, or ramie, or of which these substances, or any of them, are the component material of chief value, including such as is known as shirting cloth, weighing less than 4½ ounces per square yard, 30 per cent ad valorem.

Remarks.—According to the proposed new tariff bill, you will notice that the proposed duty on linen cloth is reduced only 5 per

cent, while the proposed duty on finished linen handkerchiefs is reduced 15 per cent; also the differential between linen handkerchief cloth in the piece and the hemstitched or finished handkerchiefs is only 10 per cent, while in the present bill it is 20 per cent. In order for the domestic manufacturers to successfully compete with the foreign manufacturer, we feel the necessity of a differential of at least 20 per cent on linen handkerchiefs as compared with linen in the piece, as in the present tariff bill, and suggest that paragraph 295, lines 6 to 13, inclusive, read as follows:

Handkerchiefs composed of flax, hemp, or ramie, or of which these substances, or any 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 ad valorem; if hemstitched, or imitation hemstitched, or reversed, or with drawn threads, but not embroidered, initialed, or in part lace, 50 per cent ad valorem.

This allows a differential of 20 per cent between linen cloth in the piece and the finished handkerchief, and in our opinion this differential is absolutely necessary to the domestic manufacturer.

Complete briefs on this subject in greater detail have already been filed with the Ways and Means Committee at the time of their recent public hearing.

Par. 261.—WOMEN'S READY-MADE CLOTHING.

CLOAK, SUIT, AND SKIRT MANUFACTURERS' ASSOCIATION OF NEW YORK, BY E. J. WILE (CHAIRMAN), ARTHUR D. WOLF, JOSEPH H. COHEN, L. E. ROSENFELD (EX OFFICIO), TARIFF COMMITTEE.

MAY, 1913.

The tariff bill now before Congress proposes radical changes in the duties on women's ready-made clothing. These are of far-reaching consequences for the industry. The manufacture of women's clothing and the cost of production is essentially dependent on labor. Moreover, the industry is carried on with higher wages and conditions more favorable to the workers than any similar American industry. In consequence of its higher labor cost, a radical reduction of the tariff exposes the production of women's clothing to serious foreign competition. This competition on the part of European producers is further facilitated by the fact that Europe still sets the fashion for women's wear. Preference is shown by the consumer for European styles and fabrics.

The domestic market has hitherto been left to the American manufacturers, and under stress of the keenest competition they have built up one of our largest national industries. The bill now before Congress involves radical change, reducing the duty on ready-made clothing by more than one-half.

We are convinced that the rate proposed does not take account of differences in the labor cost and in conditions of production here and abroad. We are, furthermore, convinced that the duty named is not consonant with the policy of the present tariff reform, as evidenced in the rate on cloth, an allied trade dependent for its welfare in no small degree on the women's clothing industry. Believing that it is the purpose of Congress not to discriminate against the

clothing industry but to deal equitably with all branches of trade affected by the tariff, this association, made up of the leading producers of women's clothing, submit herewith a statement on the wages and conditions for our industry in the United States and in competing countries. We are confident that on due consideration of the facts here brought to the attention of Congress a revision of the rates will be made to meet the needs of American labor and to conform with the interests of the American consumer of women's ready-made wearing apparel.

The importance of women's clothing in our industrial life is evident from the extent of the industry. In 1909, according to the last census, it employed over 150,000 wage earners, more than 4,500 establishments were engaged in it, and the output was valued at more than \$385,000,000. The industry is furthermore of vital significance to the State and city of New York. In New York alone 3,000 establishments and more than 110,000 employees are dependent on women's clothing. One-sixth of the entire labor force engaged in manufactures in the city find employment in this trade. The value of New York's output of women's wear amounts to 13 per cent of its total manufactures. It is by far the leading occupation of New York, and the welfare of the city and its industrial population is thus largely bound up with the fortunes of the women's clothing industry.

The manufacture of women's skirts, cloaks, and suits is attended by peculiar difficulties. The industry is particularly exposed to foreign competition, owing to popular preference for European styles, fabrics, and makes. Women's clothing is subject to frequent and extreme changes in styles. Garments are not standardized, and failure to forecast popular taste often spells not merely the loss of a season's profits, but absolute ruin. The industry is seasonal, calling for periods of intense exertion, followed by intervals of idleness or slackened activity. All these factors introduce the element of risk into the manufacturer's operations and adds to production costs.

The industry is dependent to a far greater degree than any of the woolen trades upon skilled labor. Machinery is of slight importance as compared with labor, and the scope for unskilled workers is limited. The dependence of the industry on skilled labor has brought about working conditions far more favorable as regards wages, hours, and sanitary surroundings than in any similar industry in the country.

In New York, where nearly three-fourths of the industry is located, the manufacture of women's clothing is carried on under a protocol, or agreement, between the employers and the unions. Under this contract, minimum rates and maximum hours are established. Home work is forbidden and sanitary shops are guaranteed. The lowest wages paid under this agreement is \$10 for women employed as finishers. Cutters are assured \$25 per week, pressers \$18 to \$21. Operators and tailors are paid proportionately high rates based on a scale that will afford them earnings of \$20 or more. Hours are limited to 50 per week. The New York department of labor reports the average rate for organized workers in the garment trades as \$3.33 per day, equivalent to \$20 per week for men, and \$1.66 per day, or \$10 per week, for women.¹ For women's clothing operating as it does under the protocol these averages would be exceeded.

¹ New York Department of Labor Bulletin No. 51 (June, 1912), pp. 223-225.

With this situation in the American industry must be contrasted conditions in Germany, our largest competitor for women's apparel, and also the situation in England. In Germany women's clothing is still manufactured under the old sweating system. Instead of factories on a large scale, contractors are employed, and the work is largely done in the homes of employees. From official sources we take the minimum rates named in collective bargaining agreements between employers and employees.¹ For establishments employing the majority of the men at work under these contracts, the rates are between 35 and 55 pfennig—that is, between 9 cents and 14 cents—per hour for skilled labor. The week rates reported range from \$5 to \$7.50. The predominant hours are from 58 to 60. For women the rates for unskilled labor are reported as between 15 and 20 pfennig per hour, equivalent to about \$2.25 to \$3 per week. For skilled female labor the usual rates would be from \$3.75 to \$5 per week. Contrasting the rates for Germany with the figures reported by the New York department of labor, \$20 for men and \$10 for women, it is clear that the American labor cost and the expense of converting cloth into women's wearing apparel is more than two and one-half times as great as in Germany.

For Austria the rates named for tailors on women's suits are \$6.09 to \$7.31 per week in Vienna, where wages are highest. Women receive from \$3.05 to \$3.65 per week.² Rates for France concern us less, for while Paris sets the fashions, competition is most active from Germany. Moreover, it is generally understood that wages are lower than in Germany.

In England, according to the latest available data, the average rate for men in the clothing trades is about \$7.75 per week. A few engaged as cutters and fitters in dressmaking establishments receive \$12.39, a figure that must be compared with \$25 for similar employees here. The average full-time earnings for women 18 years and over in the clothing trades is between \$3 and \$3.75 per week.³

A survey of European wages demonstrates clearly that the rate of compensation in the United States is at least two and a half times as great as wages abroad.

The important question is, therefore, how large a factor is the conversion cost in the total cost of producing women's clothing. For this there are official data at hand. The investigation of the industry by the Tariff Board⁴ showed that, on the basis of actual cost to the manufacturer, with no allowance for return on investment or profit, and omitting certain general expenses, the material cost on women's skirts was about 55 per cent, leaving 45 per cent for conversion. On cheaper grades of coats and suits the material cost was found to be 65 per cent, leaving 35 per cent for conversion. On better grades the relative proportions were 55 per cent for material and 45 per cent for conversion. Since the time to which these figures apply, wage rates have gone up very materially, owing to the adoption of the protocol. The figures for material cost are based on cloth protected by a duty varying from 95 per cent to 150 per cent. Under

¹ Die Tarifverträge im Jahre 1911. 5. Sonderheft zum Reichs-Arbeitsblatte, Berlin, 1912, pp. 60, 62 et seq.

² U. S. Bureau of Labor Bulletin, May, 1910, pp. 835-836.

³ Board of Trade: Earnings and Hours of Labor in the Clothing Trades, 1906 (Cd. 4844), pp. xiv and xv; U. S. Bureau of Labor Bulletin, Vol. XX (1910), pp. 194-195.

⁴ Report of Tariff Board—Wool and manufactures of wool, Vol. III, pt. 4, p. 900.

the proposed rate of 35 per cent on cloth, the cost of the material used in making women's clothing will be much cheapened and, in consequence, the importance of the labor and conversion cost increased. It is therefore conservative to assume that under the proposed rate for cloth the conversion cost for the industry as a whole will be 50 per cent and the material cost 50 per cent.

For that part of the industry which is engaged in making the finest grades of women's garments, those most directly in competition with imported wearing apparel, the labor cost is even now greater than the material cost, and with reduced cloth duties the conversion cost will amount to fully two-thirds of the total cost.

A simple calculation will show the relative position of the foreign and American producers of women's clothing in competition for the American market. For illustration, we take a suit costing \$15 to produce in the United States and typical of garments extensively worn by women of the American middle class. With 50 per cent material cost and cloth protected by a duty of 35 per cent, the cost of the material is \$7.50 in the United States and \$5.55 abroad. As American wages are between two and a half and three times the wages paid abroad, the cost of conversion in the United States is \$7.50 as against a foreign conversion cost of \$3 or less. The cost to the German manufacturer would be \$8.55, or \$6.50 less than the American cost. After paying a duty of 35 per cent, amounting to \$2.99, the total cost of the German garment in the United States would still be approximately \$3.50 less than the American cost of production. This calculation may be seen more clearly from the table below:

Item.	Cost in United States.	Cost abroad.
Material with 35 per cent duty	\$7.50	\$5.55
Conversion cost (150 per cent in excess of European cost).....	7.50	3.00
Total cost.....	15.00	8.55
Duty on foreign suit at 35 per cent.....		3.00
Total cost of foreign suit.....		11.55

From this illustration it will be clear that a rate of 35 per cent on women's coats and suits is a duty in favor of the foreign as against the domestic producer. Of the entire duty levied on the foreign-made garment, amounting to \$3, two-thirds, or \$2, is merely compensation for the duty on the cloth in the garment. Only one-third, or \$1, applies to the difference in conversion cost. This amount is less than one-fourth of the difference between the European and American expense of converting the material into wearing apparel.

We can not understand the basis on which the duty on women's clothing was determined. Comparison with the rate on cloth reveals a peculiar difference, if not discrimination, in the treatment of the clothier. The cloth manufacturer is allowed to bring in his raw material free of duty. He is then accorded 35 per cent on cloth, to cover differences in conversion here and abroad. To the cloak and suit manufacturer cloth is merely the raw material of his trade. By a parity of reasoning, he is equally entitled to a duty covering the large margin between the American and European cost of manufac-

turing clothing. A study of the two industries will fail to disclose any difference which justifies the discrimination in treatment. The relative costs for material and conversion are approximately the same for the two industries. Wage rates in women's clothing are higher and hours are shorter. The difference in wages here and abroad is fully as great, if not greater. The manufacturer of women's clothing must likewise contend against a long-established preference for foreign fabrics, foreign styles, and foreign makes. The American manufacturer operating his establishment along the lines of a modern factory system, with high wages and short working hours, must contend with the European system of making up garments in the homes of employees—a system abandoned here in accordance with the demands of the community for fair dealing and humanity in the treatment of labor.

We feel confident that an examination of conditions of labor and production here and abroad will convince Congress that the just interests of American labor and the American industry would be sacrificed under a duty of 35 per cent on cloaks and suits. Taking the industry as a whole, there is need of a duty on ready-made wearing apparel of at least 15 per cent above the rate on cloth. In asking for this margin, full account is taken of all factors favoring the home producer, the expense of importation, and acquaintance with local conditions. This differential is necessary, if the American manufacturer is to compete with the European clothier, enjoying the advantage of cheaper labor, and a lower conversion cost, and popular preference for foreign styles and foreign garments.

Even with a rate of duty of 50 per cent on ready-made women's wear, we sacrifice the interests of manufacturers who specialize in the production of the highest grade of women's garments. Their labor cost will prevent them from competing with the European producer. Unless account is taken of existing differences in wages for the United States and foreign countries, and a rate for ready-made clothing framed accordingly, a serious blow will be dealt to all the woolen trades. The duty on cloth will be of little value to the American woolen industry if foreign-made clothing is imported on a large scale, and great hardship will result to the vast body of American labor dependent on the garment trades.

In conclusion, we ask that, in fairness to the industry and in view of its seasonal character, the new duties on cloth and wearing apparel be made effective December 1. This date will enable the manufacturer to end his fall and winter season with least disturbance and to make his preparations for the spring season under the new conditions. This date will also permit the retailer to dispose of the largest part of his fall and winter stock without the loss which would result from price reductions, if lowered duties become operative in the midst of the season.

[Extracts from the protocol of an agreement entered into the 2d of September, 1910, between the Cloak, Suit, and Skirt Manufacturers' Protective Association and the International Ladies' Garment Workers' Union.]

Fourth. No work shall be given to or taken to employees to be performed at their homes.

Tenth. The following schedule of the standard minimum weekly scale of wages shall be observed:

Machine cutters.....	\$25	Part pressers.....	\$13
Regular cutters.....	25	Reefer pressers.....	18
Canvas cutters.....	12	Reefer under pressers.....	14
Skirt cutters.....	21	Sample makers.....	22
Jacket pressers.....	21	Sample skirt makers.....	22
Under pressers.....	18	Skirt basters.....	14
Skirt pressers.....	19	Skirt finishers.....	10
Skirt under pressers.....	15		

Buttonhole makers: Class A, a minimum of \$1.20 per 100 buttonholes. Class B, a minimum of 80 cents per 100 buttonholes.

The weekly hours of labor shall consist of 50 hours in 6 working-days, to wit, 9 hours on all days except the sixth day, which shall consist of 5 hours only.

Eleventh. No overtime work shall be permitted between the 15th day of November and the 15th day of January, or during the months of June and July, except upon samples.

Thirteenth. For overtime work all week workers shall receive double the usual pay.

Fourteenth. Each member of the manufacturers is to maintain a union shop; a union shop being understood to refer to a shop where union standards as to working conditions, hours of labor, and rates of wages as herein stipulated prevail, and where, when hiring help, union men are preferred.

Fifteenth. The parties hereby establish a joint board of sanitary control to consist of seven members, composed of two nominees of the manufacturers, two nominees of the unions, and three who are to represent the public.

Said board is empowered to establish standards of sanitary conditions, to which the manufacturers and unions shall be committed.

Par. 262.—VELVETEENS.

**BROOKSIDE MILLS, KNOXVILLE, TENN., BY JAMES MAYNARD,
PRESIDENT.**

KNOXVILLE, TENN., May 27, 1913.

Hon. F. M. SIMMONS,

United States Senator, Senate Chamber, Washington, D. C.

DEAR SIR: We have the honor to address you as southern manufacturers in regard to Schedule I of the new cotton-tariff bill, and beg to submit the following for your consideration:

SCHEDULE I.—TARIFF ON CORDUROYS AND VELVETEENS.

We beg to advise that we are manufacturers of corduroys and velveteens.

CORDUROYS.

In a brief presented to the Ways and Means Committee of the House of Representatives at the hearing which they held in January last we recommended a duty of 50 per cent ad valorem on these goods. We note the rate in the bill now before Congress on these goods is fixed at 40 per cent. We will endeavor to conform to this, although in our opinion the rate of 50 per cent which we recommended is no more than adequate.

VELVETEENS.

In the same brief we petitioned that the present duty, which is the equivalent of from 60 to 70 per cent, be allowed to remain in force. It is our opinion that the rate of 40 per cent, which we understand is now also fixed on velveteens in the bill before Congress, will not permit the mills of this country to operate without a reduction in wages, and will seriously affect the industry.

We therefore now petition that on velveteens the duty be fixed at not less than 50 per cent, this being substantially 10 per cent less than our original petition, and being the equivalent of what has been accorded on corduroys. We went into this matter in detail in our original brief presented to the Ways and Means Committee, but in this instance will merely say that we make this petition for the following reasons, which were also embodied in our original brief:

1. Velveteens and corduroys 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 manufactured cloth, and is all labor. On velveteens which are finer than corduroys, the cutting cost is greater. All labor connected with both velveteens and corduroys must be of a very high order.

2. In our opinion the importations of pile fabrics during the year ending June 30, 1911, are about one-third to one-half of the total amount used, which would indicate that under the present tariff the mills of this country are now in active competition with foreign goods.

BROOKSIDE MILLS.

We started 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 up the business altogether, owing to the extreme difficulty in manufacturing them. But in the last two or three years our operatives have become accustomed to the goods, they are more skillful in manufacturing them, and it would now be a great hardship to us to be compelled to discontinue their manufacture.

WARWICK MILLS, BY CHARLES O. RICHARDSON, TREASURER (NO ADDRESS GIVEN).

We beg to submit that on pile fabrics, which include velveteens, corduroys, etc., we urge that the rate be fixed at not less than 50 per cent for the following reasons:

First. Pile fabrics, which include velveteens, are the only fabrics that we know of that require a third process, namely, the cutting process, which is all labor and requires skilled workmen. And velveteens are the finest of pile fabrics.

Second. It is our opinion that the importations of pile fabrics into the United States amount to nearly one-half of the entire quantity sold in this country, and it will therefore be seen that even under the present tariff American mills are in active competition with foreign goods, and statistics will show that the amount of foreign

pile fabrics imported has increased materially during the last few years.

Furthermore, many of these goods, being in the nature of luxuries, are in our opinion a proper source of revenue.

We also protest against the provisions of the bill which make no distinction between single yarns in the gray and yarns which are combed, twisted, dyed, or colored. On the higher numbers of yarns the twisting process alone amounts to about 20 per cent of the entire cost of the yarn, and yet the rate in the bill is the same. Furthermore, on goods made from twisted yarns there is only a difference of 2½ per cent in the rate. This in our opinion is wholly inadequate, and should run from 5 per cent on the lower numbers to 10 per cent on the higher numbers.

We ask that this matter be given careful consideration at the hands of your honorable body.

Par. 263.—TAPESTRIES, ETC.

THE ORINOKA MILLS, 215 TO 219 FOURTH AVENUE, NEW YORK, N. Y., AND OTHERS.

NEW YORK, April 30, 1913.

THE SENATE FINANCE COMMITTEE.

GENTLEMEN: On January 23 last the undersigned, domestic manufacturers of upholstery fabrics, presented to the Ways and Means Committee a brief protesting against any reduction in the duty on goods covered by paragraph 326 of the tariff act of 1909. This brief was prepared with every precaution to insure the accuracy of the facts and figures therein contained and you will find it published on page 3615 of the hearings before the Committee on Ways and Means on Schedule I. With this brief there was presented a sample of French tapestry. The name of the manufacturer, the price and discount in France were given and the actual landed cost at the port of New York in detail. The cost of making the same fabric in the United States was also given in detail, with every item entering into its cost. These figures, as far as we know, have never been disputed, although if any false statement had been made it could have been easily disproved. We claim we have proved that even with the duty at 50 per cent, goods can be landed at a less price than they could be made for in this country and therefore the present duty is not prohibitive or excessive, but only competitive.

In the testimony given by Mr. Theo. F. Miller, published on page 3609, at page 3613, attention was called to the statement of the Tariff Board report on Schedule I, page 128, as follows:

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.

This was an entirely erroneous comparison as the \$4,723,907 referred to the production of upholstered fabrics other than those covered by paragraph 326 of the present act as well as those therein covered, while the amount of \$235,138 imports referred solely to goods covered by paragraph 326, and there is a large importation

of upholstery fabrics not covered by paragraph 326, such as Jacquard figured goods weighing 6 ounces or less to the yard, reps, fancy weaves, plain weaves, printed cretonnes, etc. This seeming monopoly on domestic goods was referred to at length in the brief of the upholstery manufacturers, referred to above, and its inaccuracy is further proven by the figures furnished in the Daily Consular and Trade Reports, issued by the Bureau of Manufactures, Department of Commerce and Labor, which shows that in the year in question, 1910, there were shipped to the United States from France, Germany, and Belgium tapestries and upholstered goods to the value of \$1,459,060. These figures do not include any shipments of such goods from England, Italy, or countries other than those specified, because the consuls in those countries in their reports bunched upholstery fabrics with other various textiles shipped.

The statistics show that instead of being any block caused by the 50 per cent rate on the importation of goods covered by paragraph 326 there has been a large increase in importations since 1909.

Furthermore, these fabrics are essentially luxuries, and the percentage of labor cost of producing them, as well as the initial cost for designs and Jacquard cards, is very much higher than the labor cost involved in the production of plushes, velvets, corduroys, and other pile fabrics, and yet the bill as proposed gives the latter in paragraph 262 a 40 per cent ad valorem duty and in paragraph 263 a 35 per cent duty to the former. This is neither logical nor is it just.

We would also call your attention to the brief and statement submitted by Mr. William M. Blake to the Ways and Means Committee on the classification of wool tapestries. (Please see p. 4402 of the hearings before the Committee on Ways and Means on Schedule K.) The paragraph asked for there should certainly be admitted. In view of free wool, perhaps the rate asked for was too high, but it should be at least 60 per cent.

A careful estimate of the value of tapestries and other Jacquard figured upholstery goods (not including plushes or other pile fabrics), made wholly or partly of wool, woven in the United States during the year 1912 is about \$125,000. During the same period there were imported manufactures, wholly or partly of wool n. s. p. f., valued at over 70 cents a pound, worth \$296,294.91. We can not find out officially what part of this sum represents tapestries, but we feel quite sure the value of same exceeded the domestic production.

If you so desire, we could furnish you a list of names of the principal importers of wool upholstery goods.

We again urge you to create a special paragraph in the wool schedule for tapestries and other Jacquard figured upholstery goods similar to paragraph 326 of the act of 1909, covering such goods made of cotton, to read as follows:

Tapestries and other Jacquard figured upholstery goods composed wholly or in part of wool, in the piece or otherwise, 60 per cent ad valorem.

In the new bill mohair plushes (par. 318) are given a duty of 50 per cent. These goods are used for car-seat coverings, while wool tapestries go to the homes of the wealthy, and the labor involved in the making is much more costly.

(The above paper was signed by the following: A. Theo Abbott & Co., Philadelphia, Pa.; The Arbeco Mills, Philadelphia, Pa.; Baldwin Manufacturing Co., Elk Mills, Md.; Bradford Textile Co., Brad-

ford, Pa.; J. W. Barber Co., Manayunk, Pa.; Geo. Brooks & Son Co., Philadelphia, Pa.; Bennett & Asplen Co., Manayunk, Pa.; Bromley Manufacturing Co., Philadelphia, Pa.; W. S. Deibert Co., Elk Mills, Md.; Robert Lewis Co., Bridesburg, Pa.; John Moore Sons & Co., Philadelphia, Pa.; Moss Rose Manufacturing 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.)

Pars. 264 and 265.—COTTON HOSIERY.

**HOSIERY MANUFACTURERS' LEGISLATIVE COMMITTEE, PER C. H. BROWN,
CHAIRMAN, NEW YORK CITY.**

NEW YORK, N. Y., *February 5, 1913.*

HON. OSCAR W. UNDERWOOD,

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

DEAR SIR: The Democratic Party, through its leaders, has stated that no industry need fear that it will not receive adequate tariff protection if it can be shown that it is not conducting its business by means of combinations or trade restraint and that unreasonable profits are not made as a result of tariff protection.

Having full confidence in the promise of the Democratic Party, American manufacturers of hosiery respectfully request you to allow the present rates of duty on hosiery to remain as they are, basing our request on facts and statistics which we submit for your consideration.

Without hesitation we claim that a reduction in rates of duty on hosiery will be destructive to the industry, without any gain to the consumer or to the revenue of the Government. When the Dingley law was revised, hosiery manufacturers asked for a slight increase in duty to equalize the difference between cost of production here and abroad, eliminating "added profit," contending that the increase would not raise the retail price of hosiery or materially reduce the revenue. Their forecast has proved correct, for, notwithstanding the higher price of cotton and advance in wages, better hosiery has been offered the consumer than ever before in the history of the industry and the revenue collected has remained practically the same.

During the operation of the Dingley law the hosiery industry was not in a prosperous condition. In 1908-9 very few hosiery mills were running full time; consequently, it is a fair assumption that a return to the rates of duty in the Dingley law, or lower, would force hosiery manufacturers again to either run mills on short time or reduce wages to a point where they could compete with foreign goods.

In considering the tariff on hosiery it should be kept in mind that for 20 years certain custom-fixed retail prices have prevailed, which the retailers have never been able to overcome or change to any appreciable extent. These prices are 25 cents, 35 cents, 50 cents, and so

on the pair; consequently hosiery can not be accused of contributing to the high cost of living.

A reduction in rates of duty on hosiery will not lessen the cost to the consumer we think is fully proved by the following figures, showing what the manufacturer gets and what the consumer pays:

Manufacturers' selling price: \$1.85 to \$1.90, \$2.35 to \$2.55, \$3.30 to \$3.50 per dozen pairs. What consumer pays: \$3 per dozen, or 25 cents per pair; \$4.20 per dozen, or 35 cents per pair; \$6 per dozen, or 50 cents per pair.

We protest against a provision for ad valorem duties on hosiery, and ask that the present specific-duty method be continued. It has proved satisfactory to manufacturers by reducing undervaluations, and has very materially increased the revenue of the Government, whereas in the past ad valorem duties have worked to the detriment of all concerned, making undervaluations easy of accomplishment, due to the difficulty experienced by customs examiners in properly establishing the value of the various grades of hose.

We present a comparison between the Payne law and the Underwood cotton bill of 1912, showing the effect on values of the three grades of hose which received an increase in duty in the Payne law, based on the official import figures for the month of December, 1912, received from the collectors at the ports of Boston, New York, Philadelphia, Baltimore, Chicago, and St. Louis.

In dozens (foreign landing).

	25-cent hose.	35-cent hose.	50-cent hose.
Payne law.....	\$0.86-\$1.69	\$1.39-\$2.44	\$1.88-\$3.06
Underwood bill.....	.86 1.20	1.39 1.94	1.88- 2.63
American cost.....	1.76	2.34	3.03

Several thousand dozens of hose, intended to retail at 25 cents per pair, entered the United States in December, 1912, at 80 cents per dozen pairs, foreign value, which, under the Underwood rate of 40 per cent ad valorem, would make the landing value \$1.12 per dozen pairs.

No trust or combination has ever existed in the hosiery branch of the cotton industry, and, owing to the small amount of capital required to engage in the business, never can exist.

During the fiscal year ending June 30, 1912, over 30 per cent of the total consumption of fashioned hose was imported, proving active competition between the foreign and American hosiery manufacturers; 695,627,654 pairs of hose have been imported in 15 years, proving that rates of duty on hosiery are not now, or ever have been, prohibitive.

There are but few articles manufactured in this country in which the raw-material cost is so small a part of the production cost; consequently a reduction in duty must work injury to labor.

It seems unwise and unjust to lower a rate of duty unless it can be proven that the price to the consumer will be reduced, and in all

fairness it must be admitted that hosiery retail prices have not changed in 20 years.

Basing our opinion on the proved results under the Dingley law, we contend that a reduction in the rates of duty on hosiery will increase foreign competition, materially reduce the number of hosiery employees, force a reduction in wages, with no gain in revenue, nor enable the consumer to buy hosiery cheaper than he has for the past 20 years.

Yours, respectfully,

HOSIERY MANUFACTURERS' LEGISLATIVE COMMITTEE,
By C. H. BROWN, *Chairman*.

[Inclosure.]

HOW GERMAN HOSIERY MANUFACTURERS VIEW THE SITUATION.

[Translated from the Deutsche Worker Zeitung of Nov. 28, 1912, Chemnitz, Germany.]

"In the stocking industry new hopes were recently based upon the election of a Democratic President of the United States, which would eventually result in large sales of "cotton manufacture."

"Even if there was no lack of orders from other sources to have everywhere sufficient work, a large demand on the part of the United States would immediately put prices on a sound basis.

"This is only possible when factories are offered so many orders that they have the choice to manufacture what is best suited to them. Up to now they had to book orders which showed very little, if any, profit in order to keep the machines going."

The same paper says on January 10, 1913:

"If it should become true that the United States should put in effect lower duties, one might assert that it is not impossible to again see a return of the good old times in the hosiery industry."

Cost of producing one dozen pairs of fashioned hose retailing at 25 cents, 35 cents, and 50 cents per pair.

	25 cents.	35 cents.	50 cents.
Yarn, per dozen pairs:			
Main yarn.....	\$0.525	\$0.84	\$1.19
Splicing yarn.....	.08	.09	.17
Looping yarn.....	.002	.002	.002
Seaming yarn.....	.007	.008	.008
	.614	.94	1.37
Labor, per dozen pairs:			
Knitting legs.....	.19	.21	.27
Knitting feet.....	.10	.125	.15
Topping.....	.05	.07	.08
Looping.....	.065	.07	.08
Seaming.....	.07	.08	.09
Mending.....	.04	.05	.05
Turning.....	.005	.005	.005
Winding.....	.02	.03	.03
Boarding.....	.04	.06	.07
Pressing.....	.01	.01	.01
Fairing and packing.....	.05	.05	.07
General expense.....	.10	.10	.10
Mill expense.....	.123	.15	.175
	.865	1.04	1.20

Cost of producing one dozen pairs of fashioned hose, etc.—Continued.

	25 cents.	35 cents.	50 cents.
Sundry items of expense, per 1 dozen pairs:			
Dyeing and singeing.....	\$0.105	\$0.10	\$0.10
Bands and labels.....	.004	.005	.008
Packing cases.....	.01	.01	.01
Paper boxes.....	.05	.05	.075
Commission.....	.055	.076	.10
Discount.....	.046	.062	.083
Seconds.....	.013	.015	.03
Freight.....	.007	.007	.007
	.290	.365	.461
Total cost per dozen.....	1.769	2.345	3.031
Manufacturers' profit.....	.081	.105	.319
Wholesale price.....	1.85	2.45	3.35
Middleman's profit.....	1.15	1.75	2.65
Retail price.....	3.00	4.20	6.00

Hosiery imports for years ending June 30, 1909, 1910, 1911, 1912.

	Dozens.	Foreign value.	Unit foreign value.	Duty.	Unit landing value.
1909 rate:					
30 per cent.....	23,933.17	\$16,947.00	\$0.70	\$5,084.10	\$0.92
\$0.50—15 per cent.....	2,914,982.33	2,777,714.52	.95	1,874,148.34	1.59
\$0.60—15 per cent.....	1,056,005.31	1,475,472.45	1.40	851,924.01	2.20
\$0.70—15 per cent.....	995,821.75	1,881,514.77	1.89	979,302.52	2.87
\$1.20—15 per cent.....	58,314.75	153,215.27	2.61	92,960.00	4.22
\$2—15 per cent.....	14,851.33	54,087.59	3.89	34,615.85	6.46
55 per cent.....	3,903.92	27,969.25	7.00	15,383.09	10.35
	5,068,002.58	6,390,920.55	1.26	3,860,417.91	2.02
1910 rate:					
30 per cent.....	131,890.92	78,382.55	.58	23,514.77	.75
\$0.50—15 per cent ¹	678,801.00	559,364.90	.85	404,305.29	1.59
\$0.60—15 per cent ¹	279,084.83	280,081.77	1.36	224,463.19	2.16
\$0.70—15 per cent ²	1,417,574.50	1,301,755.79	.91	1,187,565.47	1.75
\$0.70—15 per cent ¹	182,385.42	317,624.90	1.91	179,814.14	2.89
\$0.85—15 per cent ¹	827,531.17	1,146,171.62	1.39	875,327.54	2.44
\$0.90—15 per cent ¹	922,800.08	1,709,130.40	1.85	1,086,889.84	3.02
\$1.20—15 per cent.....	65,226.83	173,516.84	2.66	101,299.69	4.23
\$2—15 per cent.....	11,807.33	57,727.17	3.90	38,273.83	6.48
55 per cent.....	4,680.50	31,337.25	6.69	17,235.49	10.36
	4,477,782.58	5,823,070.19	1.30	4,111,689.25	2.22
1911 rate:					
30 per cent.....	187,909.00	104,212.85	.55	31,263.86	.72
\$0.70—15 per cent.....	934,219.51	891,339.29	.90	820,191.52	1.74
\$0.85—15 per cent.....	647,999.01	890,308.47	1.37	684,345.81	2.42
\$0.90—15 per cent.....	750,967.92	1,393,275.31	1.85	885,162.55	3.03
\$1.20—15 per cent.....	44,810.43	114,300.86	2.55	70,941.15	4.13
\$2.00—15 per cent.....	9,509.67	36,336.42	3.82	24,460.32	6.39
55 per cent.....	2,935.92	20,753.30	7.07	11,417.07	10.95
	2,628,351.46	3,452,620.50	1.31	2,527,781.28	2.27
1912 rate:					
30 per cent.....	318,743.80	174,788.00	.54	52,436.40	.71
\$0.70—15 per cent.....	846,683.81	754,704.06	.89	705,885.93	1.72
\$0.85—15 per cent.....	558,523.34	762,050.87	1.36	589,062.46	2.41
\$0.90—15 per cent.....	583,401.54	1,099,171.78	1.86	694,437.14	3.04
\$1.20—15 per cent.....	28,889.09	69,828.70	2.59	42,717.16	4.18
\$2.00—15 per cent.....	7,254.58	28,628.73	3.93	18,763.53	6.55
55 per cent.....	3,183.24	23,288.00	7.29	12,775.40	11.31
	2,349,641.49	2,912,400.14	1.23	2,116,068.04	2.14

¹July 1 to Aug. 5, 1909.²Aug. 6, 1909, to June 30, 1910.

Total imports of hosiery from June 30, 1898, to June 30, 1912.

Year.	Dozens.	Foreign value.	Unit foreign value.	Duty.	Unit local value.
1898.....	2,774,757.00	\$3,245,652.92	\$1.16	\$2,089,822.90	\$1.92
1899.....	3,328,209.39	3,893,911.34	1.17	2,489,784.79	1.91
1900.....	3,488,106.06	4,207,755.31	1.20	2,658,212.59	1.96
1901.....	3,519,722.94	4,799,103.42	1.36	2,885,184.85	2.18
1902.....	3,519,923.15	4,786,412.97	1.35	2,882,263.72	2.17
1903.....	3,814,037.85	5,247,383.19	1.37	3,149,870.57	2.20
1904.....	4,119,780.85	5,430,907.87	1.31	3,264,084.64	2.08
1905.....	4,232,023.23	5,431,062.63	1.28	3,287,521.71	2.06
1906.....	4,600,759.11	6,119,193.67	1.30	3,675,829.79	2.08
1907.....	5,128,729.84	7,035,397.61	1.37	4,138,742.25	2.17
1908.....	4,829,121.84	6,855,073.60	1.41	3,994,824.41	2.24
1909.....	5,068,002.68	6,390,920.85	1.26	3,870,417.91	2.02
1910.....	4,447,782.88	5,825,099.19	1.30	4,141,689.25	2.22
1911.....	2,628,351.46	3,432,620.50	1.31	2,527,781.28	2.27
1912.....	2,349,641.49	2,912,400.14	1.23	2,116,008.04	2.14
Total.....	57,968,971.37	75,634,900.21	1.30	47,162,090.70	2.11

693,627,634.44 pairs of hose imported in 15 years.

F. H. C. SMITH (HOME ADDRESS NOT GIVEN).

THE SHERIDAN,
Washington, D. C., May 16, 1913.

Hon. F. M. SIMMONS,
Chairman United States Senate Finance Committee,
Washington, D. C.

DEAR SIR: Some days ago I sent you a letter asking your attention to a certain phase of the hosiery manufacturing situation in the United States, with reference to its tariff needs at the present time.

After hearing the statements of you gentlemen of the Finance Committee upon the floor of the Senate this afternoon, in which you made plain your anxiety to hear from all interested persons in regard to conditions, circumstances, and facts bearing upon the tariff requirements of their industries, I have decided to ask your attention to other features of this matter.

You will pardon me for saying that I am a southern Democrat and believe in the tariff teachings of Thomas Jefferson and Andrew Jackson.

I am personally interested in the success of one particular domestic hosiery plant; I feel a much greater interest in the industry as a whole; and I feel a far more exceeding interest in the welfare of the thousands of American born citizens who are earning a livelihood in the daily work which come to them through this industry.

I should like to say first that neither myself nor anyone associated with me in business has said a word in any way to any member of the Ways and Means Committee of the House of Representatives in regard to this matter. We felt from the first that all worthy interests would be treated fairly.

Whatever reasons there may have been in the past for placing higher duties upon the higher-priced hosiery, and lower duties upon the lower-priced goods, I am certain that with 70 cents as the dividing line these reasons would not now obtain. On the other hand, if there are any good business reasons for making a difference at all, the higher rates must logically be placed upon many of the items costing less than 70 cents per dozen.

Hosiery that can be bought in the old countries at prices less than 70 cents per dozen are half hose, children's hose, and infants' hose. The largest and most important item of importation in this class would be infants' hose. These require proportionately very little material and proportionately very much handwork or labor. Now, as you so well know, conditions happen to be such that whilst we have in this country an abundance of (cotton) material, we are comparatively scarce of efficient labor for doing this kind of work. That is to say, the elements of cost in these light-weight goods, and particularly in the cost of infants' hosiery, are apportioned in such a manner as to require the higher rates upon certain goods costing less than 70 cents per dozen, in order to place our manufacturers upon a competitive selling basis with foreign manufacturers.

It would seem that an infant's hose, weighing 6 ounces per dozen and costing 53½ cents per dozen, would need a larger ad valorem duty than a woman's hose, weighing 26 ounces per dozen and costing \$1 per dozen.

If the dividing line should be fixed at \$1.08 (4½ marks), or even at \$1.02, there might be some reason for placing a higher duty upon hosiery costing more than these prices. The effect here would be that consumers who cared to pay more than 25 cents per pair for imported hosiery would have to pay the higher duty cost.

In manufacturing full seamless or full regular hosiery the same processes and the same items and quantities of handwork are required in the low-priced grades as are required in the high-priced grades. Of course, the qualities of materials and the qualities of workmanship are both different.

There is a quality of infants' hosiery made in the old countries and costing 50 cents per dozen, or slightly more or less, which is imported in a very large way, and retailed in the United States at 10 cents per pair. If the best interests of the masses of the people are to be paramount in your considerations, then this item of infants' low-priced hosiery and a few other special items might be worthy of diligent inquiry.

However, unless \$1.02 to \$1.08 is to be the dividing line on the one hand, or unless 50 cents to 55 cents is to be the dividing line on the other, my investigation of the entire matter suggests the wisdom of making just the one classification of all full seamless and regular made hosiery. A full inquiry would no doubt bring out some reasons for making a half dozen or more classifications. This would show further, however, that it were far better to put all these goods into one class than to put them in two classes, with 70 cents as the dividing line.

And it would show further that one of the following compound rates would give the manufacturers and the masses of the people the best possible general satisfaction, viz, 40 per cent ad valorem and 25 cents per dozen specific duties, or 45 per cent ad valorem and 20 cents per dozen specific duties, or 50 per cent ad valorem and 15 cents per dozen specific duties.

The 40 per cent and 25 cents per dozen would give the lower-priced goods the higher duty and the higher-priced goods the lower duty.

The 50 per cent and 15 cents per dozen would give the higher-priced the higher duty and the lower-priced goods the lower duty.

To illustrate:

Foreign costs.....	\$0.80	\$1.50
50 per cent.....	.40	.75
Specific.....	.15	.15
Total.....	1.35	2.40
Foreign costs.....	.80	1.50
40 per cent.....	.32	.60
Specific.....	.25	.25
Total.....	1.37	2.35

The 45 per cent and 20 cents per dozen would give nearer equal rates upon both classes:

Foreign costs.....	\$0.80	\$1.50
45 per cent.....	.36	.674
Specific.....	.20	.20
Total.....	1.36	2.374

If you are in possession of reasons why the lower priced goods should carry rates 10 per cent lower than the higher priced goods, you will of course act in accordance with those reasons.

It may be that the dividing line was fixed at 70 cents, for the reason that it has been learned that there is a possibility of our importers being able to buy full regular made hosiery at this low price in the dull seasons.

I know of no practical way in which it could be done just at this time, but as a matter of fact it would be indeed fortunate for the American masses if an absolutely prohibitive duty were placed upon all women's and men's full regular made hosiery costing under 4 marks per dozen. These goods have no rightful place in our trade, but will be imported by a certain kind of jobber and sold to small dealers to be retailed at 25 cents per pair. Many persons are not good judges of hosiery and will pay 25 cents per pair for these inferior goods. It would be a real protection to our people to keep these low grades of regular-made hosiery entirely out of our market. The good grade can be bought at reliable stores at the same retail price; and it would be a genuine blessing to our people to keep these "shoddy" goods out of our stores. It is not my purpose to suggest lower rates for any items, but rather higher rates upon all items costing above 55 cents per dozen; i. e., unless all these goods are put into one classification. I should be glad to see some arrangements made to have all matters of this kind reported to the Congress in detail from year to year. I hope the present Congress will go further in being practical in these things than past Congresses have ever been.

If it were some one's business to keep tab upon the lights and shades of our foreign commerce in a practical way, much good could be accomplished by means of regulating and restraining certain practices which are of a questionable nature.

The Old World's manipulation of materials is a matter that is worthy of our attention. I should be pleased to place before you actual tests showing the superiority of the wearing strength of American hosiery fabrics over the wearing strength of cheap imported hosiery fabrics.

One feature of this matter which some of our people seem to overlook is the general proposition that every dozen pairs of hosiery imported into the United States will be sold in the United States at same price, no matter what the cost may be. Price classification is only one phase of the question. All imported hosiery will be re-tailed over the counters of our merchants. All will be sold, even if much has to be sold at auction.

Whilst I believe it is right and proper and really good for the health of our home industry that a liberal quantity of hosiery should be imported, it still remains a fact that every pair of hose imported over and above this reasonable quantity will take the place of a pair of hose that ought to be made in our own mills.

We have in this country certain importing jobbers who will scour the markets of the Old World in season and out of season; they will buy bankrupt stocks and bargains of every kind and sort. In hard times and dull seasons, just when our mills will sorely need every possible order for hosiery, will be the times when these importers will reap their greatest harvests by filling the American market with the bargains from the Old World's overproduction. These goods would be sold in our stores and would take the place of American-made hosiery, regardless of price classifications.

This is certainly a potential reason why the duty upon hosiery should be specific, at least in part. To expect our customhouse officials to fully take care of proper valuations in cases of this kind would be more than past conditions justify.

Further on I shall ask your attention to some striking differences between our hosiery manufacturing business and the manufacturing of other lines in this country.

Had we followed Andrew Jackson's advice in the matter of fixing tariff rates we should never have gotten into trouble with the trusts—there could have been no watered stocks in industrial institutions.

There are Democrats who have extreme views regarding the tariff, and there are Republicans who are just as extremely wrong in the other way. The right way, and the successful way, will be to take a medium or halfway position between these two extremes.

The Democratic Party is on trial in this matter. If tariff reductions are not large enough, the rates can be further reduced later on. If the reductions are too great at this time, it will mean ruin both to business and to our party. The risk is therefore very largely upon one side of the question.

The recent Democratic campaign was certainly a pledge for gradual tariff reductions upon items made by independent manufacturers.

Fifteen cents per dozen flat, in addition to the 50 per cent ad valorem tariff rate upon hosiery, would place American hosiery mills upon a fair and square competitive basis with the Old World manufacturers, and would at the same time add much to the revenue-producing feature of the bill. Twenty or twenty-five cents per dozen flat added to the 50 per cent ad valorem rate would give the domestic mills a small incidental protection, and the revenue from this compound rate would mean a considerable increase in the Government's tariff income. This addition would look smaller and would be more

satisfactory to the public than an additional 10 per cent ad valorem duty showing a 60 per cent rate.

A tariff measure containing many small faults but which has the acquiescence, sympathy, and confidence of the people generally will be more successful in this country than a perfect measure could be, provided that the perfect measure were not pleasing to the people. Opposition and faultfinding will kill any tariff measure, no matter how nearly perfect it may be. It is for this reason that I suggest 40 per cent to 50 per cent and a small specific duty would be more satisfactory than 60 per cent ad valorem. The people look at 10 per cent upon 25 cents, 50 cents, and \$1 per pair and see 2½ cents, 5 cents, and 10 cents in the additional 10 per cent duty, whilst they see only 1½ cents per pair in 15 cents per dozen.

Under these rates the German manufacturers would charge our jobbers from \$1.02 to \$1.08 per dozen for lines of hosiery to be retailed in this country at 25 cents per pair. Let us figure upon the average price to be paid to the German mills at \$1.05 per dozen, and considering the 50 per cent ad valorem and 15 cents specific duties:

Foreign price.....	\$1.05
50 per cent.....	.52½
Flat.....	.15
Total.....	1.72½

The retailer would pay the jobber here \$2 to \$2.25 per dozen. Now with this 15 cents per dozen left out, the German mills would begin upon a tendency upward, and would charge our jobbers all that the trade would bear. Instead of the price of \$1.05 per dozen our jobbers would soon be paying the German mills \$1.15 to \$1.19 per dozen—or as much more as the trade would bear. This proposition embraces all the truth that was ever in Maj. McKinley's theory that "the foreigner pays the tariff."

Custom has fixed the retail prices of cheap hosiery in this country at 10, 12½, and 25 cents per pair. Twenty-five cents is an established popular minimum retail price for imported regular made hosiery in this country; and this will remain the retail price under the Underwood bill. It is true that the retailers are now charging 35, 38, and 48 cents per pair for these goods under the Payne bill. Under this new bill the price will return to 25 cents per pair, and will remain at this figure as long as there is any tariff at all upon hosiery.

Fixed customs of a people are factors that must always be considered in arriving at convenient and salutary arrangements for the conduct of their business dealings. This generally established minimum retail price of 25 cents per pair for foreign hosiery will be maintained by our retail merchants. The advantages of the new bill to the people come from the fact that the goods now being retailed at 35, 38, and 48 cents per pair will be retailed hereafter at 25 cents per pair. This fixed retail price of 25 cents is a most important factor in a right basis for arriving at the correct tariff rates.

Under the Payne bill the importers were not philanthropic enough to give up their accustomed profits, and this partly explains the reason why the retail price has recently been 35 cents instead of 25 cents. In future these 25 cents per pair goods, at retail, must be landed in the United States at prices ranging from \$1.70 to \$1.90 per dozen—say at an average cost of \$1.80 per dozen to the importer.

Under proper tariff arrangements a good quality of hosiery can be purchased in Germany at an average price not exceeding $4\frac{1}{2}$ marks, or, in American money, \$1.08 per dozen.

	Flat duty. 15 cents.	Flat duty. 25 cents.	Without flat duty.
Foreign cost.....	\$1.08	\$1.08	\$1.08
50 per cent.....	.54	.54	.54
Flat.....	.15	.25	.....
Total.....	1.77	1.87	1.62

Now whether these goods cost \$1.62, \$1.77 or \$1.87 per dozen to land, they would be retailed at 25 cents per pair.

If we fail to include the 25 cents per dozen, or the 15 cents per dozen, flat duty, the German manufacturers' price will gradually advance to cover, or take in for themselves this 25 cents or this 15 cents per dozen. Our importers would soon be paying the German mills 5 marks (\$1.10) or $5\frac{1}{2}$ marks; or as large a price as the trade would bear. It is in this way that the foreigner does actually pay at least a small part of the tariff. And it is here made plain that if 15 cents per dozen flat duty, at least, is not added to the Underwood rate of 50 per cent, this additional amount will go into the pockets of the German manufacturers instead of into our Government's treasury; whilst our people will receive no benefit in the retail prices. Granting, however, that the Old World manufacturers would not advance their prices to take in this full difference, as added profits for themselves, then, in that case, the difference would go partly to a few of our middlemen, who stand at all times between foreign manufacturers and our retail merchants. The entire difference would go to the foreign mills, or else be divided between the foreign mills and a few of our middlemen.

The consumers will be certain of the privilege of paying the 25 cents per pair.

It is said by those who have investigated the matter that the heavy expenses and large profits of the American middlemen are the largest factors in our present undesirable condition of high cost of living.

It is claimed that in the matter of our everyday home requirements the manufacturers and producers receive very little more than 50 per cent of the prices paid by the consumers. Now, we have in question here a matter of at least 15 cents per dozen additional tax upon imported hosiery. This amount can go into the pockets of foreign manufacturers, it can be divided between foreign manufactures and a few of our middle men, or it can go into the Treasury of the United States.

A few months ago when I was in Canada I asked a friend there who is a large handler of low-priced hosiery to explain to me the tariff situation in his country. He said he had to pay 35 per cent ad valorem upon the value of hosiery imported from other countries, including the United States, whilst he paid only 25 per cent ad valorem upon the value of the same kind of goods imported from England. He said the English manufacturers based their prices on

hosiery to Canadian merchants, not upon their cost of production, but upon the prices prevailing in other countries plus nearly the differential in tariff duties. He said that for a certain ribbed hose which he could purchase in the United States for \$1 per dozen pairs, the English mills charged him about \$1.06 per dozen pairs. He figured it all out in detail for me.

United States price.....	\$1.00
35 per cent tariff.....	.35
Total.....	<u>1.35</u>
English price.....	1.06
25 per cent tariff.....	.26
Total.....	<u>1.32</u>

He said the English manufacturers could charge him about 6 per cent more for all this class of merchandise and still undersell the United States about 2 per cent, or a percentage lower than our prices sufficient to secure practically all the trade.

Canada continuously boasts that she pays no taxes to Great Britain, and yet we find that her people are paying England's merchants and manufacturers a bonus of 6 per cent upon the cost value of their merchandise purchases.

The British Government collects these taxes in the shape of income taxes from its merchants and manufacturers, but they are, after all, practically taxes direct from the Canadian people.

I mention the above in explanation of how you may count safely upon the foreign manufacturers and middlemen taking this full 15 cents per dozen to themselves unless you include the amount in our tariff bill.

I found in Toronto that the people were paying from 35 to 50 per cent higher prices than our people pay for nearly all ordinary small manufactured articles. Our 10-cent hosiery is sold there at 15 cents per pair. Our 12½-cent collars are sold there at 20 cents each. In place of our 10-cent stores they have 15-cent stores, in which the same qualities of articles are sold as our 10-cent stores sell.

Now, this 1½ cents per dozen specific duty, if left out of our tariff bill, would neither lower the retail prices to our consumers nor aid in making competitive trade conditions for our working people.

The rates in the Payne bill are really higher than necessary and should be reduced, for reasons which are plain to all.

There is no sort of price-making combination covering American hosiery manufacturers; competition is sharp and fierce among them, and the dividends of the average successful hosiery mill in the United States are smaller than those which obtain with manufacturers of other staple lines. As a rule, hosiery manufacturers have sustained positive losses the first few years of their careers, and many have failed. Even with ample protection, with the latest and best machinery, and under fair management the losses coming from the first few years, given to the education of help, have been more than many of our manufacturers could recover from.

The mill with which the writer is associated lost more than its entire original capital the first few years in educating its help, although we were using the best machinery and experienced foremen. This is not an unusual experience in manufacturing hosiery in this country.

The proportion of handwork is much larger in making hosiery than in other lines. It requires long experience in the work for hands to become proficient. Competition in prices is sharp and profits are therefore small. This necessitates smaller wages than many manufacturers would like to pay. On account of the necessary small wages many of the most efficient workmen after a time go to other lines where there is greater opportunity for a better general wage scale. It is this condition that necessitates the continuous education of help, to a greater or less extent.

In this industry, just as in all other industries, painstaking and efficient workers earn much larger wages than the careless and indifferent workers. It is often the case that several members of the one family work in the same mill, and in this way the family earnings are quite large.

At times hosiery mills have shown unusual profits or losses, on account of judicious or injudicious purchases of large stocks of material in advance, but these results should not be considered as profits or losses of the hosiery business.

Some one has said that the hosiery workers are protected whilst bricklayers are not protected; and yet bricklayers receive the larger wage. This is true, but it is also true that the small-wage earners of the mills are a kind and class of workers who could never become bricklayers.

A few painstaking and efficient mill workers receive \$3, \$4, to \$6 per day, the same as in other kinds of work, but these positions are limited, there being no place for a large number of workers at the higher wage. Whilst the average wage is not large in our hosiery mills, the amount should be compared with the average mill wage of Germany and not with the wage of the American bricklayer. Again, it should be noted that the average hosiery-mill hand of America could probably not find other employment at any price. This, however, is certainly no justification for a low wage in the hosiery mill. Home competition forces the small wage, and if foreign competition is made too sharp and strong this will mean at least a tendency toward a still lower wage in our mills.

In England and Germany, fathers, sons, and grandsons; mothers, daughters, and granddaughters, have been working in hosiery mills for generations. They have inherited and learned from their youth up the ways and means and the tact for accomplishing in the work of hosiery making. In our country, particularly in the South, the work is all new to the workers. On the other hand, when we come to the American consumers, we find that they have always had and still have a prejudice against domestic hosiery, and in favor of foreign goods. Thousands of our people will to-day pay a given price for foreign "seconds" in hosiery when American "firsts" could be purchased at the same price. Thousands of dollars have been spent the past few years in advertising the advantages of domestic hosiery as compared with foreign goods, but it has been very hard to get many of our people to even investigate the manufacturer's claims along these lines. The word "prejudice" is used here in partly an accommodative sense. The hosiery we import from Germany is what is called "full regular made" goods. These goods have a seam the entire length of the sole. For the most part, the goods made in the United States are "full seamless," although many of our mills are

making full regular hosiery. By reason of the fact that our people have always had to pay the higher price for the German goods, they have it fixed in their minds that these are superior to domestic goods.

The rate of 50 per cent ad valorem of the House bill straddles the requirements of the actual conditions here. It is too high to give our people the benefit of a 12½-cent price on full regular made hosiery, and it is too low to aid the American manufacturer in educating our dealers and our people in the advantages of using our 25-cent "full seamless" goods.

The Underwood rates cut too deeply in the tariff on hosiery for one purpose and not deep enough for the other purpose. This natural and long-standing prejudice among our people against home-manufactured hosiery is another among several potential reasons why a small incidental protective rate can be added to competitive rates upon hosiery without doing violence to the doctrines of the Baltimore platform. I, however, only hope for the competitive rates of 50 per cent ad valorem and 15 cents per dozen specific, or one of the other compound rates, viz, 40 per cent and 25 cents per dozen, or 45 per cent and 20 cents per dozen.

The proportion of handwork in making hosiery is large to the extent that it requires 1,000 hands to produce the same value in finished goods that can be produced by 50 to 150 hands in other lines.

Unlike sugar, tea, and coffee, the hosiery-manufacturing business uses larger quantities of our exclusively home-grown raw material in a way and manner to give employment to thousands of American-born citizens. It sends practically no money away from our country, but keeps millions of American dollars at home, and keeps these dollars in continuous circulation. Its workers do not send their earnings to the old countries with the expectation of soon following on themselves. It brings no Black Hand organizations to our country. Its workers are born here, they live here, they spend their earnings here, and they will die and be buried here. It gives the country a large measure of independence, owing to the fact that it is possible for it to supply the full hosiery requirements of our entire population. It does not oppress the poor. Our domestic socks which are retailed at 10 cents per pair are just as comfortable and wear longer than the imported socks which retail at 25 cents per pair.

It is not a sectional industry. Hosiery mills are located in the North, in the East, in the West, and in the South. It could not easily be controlled by a trust. The only difference in the \$5,000 hosiery plant and the \$500,000 hosiery plant is that the latter is larger and has a larger number of the same kind of machines. It pays no very large salaries to be figured in the general cost of production. It has made no "swollen" fortunes. Under ordinary fair conditions and in good times the average well-managed hosiery mill in this country can earn fair dividends upon actual invested capital; but with the sharp home competition it would be impossible to earn dividends to cover watered stocks.

Hosiery mills are, as a rule, smaller organizations as to capital stock than is found in other lines. The business, therefore, uses more talent and energy in proportion to capital, and for this reason really ought to show unusually large dividends.

The new brand of American hosiery which has been developed and put upon the market within the past 10 or 12 years gives the poor

people of our country the best wearing values any people have ever gotten at any time. And the demonstrated fact that the efficient and well-managed hosiery mill can live and be moderately prosperous in the United States, in the face of sharp and fierce competition, stands out as a monument to the Democratic doctrine that "competition is the life of trade," and forcibly and eminently proves that Judge Gary's "ruinous competition" is a phrase that has no honest place in America's legitimate business. The hosiery manufacturers of the United States are using the latest and best machinery they can procure, they are adopting the most economic methods of conducting their business, but they are not in any sort of price-fixing combination. This puts them "upon their mettle" to earn reasonable dividends upon the capital actually invested; but it clearly demonstrates the fact that American manufacturers can live and thrive under the old American competitive system, provided, of course, correct business methods are used and careful and painstaking attention is given to the details of their business. If all our hosiery manufacturers should combine this would not materially reduce the cost of production, except in a few instances. The selling expenses might be reduced, and the selling prices of the goods could be advanced. This would enable the then Hosiery Trust to issue and pay dividends upon watered stocks and bonds. And then one more heavy burden would be loaded upon the backs of the American working people. If such a combination is ever attempted, I sincerely trust that Congress will immediately put hosiery upon the free list, until such combination is broken up. Should we not save the hosiery manufacturing business as an example of successful "competition" in America?

At the present time I happen to personally know that there is a movement upon foot the tendency of which is to increase the wages of our hosiery workers. This has not been developed to a point that would justify me in making any sort of a report upon it or in making any definite promises as to the outcome. I can only say at this time that I know of the movement, which has been started in good faith, and I believe it will be successful if nothing is put too strongly in its way.

The number of persons engaged in making hosiery in this country is very large, and they are of a class who need their weekly earnings regularly. If in some season of dull times or of panic conditions in the old world many cargoes of cheap hosiery should be shipped into the United States at a low price and under low ad valorem rates, this would play havoc with the regular work of thousands of our people who depend upon their daily earnings for a livelihood.

I have heard that some of our large manufacturers have said that they can live under the rates of the Underwood House bill. I was sorry to hear this. Such a sentiment would seem to mean that these large concerns care nothing for the good of the people of the towns and villages and suburban settlements who depend wholly upon the wages they are receiving from the smaller hosiery plants. By means of some superior selling arrangements these larger mills might be able to secure the bulk of America's "full seamless" trade, and it is just possible that it might be advantageous to these large mills to have some of the smaller plants forced out of business.

I want to say in this connection that there is not a mill in this country that is better fixed to prosper under the Underwood rates than the mill in which I am interested. There is a sense in which it might pay those of us who are well established in the trade to have a lot of the smaller plants forced out of the business. I am not certain of this. But this is not the spirit in which I would bring before you the seriousness of this important question. It is not wholly a question of the old-established hosiery mills; it is more a question of the welfare of thousands of working people of many cities, towns, and villages all throughout our country.

In any event, a reaction will come in the present general rush of business within the next few years. If at such time 50 or 75 towns and villages and suburban settlements are forced into idleness and into the begging list by reason of closed-down hosiery mills, this will add just so much to the general unfortunate conditions of the entire country. This will be one more trouble in the time of a nation-wide trouble.

I ask nothing in the interest of old worn-out machinery. I ask nothing in the interest of carelessness or inefficiency. I ask nothing from the Government in the interest of business combinations. I ask nothing from this Government in the interest of any business or of any working people, except that this Government shall in a small measure make good upon an obligation which it has in former times assumed to make and to promise to an industry which has struggled for many years and is still struggling for a profitable existence in many sections of our country.

Par. 265.—COTTON GLOVES.

FRIEDLANDER BRADY KNITTING MILLS, CHICAGO, ILL.

MAY 10, 1913.

To the honorable Members of the Sixty-third Congress:

If the tariff bill now before Congress becomes a law, the manufacturer in this country of knitted gloves and mittens, and of gloves and mittens made of fabric (glove cloth) will be absolutely destroyed. Under the existing tariff, foreign-made goods comprise a large percentage of the American consumption of this class of merchandise, and a cut in the duties, such as is proposed, will entirely remove the American manufacturer as a competitor.

President Wilson has stated that no industry will be ruined by changes in the tariff; and we therefore believe that you will consider our plea, which we know to be a just one.

The manufacture of knitted gloves and mittens began in this country as an industry about 35 years ago. To-day nearly every State has its factories for the making of these goods. Individually the establishments are comparatively small, operating in keen competition with each other, but, in the aggregate, the investment of capital is large, and a large number of people are dependent upon the business for their livelihood.

The Bulletin of the Thirteenth Census of the United States, relating to "Manufactures: United States" abstract, page 44, under hosiery and knit goods, shows gloves and mittens as follows:

Products.	1909	1904	1899
Dozen pairs.....	2,527,889	2,260,508	1,898,587
Value.....	\$7,296,887	\$5,556,260	\$4,244,046

Until a few years ago the knitting of double seamless mittens, Exhibit A, comprised the chief article of manufacture in this line, but the knit yarn gloves, Exhibit B, and more recently gloves made of fabric or glove cloth, Exhibit C, have in a large measure supplanted the knitted mitten.

Fabric gloves are made of finely knitted cloth, but are fashioned in the same way as are fine leather gloves, and those of the better grade have the appearance of suede leather and chamois. In length, buttons, embroidered backs and style of seams the fabric glove closely follows its leather prototype.

The popular demand is for gloves that retail at 25 and 50 cents per pair. For the 25-cent glove the jobber pays from \$1.50 to \$1.75 net per dozen pairs. For the 50-cent glove he pays from \$3 to \$3.50 net per dozen pairs. The jobber buys the best value that can be produced at these standard prices.

A glove knitted from yarn or fashioned out of fabric requires skilled labor, and labor is the important element of its cost.

In the United States all knitting and sewing is done at the mills. The time for work is limited to about 50 hours per week, and children are not generally employed. The wages paid for this class of work averages from \$8 to \$9 per week for females, and from \$12 to \$15 per week for males.

Foreign-made goods, on the other hand, are for the most part produced in the home, where the children often do the work, and the hours are not limited. The average wages paid for females is \$3 per week, and for males from \$6 to \$7 per week.

Through the Department of Commerce we learned that Thomas H. Norton, United States consul at Chemnitz, Saxony, the home of the industry in Germany, was in the United States on his vacation, and we sent him the following telegram:

CHICAGO, April 25, 1913.

Consul THOMAS H. NORTON,
210 Niagara Street, Lockport, N. Y.:

Can you furnish us with information as to wages paid in the knitted-glove industry of Germany? What are the number of hours of work per week, and what are the laws regarding work in the homes and the age at which children may be employed? Kindly wire answer at our expense.

FRIEDLANDER BRADY KNITTING MILLS.

He replied by letter as follows:

AMERICAN CONSULAR SERVICE,
210 NIAGARA STREET,
Lockport, N. Y., April 25, 1913.

The FRIEDLANDER BRADY KNITTING MILLS,
Chicago.

GENTLEMEN: Your telegram with inquiries relative to the knitted-glove industry of Germany just received. I take pleasure in furnishing you the following data:

1. The organization of the glove industry in Saxony, in my consular district, is such that the bulk of the work is done by female operatives at home. Factories devoted

to the "fabric gloves" are comparatively small. They contain the machines for knitting "glove cloth" in varying degrees of fineness, and the necessary equipment for cutting out from "glove cloth" the single piece constituting the main part of an individual glove. The sewing of the glove, the pointing, hemming, etc., is executed by women and girls, usually in their own homes, at regular rates per dozen pairs. The gloves are returned to the factory to be examined, "finished," attached in pairs, labeled, and packed in cartons ready for shipment. Frequently the dyeing and finishing of the gloves is carried on by a separate dyeing establishment, where often the packing and shipment to customers is effected at fixed rates per dozen. The knitting machines are conducted by male operatives. Hours are usually 60 per week. Wages about \$6 to \$7 per week. Female operatives in a factory earn about \$3 per week. The work of sewers, etc., at home is by the dozen. Women and girls use their time when free from household duties.

2. All-knit gloves are sometimes made entirely in factories, sometimes the yarn is supplied by home workers, who are paid by the dozen. Dyeing, finishing, etc., are performed as above indicated.

3. Laws are now being formulated to bring "home" or "cottage" work more under the control and supervision of factory inspectors. All children must attend school until 14. Practically there is no limitation on the length of time children at any age may be occupied at home in gainful occupations.

4. Very valuable investigations on the extent and character of home industries have been published by trades-union organizations.

I think that my friend, Prof. S. P. Orth, of Cornell University, Ithaca, N. Y., has such publications. His recent work on socialism is a notable book and his studies were carried on at Chemnitz. A prominent Chemnitz editor and author, E. Heilmann (address Herrn Ridakteur E. Heilmann, "Die Volkstemme," Chemnitz, Saxony), could either furnish you with a copy or give you information how to obtain the last annual report on this subject.

The very exhaustive reports on the wage question in this industry were supplied by me to the Ways and Means Committee of Congress in 1908-9 and the Tariff Commission in 1910.

I will be glad to furnish you with any additional information required after my return to my post on July 1.

I remain, gentlemen, yours, very respectfully.

THOS. K. NORRIS.

(See also the Daily Consular and Trade Reports, Jan. 12, 1910, No. 3683, p. 4.)

Because of the great percentage of labor, especially hand labor, which enters into the cost of production, and because of the difference in working conditions and in wages here and abroad peculiar to this business, the manufacture of cotton and woolen gloves and mittens is dependent upon a tariff for the existence of the industry in the United States. While in the past the tariff has encouraged the making of such goods in this country, it has never been sufficiently high so as to exclude foreign importations. Under the existing rate of duty the importations have been quite large, and this is especially true of women's cotton fabric gloves.

Under date of April 26 the Department of Commerce writes us:

Recurring to your inquiry with reference to the importation of women's cotton and woolen gloves, made on occasion of your visit to this office, I have to inform you that in accordance with our suggestion on that occasion letters were written to the collectors of customs at New York, Philadelphia, Boston, and Chicago, asking for information upon this subject, and copies of their replies are inclosed herewith.

It is apparent from the statements made in the letters that the collectors of customs do not keep this classification separately, and that statements upon this subject must be compiled from the entries in existence in the various offices. You will see that while the collectors at Boston, Philadelphia, and Chicago have presented figures of imports of a part of all the fiscal year 1912, taken from the entries, the collector at New York states that the preparation of a compilation of this character, to make up for actual entries of the year, would be "a proposition of such magnitude as to make it a decidedly impracticable measure."

New York is the chief port of entry for gloves and mittens of this class, and figures showing the importations through this port would

be very valuable to us, but as these data are not available we must look to the figures furnished by the port of Chicago to the Department of Commerce under date of April 23, 1913, which show the imports for the fiscal year ending June 30, 1912, as follows:

Women's cotton gloves, rate of duty, 50 per cent; 64,345 dozen pairs; value, \$95,431; duty, \$47,715.50.

Now, for this same period the value of all imports through the port of Chicago amounted to \$23,005,387; while the value of all imports into the United States amounted to \$759,209,914.62. Applying the same ratio to women's cotton gloves, it follows that as the importation of women's cotton gloves through the port of Chicago amounted in value to \$95,431, the importation into the United States of women's cotton gloves was approximately \$3,000,000.

Women's cotton gloves, on which the importations, as shown, have been very heavy, consist chiefly of fabric gloves. Under the existing tariff rate of 50 per cent ad valorem the manufacture of women's cotton gloves in this country has been small. If the rate is still further reduced the manufacturing of these gloves in the United States will cease.

As to men's and boys' cotton gloves the Tariff Hand Book (p. 212, par. 265) shows the following:

Item.	Payne tariff, 1910.	1912	Estimates for a 12-month period under H. R. 3321.
Imports:			
Quantity (dozen pairs).....	176,254	86,837	.....
Value.....	\$312,947	\$83,363	\$150,000
Average unit.....	\$1.77	\$1.03	.....
Duties.....	\$218,684	\$78,788	\$52,500
Rate.....		50c. doz. and 40 per cent.	35 per cent.
Equivalent ad valorem per cent.....	69.88	89.17	35.00

Men's and boys' cotton gloves show imports in 1910 amounting in value to \$312,947 (Tariff Hand Book, p. 212, par. 265), or more than double the estimate of \$150,000 shown under a rate of 35 per cent ad valorem, as proposed in the Underwood bill. A severe cut in the rate on this class of goods will necessarily stop the manufacturing of men's and boys' cotton gloves in this country.

A tariff rate covering all cotton gloves should take into consideration the present low rate on women's cotton gloves (50 per cent), and the higher rate on men's and boys' cotton gloves (89.17 per cent).

A reduction of one-third of the rate on men's and boys' cotton gloves and an increase of one-fifth of the rate on women's cotton gloves would give a rate of 60 per cent on all cotton gloves. Under this rate there would still be a chance for the American manufacturer to get a share of the business.

As to woolen knit gloves, it is again necessary to resort to the data furnished by the port of Chicago to the Department of Commerce, which show the imports for the fiscal year ending June 30, 1912:

All-woolen gloves, rate of duty 44 cents per pound and 60 per cent; 20,083 dozen pair, weight, 17,445 pounds, value, \$27,364; duty \$24,094.20.

Using the same proportion as was employed in determining imports of women's cotton gloves, the imports of woolen knitted gloves

into the United States during this period amounted in value to over \$900,000.

As the value of the imports through the port of Chicago amounted to \$27,304, and the duties thereon amounted to \$24,094.20, the equivalent ad valorem rate of imports on this class of goods figures about 88 per cent ad valorem.

As yarn is the glove knitter's raw material, and it is proposed that the tariff on yarns be made 20 per cent ad valorem the corresponding rate on woolen yarn gloves would figure about 75 per cent ad valorem.

It may be possible for the American manufacturer to operate at a lower rate than 75 per cent, but it will be impossible for him to do so if the rate is reduced under 65 per cent ad valorem.

On silk gloves no data have been obtained.

The following is a tabulation of the results from the data available :

	Manu- factures (1909).	Imports- tions (1912).	Payne rate.	Rate H. R. 3321.	Rate recom- mended.
			<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Women's cotton gloves.....		1 \$3,000,000	50.00	35.00	60.00
Men's and boys' cotton gloves.....		88,263	89.17	35.00	60.00
Woolen gloves.....		1 900,000	88.00	35.00	65.00
Silk gloves.....			60.00	50.00	
Total.....	\$7,296,857				

¹ Estimate.

² Yarns at 20 per cent ad valorem.

Knitted and fabric gloves and mittens should be classified by themselves. They do not belong with "hosiery" or with "knit goods other than hosiery" and under the general division of "clothing or other wearing apparel" the industry is completely lost sight of. The fabric glove has become an important factor in the glove trade. The fine gauge light weights make an excellent substitute for "kid" gloves in warm weather, while those of heavier material are displacing the less dressy looking yarn gloves. It will be of vital interest to the Government, as well as those engaged, in the industry, to have accurate knowledge of the imports and manufacturers of such goods.

Cotton and woolen knitted gloves and mittens will probably continue to be retailed at 25 cents and 50 cents no matter what the tariff may be on this class of goods, for the people who buy them do not use more than one or two pair a year and a cut in price would be no inducement to purchase more. It may mean larger profits to the jobber and to the retailer if they are able to buy their goods in the foreign market at a reduction of 25 cents or 50 cents per dozen pairs, but the consumer will still pay the standard prices of 25 cents and 50 cents.

Whatever may be the case with other wearing apparel, the prevailing prices at which knitted and fabric gloves are sold in the United States are not high, and they have had no part in raising the cost of living. The proposed reduction in the tariff upon these goods means to the consumer a saving at the very most so small as to be negligible, but to the American manufacturer of these goods it means utter impossibility of continuing in the business. This would mean a heavy loss in the value of his materials and merchandise and a total loss of his machinery, while to the skilled operator employed in this industry it means loss of the employment for which he has fitted himself.

FABRIC MANUFACTURING CO., BY MR. A. V. VICTORIUS, 253 CHURCH STREET, NEW YORK.

In accordance with the suggestion of your subcommittee, we beg to supplement our verbal testimony with the following brief, which will be sworn to in order that the statements be accepted as being made in good faith.

The manufacture of cotton gloves is a new industry, started after the enactment of the Payne-Aldrich bill, which provides a duty of 40 per cent ad valorem and 50 cents per dozen specific, equivalent to 160 per cent ad valorem. The rate fixed in the Underwood bill is 35 per cent. Manufacturers in Germany sell these goods at 42 cents American money, which can be confirmed by the customs appraisers in New York.

At a 35 per cent rate the landed cost, including expenses, would be 61½ cents per dozen. Our cost of manufacture is 68 cents per dozen, so it will be seen that on a 35 per cent basis German manufacturers can sell for 6 cents per dozen less than the American cost of manufacturing.

As proof of this we are inclosing a certified statement of the various cost items. Each process of manufacture costs more in America than in Germany. This difference is due to the difference between American and German wage standards; experienced girls in Germany get from \$3 to \$4 weekly, whereas we pay \$9 to \$14 weekly for the same work.

For these reasons we respectfully urge your committee to increase the rate from 35 per cent to 50 per cent, which would make the landed cost of German-made gloves, including expenses, 67½ cents per dozen, which is practically our cost of manufacture, so that, on a 50 per cent basis, we would be in direct competition with Germany. This increase from 35 per cent to 50 per cent would harm no one, as in either event the consumer would be able to purchase the gloves at retail for 10 cents per pair. Since the consumer would not benefit by a 35 per cent rate we submit that same would be legislation in favor of the importer and against every other American interest. With the American competition eliminated it would enable the importer to make an exorbitant profit.

American manufacturers did not profit by the abnormally high rate in the Payne-Aldrich bill. The expenses and labor cost at the beginning were enormous. Goods that sold at \$1 to \$1.10 per dozen cost \$1.60 to make. When the costs were finally lowered, keen competition prevented more than a nominal profit, the result being that up to the present time there has not been sufficient money made to pay for any part of the cost of the machinery. Every known labor-saving device is being utilized and the cost of manufacture would not be further cut down without reducing the wages of the operators, and, as they could not afford to work for less, the business, in the event of a 35 per cent rate, would have to be discontinued; thousands of dollars invested in machinery would be lost and the help thrown out of employment, after devoting several years to learning the industry and perfecting themselves in it.

Will anything be gained by bringing this calamity upon us and upon our help? Will any consumer or laborer profit in any way, shape, or manner by the enactment of a 35 per cent rate? On the other hand,

the work would be transferred to the laborer in Germany, and our operators would be thrown out of employment. We are not asking 50 per cent in the hope of getting a compromise; 50 per cent is the minimum that we can exist on, and, considering that cotton gloves were not manufactured in the United States when a 50 per cent rate obtained, we feel that we have accomplished wonders in being able to exist on this rate. On account of competition with Germany, the revenue receipts would undoubtedly be as great under 50 per cent as under 35 per cent.

We submit that in our industry 50 per cent is an ideal rate. The consumer would get the goods at the minimum price, the operators would retain their positions, the Government would get an adequate revenue, and the manufacturer would be in direct competition with the European market.

We ask no favors in the way of excess duty, but do beg for a chance to exist.

Respectfully submitted.

A. V. VICTORIUS.

Sworn to before me this 27th day of May, 1913.

[SEAL.]

JOS. C. WERNER,
Notary Public.

STATE OF NEW YORK, *County of New York, ss:*

Personally appeared before me A. V. Victorius, who, being duly sworn, says:

1. That he is a manufacturer of men's cotton gloves at 520 West Broadway in the city of New York.
2. That the cost of manufacturing said gloves, which sell at 42 cents a dozen in Germany, is as follows:

	Per dozen.
Cutting.....	\$0.02½
Embroidering back of gloves.....	.05
Hemming wrists.....	.01½
Sewing up thumbs.....	.01½
Inserting thumbs.....	.06
Sewing pieces between fingers.....	.07
Closing gloves.....	.09
Steaming.....	.01½
Turning.....	.01
Pairing and boxing.....	.01
Forewoman.....	.01½
Helper.....	.01
Paper boxes.....	.03½
Thread.....	.02½
Rent and power.....	.03
Insurance and light.....	.01
Machinery repairs.....	.00½
Packing case and cartage.....	.01
Stationery, office, and incidentals.....	.01
Interest.....	.00½
Freight in and out.....	.00½
Cloth.....	.16
Total cost.....	.68

3. That the above cost does not include selling expense, management, foreman, nor allow for depreciation of machinery.

A. V. VICTORIUS.

Sworn to before me this 27th day of May, 1913.

[SEAL.]

JOS. C. WERNER,
Notary Public.

Par. 266.—COTTON KNIT GOODS.

KNIT UNDERWEAR MANUFACTURERS' ASSOCIATION, PER JOSEPH FELD-
ENHEIMER, SECRETARY, WASHINGTON, D. C.

WASHINGTON, D. C., April 30, 1913.

Hon. F. M. SIMMONS,
*Chairman Finance Committee,
Senate Office Building, Washington, D. C.*

DEAR SIR: Relating to Schedule I, paragraph 270, H. R. 3321,
page 68:

The Payne tariff rates on various classes of knitted cotton under-
wear range from 50 per cent on the highest-class goods to 135 per
cent on the lowest grades, and not 60.27 per cent, as stated on page 6,
"Analysis of new tariff bill."

Should the rate of 30 per cent proposed in H. R. 10, page 68, be
adopted it will prove absolutely destructive and ruinous to the knitted
cotton underwear industry of the United States, and no reduction of
wages could possibly be put into effect which would enable us to
compete with foreign manufacturers, whose labor costs are about 25
per cent of our own.

The alternative would be starvation wages for our workpeople or
a general and steady decline of the industry in this country.

We therefore earnestly request that the rates on knitted cotton
underwear be changed and that the paragraph referred to be amended
to read as follows:

Shirts and drawers, pants, vests, union suits, combination suits, tights, sweat-
ers, corset covers, and all underwear of every description made wholly or in part
on knitting machines, frames, or looms, or knit by hand, finished or unfinished,
not including stockings, hose, and half hose, composed of cotton or other vegeta-
ble fiber, valued at less but not more than \$2 per dozen, 40 per cent ad valorem;
valued at more than \$2 per dozen, 45 per cent ad valorem.

These rates, showing an average reduction of 61 per cent from the
present highest rates of the Payne schedules, would be lower than
those in effect during the Wilson bill; furthermore, these rates men-
tioned above represent the competitive and danger points in compe-
tition with foreign goods without protection to profits and without
any factor of safety to the domestic manufacturer.

If the rates suggested are adopted they will be the lowest in effect
on our class of manufacture within 40 years, and during which time
wages has steadily advanced, although the consumer has been able to
obtain better goods without paying any more.

Payne or Dingley rates.	Proposed Under-wood rates.	Knit underwear manufacturers' proposed rates.	Less than highest Payne rates.
First classification, 70 per cent to 135 per cent, valued from 50 cents per dozen to \$2 per dozen.....	Per cent. 30	Per cent. 40	Per cent. 95
Second, third, fourth, fifth, and sixth classifications, 50 per cent to 73 per cent, valued at more than \$2 per dozen.....	30	45	28

The above recommendations show an average reduction from the highest Payne rates of 61 per cent.

With a 50 per cent rate under the Wilson bill the industry languished, and many mills were closed for months at the time.

Since the time of the Wilson bill working hours have changed in a number of States from 60 to 54, with prospects of 50, and more stringent laws governing the employment of younger people have been adopted, whilst the foreign competing nations have maintained the longer working schedules and more favorable apprentice systems.

In support of our statement as to the difference in wages between this country and a foreign country we give herewith the report of United States Consular Agent George A. Makinson, Saxony:

The working hours in the mills are 10 daily, except Saturday, when 8 hours are worked. The men and women weavers generally work by the piece, and earn \$2.75 to \$3.25 per week; master weavers, exclusively men, earn \$3.50 to \$4.50. Spooling, twisting, throwing, and stitching are in charge of women, who are paid \$1.00 to \$3 per week. Half-timers, boys and girls over 16 years engaged in miscellaneous light work, receive 75 cents to \$1.50 weekly.

The wages paid in this country for similar class of work are from three to five times as much.

Payne duty.	Value.	Ad valorem equiva- lent.	Payne duty.	Value.	Ad valorem equiva- lent.
		<i>Per cent.</i>			<i>Per cent.</i>
\$0.60 and 15 per cent.....	\$0.50	135	\$1.75 and 35 per cent.....	\$3.10	69.3
	.75	95		5.25	68.3
	1.00	75		5.50	68.8
	1.25	63		5.75	68.4
	1.50	55		6.00	64.1
\$1.10 and 15 per cent.....	1.60	83.7		6.25	63
	1.75	77.8		6.50	61.9
	2.00	70		6.75	61
	2.25	63.8	\$2.25 and 35 per cent.....	7.00	60
	2.50	59		7.10	66.6
	2.75	55		8.00	63.1
	3.00	51.6		9.00	60
\$1.50 and 25 per cent.....	3.10	73.3		10.00	57.5
	3.25	71.1		11.00	55.4
	3.50	67.8		12.00	53.7
	3.75	65		13.00	52.3
	4.00	62.5		14.00	51
	4.25	60.2		14.75	50.2
	4.50	58.3	Upward.....	15.00	50
	5.00	55			

(The following names appear as signers of the above: Knit Underwear Manufacturers' Association, per Jos. Feldenheimer, secretary; W. C. Ruffin, chairman; Andrey Frey, president, Utica, N. Y.; Clifton P. Baker, Boston, Mass.; Edward H. Clift, New York City; Henry S. Cooper, Kenosha, Wis.; L. M. Flesh, Piqua, Ohio; J. W. Hanson, Macon, Ga.; P. H. Hanes, Winston-Salem, N. C.; Nathan Hatch, Albany, N. Y.; George Kavanaugh, Waterford, N. Y.; W. C. Ruffin, Mayodan, N. C.; William Sloane, Norfolk, Va.; W. C. Spaulding, Minneapolis, Minn.; John K. Stewart, Amsterdam, N. Y.; Harry Querns, Philadelphia, Pa.)

P. H. HANES KNITTING CO., WINSTON-SALEM, N. C., PER P. H. HANES, JR.,
SECRETARY-TREASURER.

WINSTON-SALEM, N. C., *April 24, 1913.*

Hon. F. M. SIMMONS,

United States Senate, Washington, D. C.

DEAR SIR: We beg to acknowledge receipt of your courteous favor of the 21st with regard to hearing before your Finance Committee, and regret to note that the majority members of your committee have decided not to have hearings, but that you would give any views we wish to submit in writing your very careful consideration and call them to the attention of the committee. Below we submit our views for your earnest and favorable consideration:

The drastic change from the present rates of \$1.10 per dozen specific and 15 per cent ad valorem, which is equivalent to 60 per cent straight ad valorem, to a flat rate of 30 per cent as now proposed means the decline of the cotton knit underwear industry in the United States, and the amount of business that the foreign manufacturers can do with this rate will be limited only to their facilities for manufacturing underwear for our market.

Without regard to politics thousands of voters in this country were influenced by the declaration of Mr. Wilson that "No honest or legitimate industry need have any fear of his administration."

This statement was accepted in entire good faith by a great number of the voters, among whom were thousands of the workers in the underwear factories. We are therefore unwilling to believe that the effects of this drastic change was understood by the individual members of the Ways and Means Committee.

The chief competition which we have to fear is from Germany and France.

In order to give you some idea of the rate of wages paid by those countries we quote from a report of United States Consular Agent George A. Makinson, Sorau, Saxony, as follows:

The men and women weavers generally work by the piece and earn \$2.75 to \$3.25 per week; master weavers, exclusively men, earn \$3.50 to \$4.50; spooling, twisting, throwing, and stitching are in charge of women, who are paid \$1.00 to \$3 per week; half-timers, boys and girls over 16 years, engaged in miscellaneous light work, receive 75 cents to \$1.50 weekly.

Similar rates of wages, and even lower, are paid in France, whilst in Spain (see special agent series No. 46, by Ralph M. Odell, agent of Department of Commerce and Labor, covering living and working conditions of mill workers in Spain)—

Eleven hours constitute a working day according to law, but several of the mills that I visited were running 12 hours. Work usually begins at 5.30 a. m. and ends at 6 p. m.

Spain probably employs the lowest-paid labor in Europe, and in a short while our workpeople would be in direct competition with people whose standard of living is far below the American standard.

While we hold no brief for the wage earners employed in our industry, we believe that their interest should be considered, and in behalf of the 75,000 men and women employed in the manufacture of underwear we urge your careful consideration of this revolutionary change, which, without doubt, threatens the very existence of our industry.

The manufacturers of underwear have agreed among themselves, as to the rates of tariff which would make it possible to continue as manufacturers and maintain the present scale of wages. We therefore suggest for your very careful and, we trust, favorable consideration the rates given below, which we believe will meet every condition demanded by the Ways and Means Committee:

First. The reduction of the present rates, which amount to 60 per cent, to a new rate, which we suggest, of from 50 per cent to 40 per cent ad valorem.

Second. The lowest rate which could conserve the American standard of wages and at the same time give a measure of foreign competition such as we have never known in this country.

We therefore ask that Schedule I, paragraph 329, should be amended to read as follows:

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, frames, or looms, composed of cotton or other vegetable fiber, weighing up to and including 6 pounds per dozen, 50 per cent ad valorem, and goods weighing more than 6 pounds per dozen, 40 per cent ad valorem.

We trust you will consider this an appeal for the very existence of one of the most worthy American industries, and one in which there has been no large combinations of capital and interests, such as has been the case with nearly every other line of industry of large proportions, and one in which the profits are very small as compared to the majority of other American industries.

It seems to us this industry is one that is truly American from every standpoint and should appeal to and be appreciated by our Democratic friends in the Senate and House of Representatives as such.

As previously stated, we trust you and your committee will give the rates suggested above your most careful consideration, and we can assure you they are bedrock and absolutely necessary for the continuation without decline of the knit-underwear business.

Par. 267.—ELASTIC GORINGS, ETC.

GLENDALE ELASTIC FABRICS CO., BY GEORGE ASTIN, GENERAL MANAGER,
EASTHAMPTON, MASS.

MAY 15, 1913.

DEAR SIR: As general manager of the largest manufactory of elastic webs in the United States, I desire to lay before you the following reasons why the tariff on such goods should not be lowered. In doing so I would state, in the first place, the nature of the goods manufactured—elastic gorings, beltings, suspender webs, suspenders, garter webs, cords, and braids. These goods are composed of india-rubber thread, silk, cotton, and mercerized and glazed yarns.

Permit me to state that there is nothing in the nature of a combine or trust amongst the manufacturers of this class of goods, but, on the contrary, the very keenest competition among them, all the more so because there are a great many more shuttles in the United States than will supply the normal demand for elastic webs. I am,

however, unable to give an approximate estimate of the production in the United States.

This industry gives employment to a large number of operatives who are earning good wages, and a reduction of duty would certainly be very injurious to them. We already have a strenuous competition with imported goods, these being the product of very much cheaper labor of European manufacturers.

I have visited England each year for the last seven years, and during that time have spent about two months of each year in that country. Consequently I am in a position to speak from personal knowledge of the conditions under which elastic webs are manufactured there.

At least 80 per cent of our employees are adults, and all of them earn good wages; whilst, on the other hand, most of the operatives in the webbing industry in England are young persons—boys and girls. For each shilling they earn our employees earn a dollar. To be more specific, a boy from school, starting to work in one of these factories in England, earns about 5 shillings (\$1.20) per week. At the end of six months they get 6 shillings (\$1.44) per week; whilst the lowest paid boy from school in our factories gets \$4.50 per week. This low pay in our factories does not average above 1 per cent of our employees, whilst the women, who average 50 per cent of our employees, earn from \$7.50 to \$18 per week.

As previously stated, the women and children help in England very much predominates, whilst in our factories there are 50 per cent male adults. The above applies to our weavers, winders, warpers, and women who work in factories boxing, labeling, and putting up the fabrics.

Our other class of help—machinists, engineers, carpenters, and packers—earn from \$16 to \$20 per week. In England the same class of help earns from 25 to 40 shillings (\$6 to \$9.60) per week. Our bricks, mortar, and machinery costs, at a conservative estimate, one-third more than the same machinery and factories would cost in England.

It may not be necessary for me to remind you that the materials which compose the fabrics we make cost more than they have to pay in England. In addition to that we have to pay more money for repairs and construction, and even if we could employ the cheap labor referred to we would still be unable to compete with England. I have named England in particular because this is the center of the elastic web industry.

I conclude, believing that you will do justice not only to the working people but also to those who have invested their money in this industry, many of whom are dependent upon their investments for their maintenance.

LEOLASTIC, THIRTY-FIRST STREET, BAYONNE, N. J.

BAYONNE, N. J., *May 9, 1913.*

HON. JOHN SHARP WILLIAMS,
United States Senate, Washington, D. C.

SIR: Protesting against reductions proposed in H. R. 3321, April 21, 1913, in the following paragraphs: Schedule I, cotton, para-

graph 267; Schedule J, flax, paragraph 287; Schedule K, wool, paragraph 301; Schedule L, silk, paragraph 324.

The Leolastic folk are manufacturers of merchandise covered by the above paragraphs. We know of no trust engaged in the manufacture of any articles covered by the said paragraphs. On the contrary, the competition is keen, even fierce. There are no other paragraphs in the bill covering articles of merchandise on which the work is so individual or where there is a greater mob of competitors.

Under the paragraphs in question there are no less than 1,000 concerns engaged in "legitimate business" of manufacture in 27 States of the Union whose business will be "injured or destroyed"¹ if the rates shall be fixed as proposed. Besides the plants engaged in the manufacture of the articles covered are those furnishing them with materials, supplies, tools, machinery, buildings, etc., to say nothing of those who furnish the tens of thousands of employees of such plants with shelter, food, and furnishings.

Notwithstanding the duties imposed by the present tariff law, which are much higher than the proposed rates of duty, there are large importations of Eurasian-made goods of the kind under consideration. While the Chinese, Japanese, and Hindus are prohibited by our laws from further immigration, yet they produce the goods in question in large quantities and, under the proposed bill, they can flood this country with goods made in mills which work in some cases the entire 24 hours and for 7 days in the week. We are limited by law in this country to 6 days' work of 8 or 9 hours each. How can we meet such competition without a fully protective tariff?

Under the tariff act of 1894 there were very large importations of the merchandise covered by the above paragraphs from Eurasian countries, which were the product of the plants in operation at the time of the passage of the act. Had the rates of that act been made permanent, Europeans and orientals would, with new plants, have gotten the bulk of the American work and wages.² They surely will under the rates of the proposed bill.

The proposed bill does not correspondingly reduce the duty on yarns, cotton, flax, wool, and silk. The Europeans and Asiatics have their yarn free, while their American competitors, otherwise handicapped, have higher cost yarns, materials, buildings, machinery, and tools. Eurasian existing plants will all run full time maximum product and therefore minimum cost, and send their surplus to the United States to bury American workers, working one-half time, one-fourth time, or minimum product at maximum cost. There is no joy for workers on one-half time or one-half rations, and for the tool-owning workers no wages at all, and pawn of the tools ending in loss even of the tools after working without wages.

The proposed bill will make it no longer prudent for individuals or corporations to sink their money in expensive plants without they organize on a sufficiently large scale to also have plants abroad so as to be prepared to salvage the wrecks caused by jerks of downward jumps in tariff rates. Internationally equipped concerns can stand up under these circumstances, as they can do the work abroad or in

¹ President Wilson promised that no "legitimate business" should be "injured or destroyed."

² New York Sun, May 4, 1913, p. 16, quotes from Japanese Government records, average wages of weavers, males, 22 cents a day; females, 18 cents a day.

the United States of America, as the proposed rates make it economically necessary. There are no such international concerns working under these paragraphs at this time and all are unprepared, bewildered, trending to panic.

Under the existing rates of duty the workers of the United States are brought into keen and active competition with Eurasian workers, showing most conclusively that the present rates are not too high. Should the rates be materially lowered, the manufacture of this class of merchandise will be taken from the workers of America and transferred to Eurasian workers, while American workers go one-half unemployed. We earnestly urge that the present rates be maintained, or at least a more moderate reduction than the one proposed.

Par. 267.—COTTON BANDINGS, BELTINGS, ETC.

B. & J. DICK (LTD.), PASSAIC, N. J., BY J. F. LINN, MANAGER; E. H. GRIFFITH, SALES MANAGER; AND LOUIS KAUBER, AUDITOR.

JUNE 5, 1913.

Hon. CHARLES F. JOHNSON,
Chairman, United States Senate, Washington, D. C.

DEAR SIR: We respectfully submit the following facts for your committee's consideration, with the hope that you may make such recommendation as may be necessary to obtain a new classification for our product of manufacture.

BALATA BELTING.

Under the present tariff a duty of 30 per cent ad valorem is paid on balata belting. (See par. 267.)

Under the proposed new tariff bill a duty of 15 per cent ad valorem is to be paid on balata belting (see p. 68, par. 271, lines 22, 23, 24, and p. 69, line 1), reading as follows:

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.

In the manufacture of our balata belting there is no india rubber used whatsoever.

We use exclusively balata and cotton.

Balata is the gum of the boele tree and is an entirely different material from india rubber. As a matter of fact, we are in active competition with india-rubber belting.

From reading the above paragraph No. 271 in the proposed new tariff bill we understand that the article, whether balata belting or other material, must be composed of materials of which cotton or other vegetable fiber is the component material of chief value.

We therefore respectfully submit the statement that in the manufacture of our balata belting, cotton or other vegetable fiber is not the component material of chief value, for the reason that in the manufacture of our balata belting we use cotton duck and pure balata, and that the balata is by far the component material of chief value. In explanation of this would say that our balata belt is com-

posed approximately of two-thirds weight of cotton duck and approximately one-third weight pure balata. (Balata is used for frictioning and solidifying purposes as well as waterproofing.)

Taking the present market price on the two materials used in our belting, a pound of cotton duck, such as we use, is worth approximately 26 cents. A pound of pure balata after it is impregnated into the cotton duck is worth approximately \$1.05 per pound. The result would be as follows:

$\frac{2}{3}$ of 1 pound cotton.....	\$0.17 $\frac{1}{2}$
$\frac{1}{3}$ of 1 pound pure balata.....	.35

Which clearly shows that the component material of chief value is balata, or twice as much as the value of the cotton.

Previous to about July, 1909, there was very little balata belting imported into the United States. About July, 1909, we imported all of our balata belting, and up until the time when our factory at Passaic, N. J., was completed and ready for operation, which was approximately March, 1911, we imported our balata belting to the amount of \$306,532, and on this amount we paid duty to the extent of \$91,959.60.

Since July, 1909, to February 28, 1913, we have spent here for our land and buildings, machinery, furniture, salaries, and factory wages, general expenses, rent, and raw material, \$1,164,797.71. We pay high wages to our factory workmen, our average wage being \$18 per week; 64 per cent receive \$20 per week or over, 36 per cent receiving \$12 per week or over.

Since July, 1909, and during the period that we imported our balata belting, we eliminated, so far as the user of belting is concerned, the duty or tariff which we paid, hoping that in later years our volume of business would increase to such an extent that we would be remunerated and gradually enabled to show a profit. We find ourselves to-day in the position of a net loss, approximately the amount that we paid the United States for duty.

We attach hereto a statement showing the expenses to which we have been put in endeavoring to introduce our article and the income derived therefrom, showing that during the period from 1909 to the present time, we have operated our business at a net loss of \$83,116.40.

We use exclusively in our manufacture cotton duck of American manufacture.

The raw balata which we use is imported mostly from South American countries.

The brown cover on our belt is of no real value, so far as the belt is concerned, and is simply put on to make a finished appearance.

We are inclosing a piece of raw material in what is known as "sheet" form, also a piece cut from what is known as "block."

We also inclose a sample showing the general make-up of our belt, also showing the brown covering.

In view of the above statements and the fact that the manufacture of balata belting in the United States is in its infancy (established March, 1911), we seek protection, and respectfully ask that if in the judgment of Congress it should be wise to reduce the tariff upon machinery belting made of cotton duck, or other vegetable fiber and India rubber, that a separate provision and classification be made of balata belting and that the tariff duty thereon be maintained at its present rate, 30 per cent, which rate never had and does

not now afford such protection or special privilege as either to create a monopoly or to render the profits of the American manufacturer large or excessive, or to create a burden upon the American factory owners who use Balata belting.

[Inclosure.]

Statement of expenditures of R. & J. Dick (Ltd.), Passaic, N. J., from July 1, 1909, to Feb. 28, 1913.

	Expenditures.	Imported.	Customs duties.
Land and buildings.....	\$128,935.07		
Machinery and fittings.....	64,000.83	\$22,513.00	\$10,130.83
Furniture.....	3,089.51		
Officers' salaries, office expense, and factory wages.....	133,522.60		
Salesmen's salaries and traveling expense.....	226,536.78		
General expense—rent, freight, etc.....	133,165.94		
Belting bought before factory was built.....		306,532.00	91,859.60
Raw materials.....	475,566.99		
Total	1,164,797.71	329,045.33	102,090.45

Expenditures.....	\$1,164,797.71
Imported.....	329,045.33
Customs duties.....	102,090.45
Total	1,695,933.54

Profit and loss.

[Period: July 1, 1909, to Feb. 28, 1913.]

Net loss..... \$83,116.40

(Figures submitted by chartered accountants.)

Average wages, \$18 per week; 64 per cent receiving \$20 or over; 36 per cent, \$12 or over.

JOSEPH L. PORTER CO. (INC.), 61-63 LEONARD STREET, NEW YORK, PER
CHARLES S. KING, TREASURER.

NEW YORK, May 3, 1913.

Senator SIMMONS,

Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: Referring to the new tariff, a copy of which I have before me, I respectfully call your attention to what perhaps are oversights and omissions in the wording of the paragraphs enumerated, as follows:

Schedule I, paragraph 271:

Bandings, belting, bindings, etc., not embroidered by hand or machinery.

I would suggest, after the word "embroidered," inserting the words "or figured," so that the paragraph would read:

Bandings, beltings, bindings, etc., not embroidered or figured by hand or machinery.

For, as you will see per the inclosed exhibit and the notations thereon, fancy narrow fabrics and trimmings as a rule are not embroidered; the figure effects are produced in a loom by shuttles or warp threads.

Schedule L, paragraph 328:

Ribbons, bandings, etc., not embroidered by hand or machinery.

I would suggest the words "or figured" be inserted, after the word "embroidered," so that the paragraph will read:

Ribbons, bandings, etc., not embroidered or figured in any manner.

Paragraph 329. I would suggest inserting the word "trimmings," which seems to have been omitted.

Schedule N, paragraph 347:

Braids—Featherstitch braids, fringes, etc.

I would suggest inserting the word "trimmings" also, so that the paragraph would read:

Braids—Featherstitch braids, trimmings, fringes, etc.

The word "trimmings" I do not seem to find in any of the schedules, and unless this word is inserted there is liable to be some confusion in the application of the new tariff, for in the old tariff prior to 1909 the importers sued the Government, and the case was carried to the Supreme Court, because the articles referred to on the inclosed exhibit were not more clearly enumerated. I was a witness for the Government at that time, and the suit was finally won in the Supreme Court, for we clearly proved that these goods were trimmings and not bindings and bandings in the sense that the importers contended.

All of these fancy articles are essentially luxuries and particularly on the cotton end of the line, the difference between the foreign and the domestic labor cost is greatly in favor of the imported goods, and, as a matter of fact, even at the present rate of duty (60 per cent) it is impossible for the domestic manufacturers to compete on many lines, even though they use a great deal of southern cotton yarn, which is the cheapest yarn they have access to.

I should be very glad indeed to come to Washington and go over these or any other items in the tape, binding, or trimming schedules with you if you would care to have me, for I feel competent to speak authoritatively on most all these articles, as I have quite an intimate acquaintance with both the foreign and domestic manufacturing end.

J. ARTHUR ADAMSON, PHILADELPHIA, PA.

THE FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: I would respectfully call your attention to the drastic reductions made in the duties of the proposed new tariff on the class of cotton goods embraced in Schedule I, section 267, known as bandings, beltings, bindings, bone casings, cords, garters, ribbons, tire fabrics, suspenders and braces, tapes, bindings, webs or webbing and the same class of goods in linens contained in Schedule J, section 287.

These goods both in cotton and linen are now subject to a duty of 60 per cent and it is proposed to change this to 25 per cent for cotton and 30 per cent for linen.

I would also direct your attention to the wording of Schedule I, section 271, H. R. bill 10, lines 11, 12, 13, 17, 18, 19, in which the pre-

ceding articles are described as "made of cotton or other vegetable fiber or of which cotton or other vegetable fiber is the component material of chief value." This description would probably include goods made from the flax, hemp, or ramie, which are certainly vegetable fibers.

Of all woven goods tapes, bandings, webbings, and like narrow fabrics have a larger proportion of labor and overhead charges than any other class. It is evident without technical knowledge that a fabric one-fourth inch wide with the same yarns and threads per inch will cost more per square yard to weave than the same article 36 inches wide. Each loom runs at the same speed and a separate shuttle is required for each width of goods. The cost of weaving the square yard of tape is greater than the whole value of the 36-inch product. Weaving in this country costs twice as much as in England and on the Continent of Europe there is a still wider difference.

The proportion of "overhead" manufacturing expenses, technically known as "burden rate," must necessarily be much greater here than elsewhere.

The low proposed duty on linen, bands, bandings, etc., will materially increase the proportion of these goods consumed in this country compared with cotton goods. All linen yarns used in the manufacturing of tapes, bindings, etc., are imported. The duty proposed on the yarns is 25 per cent, and the domestic manufacturer buys these goods from a commission merchant who charges 7 to 10 per cent for his services. The foreign manufacturer can buy from the spinner. The practical result is the duty on the yarn is greater than the protective duty on the goods.

The domestic manufacturer will be forced to discontinue the manufacture of linen or ramie tapes, and a finished product, which is grown, spun, and woven abroad, will be substituted for cotton goods that are grown, spun, and woven here.

Linen is a luxury, and the articles in Schedule F, section 291, classed as bands, bindings, etc., are, with no exceptions when made from linen, used as articles of clothing and should all pay the same duty, viz, 50 per cent ad valorem.

I ask your attention to the above discrepancies.

Par. 267.—UMBRELLA CORDS AND TASSELS.

BRIEF OF UMBRELLA MANUFACTURERS OF THE UNITED STATES OF AMERICA, BY SUPLEE, REEVE, WHITING CO., PHILADELPHIA, PA., ET AL.

NEW YORK, N. Y., May 19, 1913.

The COMMITTEE ON FINANCE, *United States Senate*.

GENTLEMEN: We inclose copy of recent Treasury decision (T. D. 33389, abstract 32173) covering the disputed classification of cotton umbrella tassels.

In order to render clear the intent of Congress in the pending bill (H. R. 3321), we would suggest that in Schedule I, paragraph 267, after the word "Cords," there be inserted the following words:

Cords and tassels, including umbrella tassels.

Similar words are used in Schedule K, paragraph 301, and in Schedule L, paragraph 324, covering similar articles made, respectively, of wool and of silk.

[Inclosure.]

No. 32173, umbrella trimmings, cotton cords, and tassels; protest 518294 of H. Bischoff & Co. (New York).

Cooper, General Appraiser: The merchandise in question was returned by the appraiser as umbrella trimmings composed of cotton cord with cotton tassels, cotton cord the component material of chief value in the completed article, and duty was assessed thereon at 60 per cent ad valorem by virtue of the first proviso to paragraph 349, act of 1909, which states "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."

At the hearing the protestants proved that the wooden molds in the tassels attached to the cords were of more value than the cords, and claimed that the first proviso of paragraph 349 has no application to the merchandise involved, as the articles are not composed wholly or in chief value of "cords" specified in the paragraph. Counsel for the importers in this brief states that it is apparent that, by reason of the fact that in paragraphs 401 and 402 of the silk schedule provision is made for "cords, cords and tassels," "trimmings," and "ornaments," Congress has distinguished "cords and tassels" from other "trimmings" and "ornaments," and that therefore it did not intend that cords and tassels of any material should be assessed for duty as trimmings or ornaments. We can not agree with this contention. The fact that Congress has provided for "cords, cords and tassels," "trimmings," and "ornaments" in the silk schedule is no reason for holding that cotton cords and tassels are not cotton trimmings, as provided for in paragraph 349 of the cotton schedule.

We think that the articles in question are trimmings, and on the record we find that they are composed in chief value of cotton, no evidence having been offered tending to show that the component material in the completed articles is other than cotton, as reported by the appraiser. We hold that even if they are not in chief value of "cords" they would fall within the provisions in paragraph 349 for "trimmings, ornaments, composed wholly or in chief value of cotton."

(The following names appeared on the brief: Suplec, Reeve, Whiting Co., F. F. Mitchell, treasurer, northeast corner Twelfth and Cherry Streets, Philadelphia, Pa.; Moxey, Howlett & Co., northeast corner Twelfth and Arch Streets, Philadelphia, Pa.; Gans Bros., Baltimore, Md.; Siegel, Rothschild & Co., Baltimore, Md.; Polan, Katz & Co., Baltimore, Md.; Rose Bros. & Co., Lancaster, Pa.; Excelsior Umbrella Manufacturing Co., Andrew N. Winslow, proprietor, Boston, Mass.; Wm. H. Rich & Son, New York; Arthe, Levy, Beruh & Co., New York; Simons & McGee, New York; Miller Bros. & Co., New York; The John C. Lowe Co., J. C. L., president, Cleveland, Ohio.)

Pars. 267 and 271.—PNEUMATIC-TIRE FABRICS, ETC.

BRIGHTON MILLS, PASSAIC, N. J., BY WILLIAM LYALL, PRESIDENT.

**TIRE FABRICS, OR FABRIC SUITABLE FOR USE IN PNEUMATIC TIRES
(INCLUDED IN SEC. 271 OF H. R. 10).**

Tire fabrics are made from a fine quality, long staple, combed, and carded sea-island or Egyptian cotton.

There are a dozen independent keenly competing mills in this country manufacturing tire fabrics. There is no trust, gentleman's

agreement, or agreement in restraint of trade in any form; competition is strong and profits small.

Prior to the Payne tariff law this material was imported in large quantities, 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 material of this kind was imported for use in automobile tires amounting in value approximately to the following figures:

Tire fabric imported into the port of New York.

For the year ending June 30—

1908.....	\$230,000
1909.....	462,000

Up to the time of the passage of the Payne law these imports were continually increasing, and during the year ending June 30, 1909, constituted, as nearly as we are able to estimate, about 25 per cent of the total consumption of the fabrics in the United States.

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.

Our great handicap 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.

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.

There is no exportation of these goods.

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 the newspaper reports are correct and it is desired to make a "competitive" tariff, namely, a tariff which will let in a fair amount of foreign competition and yet not be ruinous to American industry or American labor, then 35 per cent ad valorem would seem to be a fair rate, permitting, as actual experience shows, an importation of about 25 per cent of the total consumption.

We would therefore suggest that paragraph 271, on page 68 of H. R. 10, be amended so that "tire fabrics or fabrics suitable for use in pneumatic tires" shall be subject to a duty of 35 per cent ad valorem.

Par. 268.—TABLE DAMASK, ETC.

ROSEMARY MANUFACTURING CO., ROANOKE RAPIDS, N. C., BY JOHN L. PATTERSON, MANAGER.

ROANOKE RAPIDS, N. C., *May 14, 1913.*

Senator JOHNSON,
Finance Committee, Senate Office Building,
Washington, D. C.

DEAR SENATOR: In accordance with your request of last Saturday, when you and your committee kindly gave me an interview, I am inclosing herewith two copies of the brief concerning our product (cotton damasks), which was presented to the Ways and Means Committee last January. [See Hearings, p. 3655.] This brief does not contain anything but what is absolutely true to the best of my knowledge and belief, and the figures concerning imports were taken directly from Government records.

As stated to your committee, we think cotton damasks, on account of the nature of their construction and on account of the large cost of plant and equipment to weave this class of goods per pound of product compared with other jacquard (figured or flowered) goods, are entitled to a separate classification, and are also entitled to a slightly higher duty than other jacquard woven goods, unless they be of very fine construction.

You requested that I submit to you my ideas as to the change of wording in H. R. 3321 as passed covering jacquard woven goods. To avoid confusion I suggest, first, that the words "jacquard figured," in line 20, on page 66, paragraph 257, be stricken out.

Second. That the balance of paragraph 263, page 68, after the word "valorem," in line 22, be changed as follows:

All other jacquard woven cotton fabrics, or of which cotton is the component material of chief value, not otherwise specially provided for in this schedule, containing yarn, highest number of which does not exceed number forty, 35 per centum ad valorem; containing yarn finer than number forty, 40 per centum ad valorem.

Third. That the last line of paragraph 268, which is line 20, on page 70, be changed to read as follows: "* * * this section, 35 per centum ad valorem."

As stated in my brief and to you personally, I honestly believe that cotton damasks should, on account of the large foreign competition on this product under the present rate (40 per cent ad valorem), continue to carry that rate irrespective of whatever rate is granted other jacquard woven cotton goods. You will note, however, in order to be ultraconservative and consistent, I have suggested a rate of 35 per cent ad valorem, which is the same as we have suggested for other jacquard cotton goods woven of yarns, highest number of which does not exceed No. 40.

I have not suggested here, as I did in my brief, the manufactures of cotton damasks being given a higher rate of duty than the damask itself. We firmly believe, however, that they should be given at least a 5 per cent ad valorem increased rate. We believe this, for the reason that the process of converting damasks into the manufactures of damask is almost entirely one of labor. You will note from my brief that manufactures of cotton damasks have been carrying an extra duty of about 8 per cent ad valorem.

I appreciate exceedingly the courtesy of the interview which you and your committee granted me last Saturday, and if at any time I can in any way be of assistance to you or answer any questions concerning the manufacture of damasks or other jacquard woven goods, you have only to command me, and I will gladly come to Washington for that purpose.

BROWN & GERRY, 12 BROADWAY, NEW YORK, N. Y.

WASHINGTON, D. C., May 13, 1913.

HON. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: Paragraph 268 of the proposed bill provides:

cotton table damask, and 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, 25 per cent ad valorem.

Paragraph 257 provides:

cotton cloth when * * * mercerized, shall be subject to a duty of 2½ per cent ad valorem in addition to the rates otherwise charged thereon.

And in paragraph 258 provision is made to the effect that—

The term cotton cloth or cloth, wherever used in the paragraphs of this section, 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 attention of your committee was called to the subject of cotton damask and mercerized cotton damask by Mr. John L. Patterson, secretary and manager of the Rosemary Manufacturing Co., of Roanoke Rapids, N. C., which statement appears on page 3655 of the hearings on Schedule I—Cotton manufactures, January 22 and 23, 1913. Unfortunately, however, certain representations are included in the statements of Mr. Patterson which are apparently the subject of controversy.

For instance, it is stated that under the present tariff rate of 40 per cent ad valorem the imports of cotton damask have increased in value from \$172,607 in 1900 to \$551,637 in 1910.

In behalf of Mr. Hermann Bauer we have to represent that the importations of Mr. Bauer in 1903 amounted to 1,580,053 marks, while the importations from December 27, 1907, to December 23, 1908, amounted to 572,697 marks. These figures were furnished to us by Mr. Bauer March 27, 1909, a copy of which letter is attached hereto, marked "Exhibit 1."

The importations from December 28, 1911, to December 18, 1912, amounted to 380,636 marks, or, reduced to dollars, Mr. Bauer's impor-

tations for the year ended December 17, 1903, amounted to \$376,000, against importations for the year ended December 18, 1912, of \$90,000. It is a fair assumption that Mr. Bauer's importations reflect the condition throughout the trade.

The goods manufactured by the Rosemary Manufacturing Co. are finished by Joseph Bancroft & Sons Co., of Wilmington, Del., and are marketed here by Bacon & Co. The selling price by Bacon & Co. of these mercerized table damasks and napkins is set forth in Exhibit 3, hereto attached.

The prices on imported goods for comparable qualities and widths would be 37½ cents, 29½ cents, 36½ cents, 41 cents, and 32½ cents.

The cost of mercerization varies, according to width (70 to 180 centimeters), from 1 to 2½ pfennig per meter, or \$0.00276 per square yard. On the several qualities of table damask imported by Mr. Bauer the yarn rating is set forth in Exhibit 4, hereto attached.

These goods are staple and not subject to change of fashion and, therefore, there is little need for changes in patterns, as is the case in dress goods.

Furthermore, cotton table damask is not a luxury, and is used everywhere on the poor man's table in lieu of the more expensive linen, which is essentially the article used by people of wealth and refinement. By analogy to the provisions for cotton cloth provided for in the schedule, the duty should be 12½ per cent ad valorem, exceeding No. 19 and not exceeding No. 39, and with the addition of 2½ per cent for mercerization the rate would be 15 per cent ad valorem.

With respect to the proposition of mercerization, however, we desire to call your attention to the fact that whereas, as stated above, the cost of mercerization is less than 3 mills per yard, the fact is that the American manufacturer is unquestionably defrauding the American public, for the reason that this so-called mercerization does not stand ordinary washing. In order to make this proposition perfectly clear, we have samples to show the result of washing and pressing on the imported article mercerized, as compared with washing and pressing on the domestic article, and it is perfectly obvious to anyone that the so-called mercerized cotton table damask sold by the Rosemary mills is not mercerized at all.

In other words, in order to sell to the jobbing trade on the basis of "set prices," with which your committee is perfectly familiar, the American manufacturer is foisting upon the public an article which is alleged to be mercerized, which has no right or title to the term, and this spurious article, by reason of the imposition of a high duty and a mercerization duty, is absolutely destroying the importation of merchandise which is of good quality and is actually mercerized, so that mere washing does not destroy it.

A cursory analysis of the figures furnished will, we think, demonstrate to your committee that the object of the Rosemary mill is to drive the imported goods out of the market and monopolize the trade by a policy of manufacturing goods costing approximately 7 per cent less and finishing the same so that they will have the appearance of possessing a quality and finish comparable to the imported merchandise, which costs 5 to 7 per cent more and which, by virtue of the

trade custom with respect to "set prices," are being eliminated from the United States markets entirely.

The question arises, therefore, whether your committee will permit the imposition of an excessive rate of duty, and in addition thereto a surtax to protect an alleged mercerization process, which, in fact, is not a mercerization at all, and which process merely serves to foist upon the public a poor or depreciated article of merchandise.

Your attention is respectfully called to the fact that paragraph 257 of H. R. 3321 provides, with respect to cotton cloth, as follows:

Exceeding No. 19 and not exceeding No. 39, 12½ per cent ad valorem.

This rate of duty, with the cumulative duty of 2½ per cent ad valorem when such cotton cloth is bleached, dyed, colored, stained, etc., makes a total of 15 per cent ad valorem on all cotton cloth not exceeding the yarn rating indicated. Your attention is drawn to the fact that all of these cotton table damasks have a yarn rating of less than 39, and therefore the rate of duty applicable to the same, if included in the cotton-cloth paragraph, would be 15 per cent.

In view of this fact we have to recommend that the figure "25," appearing in line 20, page 70, paragraph 268, be stricken out and the figure "15" inserted in lieu thereof, and that on page 66, lines 20 and 21, paragraph 257, the words "or mercerized," be stricken out.

EXHIBIT No. 1.

NEW YORK, March 27, 1903.

Messrs. BROWN & GERRY, 12 Broadway, City.

DEAR SIR: In furtherance of my letter of yesterday I wish to say that I can not make the complete statistics as promised, certain books having been packed away; but for your guidance I would mention that my importations in 1903 (shipped from Bremen between December 17, 1902, and December 17, 1903), amounted to 1,580,053.10 marks, while last year's importations (December 27, 1902, to December 23, 1903, from Bremen) amounted to only 572,697.65 marks. For your further guidance I would mention that out of 8,098 pieces of mercerized table damask sold by me, but not yet delivered, 5,650 pieces are of my low grade, while in the better qualities only 2,448 pieces have been sold.

Very truly, yours,

HERMANN BAUER.

EXHIBIT No. 2.

Foreign value in Reichmarks of importations.

* Invoices dated Bremen—	Marks.	At \$ 638
Dec. 17, 1902, to Dec. 17, 1903 (inclusive).....	1,580,053.10	\$876,052.61
Dec. 23, 1902, to Dec. 20, 1910 (inclusive).....	521,658.65	121,080.76
Dec. 28, 1910, to Dec. 13, 1911 (inclusive).....	331,710.40	79,691.19
Dec. 28, 1911, to Dec. 18, 1912 (inclusive).....	380,695.29	80,591.41

EXHIBIT No. 3.

Selling prices of Bacon & Co.'s mercerized table damask and napkins, January, 1913.

TABLE DAMASK.

Quality.	Width (inches).	Per yard.
No. 675.....	72	\$0.324
No. 680-A.....	58	.22
No. 700.....	68	.35
No. 840.....	72	.374
No. 100.....	64	.30

Napkins:

600-A, 18/18 inch, hemmed, 55 cents per dozen.

600-A, 20/20 inch, hemmed, 75 cents per dozen.

Terms, 2/10 and 90.

EXHIBIT No. 4.

Quality.	Count.	Yarn rating.
NB.....	94 x 96	Wp., 27.7; fill., 26.
AB.....	110 x 112	Wp., 33; fill., 33.
SB.....	84 x 94	Wp., 28; fill., 33.
OB.....	72 x 74	Wp., 22; fill., 21.
HB.....	69 x 93	Wp., 30; fill., 18.5
K.....	54 x 60	Wp., 17; fill., 17.
FB.....	90 x 94	Wp., 22; fill., 33.

Par. 269.—TOWELS, ETC.

NIAGARA TEXTILE CO., LOCKPORT, N. Y., BY H. L. RANSOM.

LOCKPORT, N. Y., June 2, 1913.

Hon. CHARLES F. JOHNSON,

Chairman Senate Subcommittee on Finance,

Washington, D. C.

SIR: We wish to call your attention to paragraph 269, Schedule I, as it affects the manufacturer of union towels. By union towels we mean towels composed of cotton warp and linen filling. This paragraph 269 states that towels of which cotton is the component material of chief value take a duty of 25 per cent ad valorem. Under this clause good union towels can be brought into this country at a duty of 25 per cent. Under the present law they take a duty of 45 per cent. This gives the foreigner a direct reduction of 20 per cent, and makes it possible for him to ship into this country immense quantities of cheap union towels, and would close up the greater portion of the union-towel business which the American has for years been working hard to establish. It simply turns back to foreign mills an immense amount of business which should be made in this country by American workmen. Furthermore, we have large investments in mills and machinery which should have consideration, as this machinery is adapted only for making goods part linen or all linen.

We also find that a great many of the largest buyers throughout the United States are familiar with this clause, and under it are

ready to import large quantities of cheap union towels; and if this clause is left as it is, as soon as the bill becomes a law many orders will be confirmed, and the American market would soon be flooded with cheap foreign towels.

Furthermore, if a towel were 52 per cent cotton and 48 per cent linen, and values of cotton and linen fluctuating as they constantly do, it would lead to continued strife between the importer and the appraiser.

If these goods are brought in at the higher rate of duty, it will net the Government an increased revenue on all goods that are brought in; and, furthermore, we will continue to import increased quantities of linen yarns, which pay the Government large revenues.

In view of the above facts, we ask that towels any part of which are linen take the 40 per cent duty, same as do all-linen towels and other all-linen goods.

We trust your committee will give this matter thorough consideration.

Par. 269.—COTTON BEDSPREADS.

**MONADNOCK MILLS, CLAREMONT, N. H., BY GEORGE A. TENNEY
TREASURER.**

JUNE 2, 1913.

Hon. CHARLES F. JOHNSON,
*United States Senator from Maine,
Washington, D. C.*

DEAR SENATOR: You will remember the interview you granted the bedspread manufacturers in Senator Hoke Smith's office some three weeks ago and my appearance on the same subject last week before the committee of which you are chairman.

This letter is simply to reiterate briefly what I said there and to submit to you a sheet giving the comparative cost figures between such a bedspread as I showed at the time of the interview in Senator Smith's office and a spread of like quality made in England. I obtained the actual weaving cost of the English spread and using this as a basis made up the balance of the figures. From these, if you will examine them, you will find that even with a 45 per cent duty the English manufacturer can undersell us on this grade of spread in the New York market. There are two or three grades above this one in quality. As the quality advances the ratio of labor cost to the total also advances; consequently, the higher the grade of the spread the higher the rate should be in order to put the American manufactures on a competitive basis with the foreign-made goods in our market. This is the point I tried to illustrate before you last week; namely, that 35 per cent is the very lowest rate that we could consider and have any possible chance for us to successfully compete with the foreign-made goods in a like grade and quality such as we are now making. I requested that we be given the same rate as Jacquard upholstery goods, and that the language of paragraph 263 be made to read so that Jacquard figured bedspreads would appear after the words "Jacquard upholstery goods" and carry 35 per cent rate.

Now, Senator, I feel that if we can only get the facts before you we will get the remedy we are seeking. It is not necessary for us to attempt any deception or to blind the issue in our case. It is merely a matter of getting the actual facts before you. We have nothing to hide or to cover up, and I feel positive that if you can give our matter the necessary attention to establish by your own investigation the truth of the assertions I have made, you will find that our case warrants all that we are asking for. Senator Hollis, I think, believes in our cause and is convinced of its justice, and I expect he is going to advocate that we get a 35 per cent rate. The bedspread industry is not a large one, but it is very large to those interested in it and of very vital consequence. It can be seriously crippled if not given sufficient protection to allow us to compete in the home market. We are perfectly willing to meet the English manufacturer on even grounds and to take our chances of getting our share of the market, but it goes without saying that we can not sell a spread in competition with a foreign-made one if the English manufacturer can land it here for less than ours costs us. This will certainly be the case on certain grades if the rate is made as low as 30 per cent.

I hope that you will investigate this matter sufficiently to thoroughly understand the situation in regard to our industry and that if you find upon such investigation my statements are warranted and true, you will lend your aid and support to our cause to the end that we may get the help that we so sorely need.

[Inclosure.]

Comparison of cost of Monadnock Mills quilt 222, 90 by 100, with English quilt, same grade.

	Monadnock Mills quilt.	English quilt.
Quilt weighs 5½ pounds in the brown:		
6.2 per cent of No. 80/2 warp yarn, Egyptian, at..... per pound..	\$0.42	.....
23.3 per cent of No. 30/2 warp yarn, Egyptian, at..... do.....	.42	.....
6 per cent of No. 65 filling yarn, Egyptian, at..... do.....	.42	.....
64.6 per cent of No. 6 filling yarn, domestic, at..... do.....	.123	.....
Cost of raw material without labor.....	1.26	\$1.26
Cost of labor.....	1.01	1.51
Cost of general expense:		
Consisting of waste..... \$0.10		
Overhead charges..... .70		
Repairs, lumber, supplies..... .43		
	1.23	.52
Total cost of quilt.....	3.50	2.29
Manufacturer's profit per quilt.....	.25	.25
	3.75	2.54
Per cent of labor to raw material..... per cent..	80	41
Per cent of raw material to cost of quilt..... do.....	36	55
Per cent of labor direct to cost of quilt..... do.....	64	45
Per cent of general expense to cost of quilt..... do.....	35	23
Cost of English quilt in England.....		\$2.54
Cost of English quilt in United States with 45 per cent duty.....		3.63
Selling price of Monadnock Mills quilt.....		2.75
Cost of English quilt in United States with 20 per cent duty.....		3.05

1 Weaving, \$0.61; other, \$0.40.

2 Weaving, \$0.30; other, \$0.21.

Par. 270.—NOTTINGHAM LACE CURTAINS.

NORTH AMERICAN LACE CO., PHILADELPHIA, PA., BY WM. L. TURNER,
PRESIDENT.

PHILADELPHIA, June 5, 1913.

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: Paragraph 270 of the tariff bill as passed by the House will cripple the industry of Nottingham lace curtains, unless it is changed to provide a duty of 50 per cent for those grades of curtains finer than 10 point, which would be an advance on the highest grade of 5 per cent over the House rate.

All tariffs since the industry was established in this country, in providing for curtains made on the Nottingham lace curtain machine, have been based upon the fact that the machines are not interchangeable and can only make curtains of that point for which they were constructed, and that consequently, the finer machines can not be diverted to lower grades of goods.

By point is meant the number of warp threads to an inch. The value of the curtain is approximately as to the number of points. The machines of the 12 existing domestic plants are divided as to points as follows:

	Machines.
5 points.....	8
6 points.....	128
7 points.....	42
8 points.....	134
9 points.....	8
10 points.....	94
11 points.....	2
12 points.....	42
13 points.....	..
14 points.....	21
15 points.....	..
16 points.....	8
Total.....	487

These 487 machines are producing approximately under present conditions of competition \$8,000,000 worth of goods, and would classify to show the following percentages:

Class of machine.	Number of machines.	Percentage of total.	Value of product.
5 and 6 point.....	136	28	\$2,240,000
7 and 8 point.....	176	36	2,880,000
9 and 10 point.....	102	21	1,680,000
11 point and finer.....	73	15	1,200,000
	487	100	8,000,000

A classification of imports by points for the year ending June 30, 1912, is as follows:

- 5 and 6 points, \$175, or 0 per cent.
- 7 and 8 points, \$23,820, or 10 per cent.
- 9 and 10 points, \$47,870, or 18 per cent.
- 11 points and finer, \$200,952, or 72 per cent.

A comparison of these imports with domestic machinery shows the preponderant ratio of competition on the finer goods as follows:

11 points and above, imports are 25 per cent of American production.

9 and 10 point, imports are 14 per cent of American production.

7 and 8 point, imports are 1 per cent of American production.

5 and 6 point, imports are 0 per cent of American production.

It was what these figures prove which caused the manufacturers at the beginning of the consideration of the bill to express their willingness to accept lower rates upon the coarser grades of goods in order to meet the view that these rates should be fixed at the competitive point.

We claim that the present rates, which average 52 per cent ad valorem, and which, on a large proportion of the finer goods, are as high as 56.80 per cent, are more than normally competitive on the finer goods. If, therefore, the maximum rate is to remain at 45 per cent, we can not compete, and our finer machines will have to be shut down.

If 72 per cent of imports are competing with but 15 per cent of American machines and the imports on these grades are 25 per cent of the American production, does not this sustain our contention that on these finer goods existing rates of duty are already adequately competitive? If now our lower grades are to be made competitive by being reduced to 35, 40, and 45 per cent, respectively, are we not justified in petitioning that everything above 10 points should bear a duty of not less than 50 per cent, which is considerably below the ad valorem equivalent for those grades under the present system of compound duties?

This would make the paragraph read as follows:

270. Lace window curtains, pillow shams, and bed sets, finished or unfinished, made on the Nottingham lace-curtain machine, and composed of cotton or other vegetable fiber, when counting not more than six points or spaces between the warp threads to the inch, 35 per centum ad valorem; when counting more than six and not more than eight points or spaces to the inch, 40 per centum ad valorem; when counting nine and not more than ten points or spaces to the inch, 45 per centum ad valorem; when counting more than ten points or spaces to the inch, 50 per centum ad valorem.

The words "nets, nettings" have been omitted in order to avoid conflict of interpretation with paragraph 368.

Par. 271.—COTTON MANUFACTURES.

BEMIS BRO. BAG CO., BOSTON, MASS., BY ALBERT F. BEMIS, PRESIDENT.

FEBRUARY 7, 1913.

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.

Number produced and sold annually in the United States.....	600,000,000
Number used directly for sacking agricultural products (1 per cent).....	0,000,000
Number "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.

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.....	450,000,000
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.....	60,000,000
	<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:

Crop.	Busbels.	Protected by duty, per bushel.	Estimated amount sacked (bushels).	Per cent sacked.
Corn.....	3,124,746,000	\$0.15	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

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 23 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.

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.....	\$5.40
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, per 1,000.....	\$3.80
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 354), and we further urge your favorable consideration of those recommendations.

INTERNATIONAL BRAID CO., BY J. O. AMES, TREASURER, 47 CHARLES STREET, PROVIDENCE, R. I.

PROVIDENCE, R. I., *April 22, 1913.*

Hon. F. McL. SIMMONS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: As manufacturers of a majority of the articles included under paragraph 271, Schedule I, of the proposed tariff bill, we respectfully beg to protest against the rate of 25 per cent ad valorem, as such a low rate of duty will deal a disastrous blow to the cotton small-ware industry in this country, if it will not entirely destroy it. We beg to call your attention to the following facts:

First. The articles listed under the above paragraph, cotton small wares in general, have for many years had an absolutely free market. There is no "trust" or "combination" to uphold prices, nor can there be from the very nature of the business. Even under the present rate of duty, the finer grades are freely imported.

Second. In consequence of the very strenuous competition that has existed for many years, the efficiency of those plants which have succeeded in remaining in business has been brought to a point which, we believe, is not surpassed in any other industry.

Third. In consequence of the competition that exists in this business, the margin of profit is very small. The undersigned company, the largest in the business, and probably as efficient as any, did its business last year on a margin of profit of 2 per cent on its sales.

Fourth. A reduction of the duty to 25 per cent will absolutely prohibit the manufacture of the finer varieties of goods in this country, and the coarser qualities could only be made under a reduced wage scale. The investment in machinery, etc., for making the finer varieties of goods would be destroyed, and the operatives employed thereon would be thrown out of work.

Fifth. The articles covered by paragraph 291, Schedule I, in the proposed bill are covered to-day by paragraph 330, Schedule I, and paragraph 349, Schedule J. Paragraph 349 provides a duty of 60 per cent, and the specific duties in paragraph 330 work out at about the same percentage. Consequently, a reduction to 25 per cent seems to us very excessive, as the percentage of labor in the finer varieties of cotton small wares is very great, running in some instances as high as 75 per cent of the total value.

We have been very careful not to exaggerate, as we do not wish to be considered as "calamity howlers," but have endeavored to represent the facts to you just as they are, and earnestly trust that the same will receive your careful consideration.

We believe that a duty of from 35 to 40 per cent, while representing a very considerable reduction in the rate, would enable the industry to be carried along without absolute disruption.

General.—COTTON SCHEDULE.

**NATIONAL ASSOCIATION OF COTTON MANUFACTURERS, BOSTON, MASS.,
BY O. J. H. WOODBURY, SECRETARY.**

BOSTON, MASS., *May 1, 1913.*

Hon. F. McL. SIMMONS,
*Chairman Finance Committee, United States Senate,
Washington.*

DEAR SIR: I have the honor to transmit to you the resolutions on the tariff unanimously adopted by this association at its ninety-fourth meeting, April 23, 1913.

[Inclosure.]

RESOLUTIONS UNANIMOUSLY ADOPTED BY THE NATIONAL ASSOCIATION OF COTTON MANUFACTURERS AT ITS NINETY-FOURTH MEETING, HELD AT BOSTON, MASS., APRIL 23, 1913.

Whereas the members of the National Association of Cotton Manufacturers in annual convention to-day view with such profound apprehension the rates on cotton manufactures proposed in the new Underwood tariff bill,

Resolved, That the regular order of business be suspended and the following protest be unanimously adopted that the American people and its Representatives in Congress shall understand and appreciate the unexpected and unfortunate disturbance threatening one of the greatest American industries; unexpected, for the platform of the Democratic Party introducing this measure distinctly and unequivocally pledged itself against anything so drastic; and

misleading, for the bill is offered to the American people as a competitive measure and not as one injurious to American industry and to American labor.

Resolved, That it is the sincere and firm conviction of the members of this association that the proposed new rates are not only inadequate in many cases as a basis upon which to revise the cotton schedule, but that the classifications are illogical and impractical and surely represent, to say the least, a grave oversight or lack of appreciation of the manufacturing expense differentiating one class of product from another. It is inconceivable that yarns advanced in manufacture by many difficult and expensive processes should not be entitled to higher rates than single yarns in the gray; and it is even more incomprehensible that the most elaborate and complicated weaves, dyed, bleached, or finished, should have only 2½ per cent higher rates than for plain gray cloths of corresponding numbers of yarns.

Resolved further, That the drastic reductions in cotton manufactures and the raising of the rates upon materials entering into their manufacture, such as indigo and other dyestuffs, is contradictory and imposes an unnecessary expense upon both manufacturer and consumer.

Resolved further, That the administrative feature of the bill which provides that if any part of the schedule does not result in importations to the extent of 5 per cent, may bring about a further reduction of rate should carry with it a corresponding provision requiring the raising of rates on such portions where importations exceed that amount.

Resolved further, That this association records itself as unalterably opposed to ad valorem rates as against specific duties, which protect when protection is most needed, which are definite and easy of administration, which offer the only sure method yet devised by any country to prevent undervaluations and fraudulent importations, and which have not only stood the test of 50 years in our customs service, but are based upon the actual description of goods as bought and sold in the markets of the world every day in the year.

Resolved, That as spokesmen for the cotton industry, in which is directly concerned the welfare and livelihood of over 2,000,000 people, not local but distributed over a large area of the United States, the members of the National Association of Cotton Manufacturers do hereby voice their most emphatic protest against the threatened crippling of this industry in the name of revenue and price regulation when neither can possibly be regarded as the essential features of the bill in its present form and when there is no need whatsoever for monopolistic curbing, nothing even remotely approaching monopoly existing in this industry, and at a time when it has been suffering for the past three or four years a period of unexampled depression on account of overproduction with attendant domestic competition in its bitterest and most relentless form.

We urge upon Congress such modifications of the bill as will bring it at least within the expressed and declared platform upon which the political party in power was elected and charged with the responsibility of this tariff revision.

Be it further resolved, That a copy of these resolutions be sent to the President, the chairman of the Committee on Ways and Means of the House of Representatives, the chairman of the Committee on Finance of the Senate, and to all individual Senators and Representatives in Congress.

A true copy from the records.

Attest:

EDWIN FARNHAM GREENE, *President*.
C. J. H. WOODBURY, *Secretary*.

BY J. O. TERRELL, OF SAN ANTONIO, TEX.

COTTON AND THE TARIFF—THE SOUTH'S PROTECTED INDUSTRY.

SAN ANTONIO, TEX., November 22, 1911.

The rapid absorption by cotton of the wool field has, indeed, been one of the most significant changes in American industry since the McKinley bill of 1890.—*Ida M. Terrell*.

For some months I have been trying to convince the cotton raisers of the South that they were possibly deriving more benefit from a protective tariff than any other class of people. Thirty-five years

ago the people of the United States were using only $11\frac{7}{10}$ pounds of cotton per capita per annum. In 1908 (the last year for which we have statistics), we used less wool per capita per annum than we did 35 years ago, while our consumption of cotton had increased to $29\frac{1}{10}$ pounds per capita per annum, a net increase of about $18\frac{7}{10}$ pounds per capita per annum. As we have 90,000,000 of people such an increase means that we are now using in the United States 3,335,000 bales of cotton of 500 pounds each per annum more than we would be using if we were back at the former figures of cotton consumption per capita.

I maintain that this vast increase in the use of cotton at good prices has been largely caused by the tariff on wool, which is about 11 cents per pound on wool imported into this country. In other words, every pound of ordinary wool that is brought to us from abroad must pay to our Government a tax of 11 cents before it is allowed to land on our shores and, therefore, its cost, delivered here, is the purchase price of it elsewhere, plus the tax of 11 cents per pound. This has kept the price of wool high, and our people have increased the use of cotton because cotton was cheaper than wool with a tariff tax upon it.

During Cleveland's administration, when the tax on wool was entirely removed, wool was delivered in Boston from Australia, South America, New Zealand, Asia, and Africa at about 7 cents per pound and it can be delivered there to-day if the tariff is again removed for that price or less. When it was so delivered our cotton dropped to less than 5 cents per pound, for it is not possible for cotton to sell for a higher price than wool. The tax was restored as soon as McKinley was elected, and the price of wool was immediately increased by 11 cents per pound, and it remains at about that price to-day, to wit, 7 cents plus 11 cents, or 18 cents per pound. When we restored the tariff on wool after McKinley's election, cotton immediately went up in price, and has been up ever since until the present year, when, because of constant tariff agitation, a large number of cotton mills are closed, and many that are running in the United States are afraid to run on full time, because they know that if we have cheap wool next year all kinds of cotton fabrics must decrease in price and, therefore, they do not wish to have a large amount of such fabrics on hand. From a recent issue of the Country Gentleman, published at Philadelphia, I make this quotation regarding the present price of cotton:

The striking fact about the successive breaks in cotton which have carried prices down to the lowest level in three years, has been the utter indifference of the cotton mills. * * * New England mills have been making less than 70 per cent of their normal purchases at this season of the year. * * * The cotton mills of the country are operating about 20,000,000 spindles—about 70 per cent of their capacity.

To prove my contentions I wish to call five witnesses, all of them residing in the North, all of them opposed to the tariff on wool, although they give a reason for their opposition which may astonish the Southern Democrats who are voting with them. The witnesses I call contend for free wool because free wool means cheap wool. These witnesses are: First, Miss Ida M. Tarbell, one of the best-known political writers of our time, and author of the publications known as "The Cruelties of the Tariff," and "The Tariff in Our Times"; second, Chester Wright, formerly of Harvard University, and now of the University of Chicago, author of the book, "Wool Growing and the Tariff"; third, the Chicago Tribune; fourth, the

Literary Digest; and fifth, the Wall Street Journal, which, like most other inhabitants of Wall Street, seems to delight in low-priced cotton. I will give the testimony of these witnesses in quotations. The following are from Miss Tarbell's book:

Wool the world over has always been accepted as the poor man's special friend. It protects against cold and damp, it wears well, and looks well (p. 280).

For 20 years this valuable standard material has been every day receding further from the reach of the great mass of Americans. Many housewives the country over have ceased buying woolen blankets, substituting the cotton-filled puff or "comfort." * * * Knit cotton undergarments are generally substituted for wool, as are heavy knit cotton stockings for woolen stockings. Many thousands know they that can not think of wool, and dismiss the idea (p. 281).

There is no doubt the young girl's cotton-worsted gown looks well at the start, the cotton warp suit of the laboring man has a correct finish, color, and style, * * * but in two particulars the cotton substitute fails. It has not the warmth, and it does not keep its appearance. If a man puts on enough cotton garments, he can get the same warmth, but he can not get from cotton the same protection against storm and wet, the same safeguard where his labor subjects him to excessive perspiration. He can not get the same comfort at night. Moreover, his garment becomes shabby and loses its shape in a much shorter time. Women can no longer make over with satisfaction the gowns they once wore a series of winters (p. 283).

The Rapid Absorption by Cotton of the Wool Field has, indeed, been One of the Most Significant Changes in American Industry Since the McKinley bill of 1890 (p. 287).

Mr. Aldrich had been in the Senate since 1881. * * * His work for his wool, cotton, and sugar constituents had been marked by those who studied the debates and votes. * * * He rejected every principle on which Mr. Mills had worked. * * * The Republicans had, indeed, in 1883, pretty generally given up the idea of admitting free any raw materials which were produced in this country. The notion that if you give to one you must give to all had been steadily making converts since the early seventies, and it was laid down emphatically by Mr. Aldrich as one of the tariff principles of his party (p.p. 169-170).

From her article entitled "The Cruelties of the Tariff," published in the American Magazine for October, 1910, I take the two statements next following:

I do not mean to assert that this astonishing change in the relative use of the two materials (wool and cotton) is all due to the tariff. * * * But it is certain that the great determining factor in the United States has been this duty, combined with a second mischief maker—the compound duties on all products of wool imported.

Why is wool passing? Why should the materials which are used in our cheap clothing be unsatisfactory? * * * The chief reason in the present case, the one which is more powerful than all the rest, is the tax which our Government levies on wool and woolen products.

Referring to shoddy and other materials sometimes used in the place of wool, she says in the book quoted from above:

Prohibitive duties were placed upon all kinds of wool substitutes. * * * That is, after taxing wool off our backs, the wool substitutes were taken away. Deprived of the advantages which the inventions for using waste (shoddy) gave, there was nothing left but cotton for the bulk of the substitutes used in the inexpensive goods, and cotton it has been ever since (p. 287).

It (the tariff) drove the manufacturers not to use more wool, but to find a substitute for wool (p. 249).

The cotton crop in 1897 was valued at \$319,500,000; in 1900, \$511,000,000; in 1905, \$632,000,000 (p. 253).

Vast quantities of so-called cotton-worsted are manufactured annually. The amount of wool in these goods has been steadily decreasing in the past few years, falling from 50 per cent to 25 per cent, and from there to practically all cotton (p. 282).

From Prof. Wright's book I quote as follows, to wit:

The diminishing production of wool since 1895, has greatly reduced the average available per head of population, and its place has, no doubt, been taken by the largely increased production of cotton. This change is particularly striking in the United States (p. 295).

In the years following 1890, the growth of knit goods was quite phenomenal, over 100 per cent, yet with all this growth it was most remarkable that the amount of wool consumed increased less than one-fourth as fast. The gain was made possible only by the increased use of cotton, the consumption of which rose over 300 per cent during the succeeding 15 years (p. 294).

The most dangerous rival of wool is cotton (p. 296).

The higher the tariff raises the price of wool, the greater the extent to which other fibres are substituted for it (p. 326).

The use of cotton in the manufactures of wool is increasing faster than wool itself. The increased duty raised the price of wool and resulted in its decreased consumption per capita (p. 297.)

In 1896 we imported \$53,000,000 worth of wool. This was during Cleveland's administration. The law restoring the tariff on wool was passed in 1897, soon after McKinley's election. As a result of it, we only imported in 1898 wool to the value of fifteen millions, and in 1899 to the value of fourteen millions, and in 1907, although our population was largely increased, only to the value of twenty-two millions (see p. 342).

From the Chicago Tribune I quote the following:

It will be a pleasing task to give the men, women and children of this country cheaper and better clothing. The high duties on wool, coupled with the excessive compensatory duties on woolen goods, have been a curse to the people. They have had to array themselves in garments made of shoddy and cotton, which had neither warmth nor durability.

From the Wall Street Journal I take the following:

It will be seen that the high tariff on wool has helped to drive the consumer to substitute articles wholly or in part made of cotton.

From the Literary Digest of April 29, 1911, I take the following precious morsel, which ought to be particularly interesting to those cotton raisers who are voting the Democratic ticket. The editor, in discussing the cut in the wool tariff, and summing up the opinions of the newspapers in regard to it, says:

Our people are now wearing cotton and shoddy where they should be wearing wool, say the critics of the woolen tariff, and the Democrats proclaim that the cut will clothe the shivering poor and check the ravages of pneumonia.

In the same issue of the Digest is given a quotation from the Fort Worth Record, as follows:

Woolen goods are just as much necessities of life as bread and meat, yet the tariff has made those articles so costly to the people that they are well-nigh in the category of luxuries.

Hon. Clarence Ousley, who is editor of the Record, recently went to New Orleans and joined with a number of other gentlemen in urging that a trust be formed in the South to hold cotton and to decrease its production in order to increase its price. He does not seem to have recognized that perhaps the best way to increase the price of any commodity is to increase the uses to which it may be put, and that the quickest way to reduce the price is to cease to use it. The idea of reducing the production of cotton in the South is absolute folly. It is going to increase. More land is going into cultivation and more people are going to engage in the business of raising it. Twenty years from now we will be producing 20,000,000 bales per annum. What sensible southern men should endeavor to do is to increase its consumption.

If the tariff on wool is removed, wool will again come to this country from abroad, as it came in Cleveland's last term. It can be pro-

duced in many countries of the world under practically the same conditions that it was produced in the days of Abraham. In those countries most of the pasturage is still free, and a negro who can live on bananas or bread fruit and who can be hired at 15 cents a day can take care of 2,000 sheep. The amount of wool which can thus be produced is only limited by the demand for it. If the demand is increased, the herds can be increased and much more wool speedily produced.

Mr. Ousley, in his estimates at New Orleans, stated that it costs about 16 cents per pound to produce a pound of cotton. I do not agree with him in this statement, because I have raised a good deal of cotton myself, but I do say that the cotton farmers of the South can not successfully compete against 7 cent wool. Our crop this year is about 13,000,000 bales of cotton. If the United States should cease to use the 3,335,000 bales of cotton which it is now using largely because of a wool tariff, where will that surplus be consumed? What will be the effect of its nonconsumption upon the cotton market? A 10,000,000-bale crop will then create a larger surplus than a 13,000,000-bale crop creates now.

These are questions that ought to be earnestly considered by the southern farmer. He is doing everything he can to remove the tariff on wool or to reduce it so low that it will not protect the cotton which he raises. He is voting constantly directly against his own interests. Practically every Member of Congress from the South is doing his utmost to reduce the tariff on wool, and thereby reduce the price of the South's own and chief production. Perhaps some one will answer this by saying that the people of the South are opposed to the tariff on principle, regardless of whether it hurts them or helps them. To this I answer that a people whose governors gather together to form a trust to increase the price of the commodity which they have to sell, while condemning in bitter terms all others who form trusts to increase the price of what they have to buy, are not particularly worrying about abstract principles when discussing questions of bread and meat.

THOMAS O. MARVIN, SECRETARY OF THE HOME MARKET CLUB,
BOSTON, MASS.

WASHINGTON, D. C., May 27, 1913.

Hon. F. McL. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

SIR: Kindly permit me to submit for the consideration of the committee the following brief summary of the findings of the Tariff Board's investigation of cotton manufactures, and a few comments suggested thereby:

In the cost of raw material there is practically no advantage possessed by either country.

In the matter of spinning the comparison is made between mule spinning which is the prevalent custom in England and ring spinning which is the customary method in the United States. Mule spinning is as a rule a more expensive process but it produces yarn of a somewhat higher quality.

Therefore in comparing the English and American costs of spinning it should be noticed that they employ in England a more expensive method and that they could reduce the cost of spinning by adopting, if it became necessary to maintain their advantage, the less expensive ring spinning method employed in the United States.

Comparing the most efficient English mill and the most efficient American mill the board found that the cost of spinning yarn in England averaged seven-eighths of the cost in the United States.

In other words, the labor cost that would amount to \$1 for spinning yarn in the United States would cost \$0.87½ in England. These figures relate only to the lower number of yarns, for the report distinctly says—

that these relative costs do not include yarns of the higher counts * * * since the board was not able to secure sufficiently detailed figures on the higher counts abroad.

The report then submits findings in regard to the lower counts of yarn only, for the board plainly states that it was—

not able to secure sufficiently detailed figures on the higher counts abroad (p. 9).

COST OF WEAVING.

The report says (p. 11) that—

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.

It is true that the number of looms tended per weaver is greater in the United States than in England, but it is also true that the English looms run somewhat faster than the looms in this country.

In England a weaver on plain looms usually tends four looms; in this country six and frequently eight, and occasionally even more, if the loom is equipped with "warp stop motions."

The English weaver is fully capable of tending as many looms as our weavers, but the labor unions forbid this in order that there may be more employment for labor. So far this restriction in the number of looms which an English weaver is allowed to tend has not worked any particular hardship to British manufacturers, for they are still able to compete successfully with this and other cotton-manufacturing countries and dispose in foreign markets of 80 per cent of their production.

Whenever this regulation enforced by the labor unions becomes detrimental to England's cotton industry it can be changed, and it will be changed, and the disadvantages under which English manufacturers operate will be removed.

When we compare automatic looms, which are largely used in this country in the making of medium and coarse fabrics, with the plain looms commonly used in England, our advantage is more marked, for a weaver can tend easily 20 automatic looms, and sometimes an expert can tend 28.

But here, too, is an advantage which can not be considered as permanent, for, using the plain looms, England is able to produce the medium and coarse fabrics as cheaply as we can on automatic looms, and when England utilizes more generally the automatic loom we will be wholly unable to meet her cost of production without a great reduction in wages.

Already England is beginning to use the automatic looms and it is most unwise to base our cotton duties on the difference in the cost of production which is based on a temporary difference in methods of weaving.

In fact, competition is so keen now in cotton manufacturing that the American manufacturers have been compelled to invent and adopt labor-saving devices and substitute machinery for human labor in order to live at all. When England needs to do so she will adopt the same labor-saving machinery and will greatly increase her power to compete with us.

LARGER INVESTMENT IN AMERICAN MILLS.

The cost of an automatic loom is twice as much as the cost of a plain loom, and the investment in looms by American mills is over twice as much as the investment required in England.

The Tariff Board distinctly states that—

the method of determining costs adopted by the board does not include the item of interest. So a mere comparison of weaving costs does not fairly represent the difference in the cost of producing cotton cloth in the two countries.

Moreover, since the Tariff Board's report, wages in this country have been increased 15 per cent and hours of labor, in Massachusetts mills, have been reduced from 58 a week to 54. This reduction in the hours of labor alone increases the cost of production at least 2½ per cent.

Not only is the cost of automatic looms greater than the cost of plain looms but the entire cost of a plant is greater here than abroad. From the Tariff Board's summary—

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. Where a mill is equipped with automatic looms (as is commonly the case in this country) the cost of the looms is at least two and a half times the cost for a mill equipped with plain looms.

These additional expenses of the American mills are not included in the Tariff Board's estimate of comparative costs, because their costs relate merely to separate and specific processes of manufacture, like the spinning process, the weaving process, the finishing process.

On some features of the process of spinning or weaving or finishing, we may have an advantage, on other features of the same process England has an advantage, but when all of the elements which enter into the cost of production are considered, our incidental advantages disappear and England's advantage over us increases.

Under the present tariff rates of the Payne-Aldrich law importations of yarns amount annually to \$4,000,000 and over.

Seventy-eight two-ply yarns with a duty of 19½ cents a pound, equivalent to 35.71 per cent, were imported in 1910 to the amount of over 900,000 pounds, including the mercerized yarns of the same count. On these yarns alone a duty of over \$180,000 was collected. In fact, importations of that particular number exceeded domestic production by over 200,000 pounds.

Some of the large selling houses import yarns above number 80's because they can import them cheaper under our present duties of 35

to 40 per cent than they can make them in the American mills which they control or in which they have an interest.

And yet the proposition to indorse the House bill would force us to approve duties on these yarns of only 20 and 25 per cent, which would absolutely annihilate the fine-yarn industry of this country.

In the production of the finer cotton cloths automatic looms are not generally used; in fact, they are employed but little on finer goods than 40's. In New Bedford, the seat of the fine goods manufactured in this country, only 10 per cent of the looms are automatic and 90 per cent are plain looms.

The fine cloths require much more care, skill, and labor in their manufacture. Rates based on the difference in the cost of weaving on plain and automatic looms would force the New Bedford mills out of business, because 90 per cent of their looms are plain and only 10 per cent automatic.

The rates of H. R. 3321 would compel the abandonment of the manufacture in the United States of fine yarns and fine cloths and force all of our mills which tried to struggle along into the production of medium and coarse goods, a field which is already overcrowded, and the result would be the closing of many mills, the discharge of many workmen, lower wages, and a state of demoralization in the industry.

WHY SO FEW AUTOMATIC LOOMS ARE USED IN ENGLAND.

Several reasons are advanced for the delay in the more general adoption of the automatic loom in England. For one thing, the automatic loom costs about two and a half times the ordinary plain loom, and this has deterred many English mills already equipped with plain looms from adopting them. Again, English mills do not run such a large number of looms on a single standard fabric as do American mills, and the automatic loom has not been found so suitable as plain looms for the varied Lancashire trade in dhories and other fancies. Furthermore, the automatic loom requires stronger and better warp yarn than the plain loom, for the breakage of a single warp thread stops the loom. The American mills use strong ring-spun warp yarns; while a large portion of the English mills, producing mainly for the poorer classes of the Orient and other regions, have to size heavily to make goods cheap enough, and they ordinarily use a much lower grade of yarn than would American mills for fabrics that pass under the same trade name. The warp yarns used in the bulk of English cloths are mule spun; and since they are soft twisted to enable them to take up a larger amount of sizing and to give the required feel to the cloth, they are not so suited to the automatic loom as are the stronger American yarns.

An additional reason for the limited use of the automatic looms appears to be the objection to them of the labor unions, which have been afraid that they would be used to displace labor and to throw more work on the weaver without proportionately increasing his earnings. (P. 495, Vol. II, Tariff Board's Report.)

WAGES.

Table 210, page 664, of the Tariff Board's report, shows that the hourly earnings of weavers in the northern United States are 55.5 per cent higher for males and 78.6 per cent higher for females than the earnings of weavers in England.

In the southern United States the weavers' hourly earnings are 32.9 per cent higher for males and 42.5 per cent higher for females than the hourly earnings of weavers in England.

For mule spinners the hourly earnings in the United States are from 35 to 47.3 per cent higher than those of mule spinners in England.

For ring spinners the hourly earnings in the northern United States are from 82.7 to 89.9 per cent higher than in England. In the southern United States the earnings of ring spinners are from 28.8 to 39.7 per cent higher than in England.

For spoolers the hourly earnings in the northern United States are from 81.8 to 104.8 per cent higher than in England; and in the southern United States from 31.2 to 70.5 per cent higher than in England.

For picker hands the hourly earnings in the northern United States are 12.3 per cent higher than in England, but the English earnings are 11.4 per cent higher than they are in the southern United States in this occupation.

For slasher tenders the hourly earnings in the northern United States are from 7.3 to 20 per cent higher than in England, but the English earnings are from 28.7 to 29.8 per cent higher than in the southern United States in this occupation.

For fine-frame tenders the hourly earnings in the northern United States are from 79.8 to 103 per cent higher than in England and for the southern United States 54.5 per cent higher than in England.

For intermediate tenders the hourly earnings in the northern United States are from 98.2 to 120.4 per cent higher than in England.

For twisters the hourly earnings in the northern United States are 111.7 per cent higher than in England and for the southern United States 58.1 per cent higher than in England.

LABOR AND CAPITAL ENTITLED TO CONSIDERATION.

The products of American mills and factories are not the result of labor alone. They are due to a combination of labor and of capital. In the United States labor is supplemented with a larger investment in labor-saving machinery than in any other country of the world. In figuring, therefore, fair returns to an industry it should not be overlooked that capital as well as labor is entitled to its reward, and where by supplementing labor with an increased investment of capital a larger quantity or value of product results it is unfair to attribute this larger product wholly to labor, for a considerable proportion of it is due to the larger investment in machinery and labor-saving devices.

We produce in this country a larger value per employee of many manufactured products because of this intelligent and effective cooperation of labor and of capital. The result should not be credited to either one alone, but both labor and capital should have fair and just consideration.

WELLINGTON, SEARS & CO., BOSTON, MASS.

MAY 24, 1913.

We beg to submit to your honorable body that in our opinion the suggestion of the American Cotton Manufacturers' Association, presented to the Ways and Means Committee of the House during the

hearing in January, and which was made up after careful consideration, gives the lowest rates that will enable the cotton mills of this country to operate. We inclose a copy of these rates, showing the comparison between them and what we understand to be the rates in the House bill.

You will note from this circular that the average rates of the Payne-Aldrich tariff are 40.61 per cent; the average rate proposed by the American Cotton Manufacturers' Association is 24.30 per cent; and these rates, as stated above, we consider the very lowest that the industry will stand. The rates in the new bill, averaging 16.23 per cent, show such a drastic cut that we do not believe that the cotton mills of the country in general, and especially the fine-goods mills of New England, can operate without a material reduction in wages.

As an instance of the inconsistencies of the bill we would point out that the rate given on single yarn in the gray is the same as on combed, twisted, dyed, or colored yarn. As a specific instance, on No. 100 yarn the twisting process alone is about 21 per cent of the cost of the yarn; that is, No. 100 2-ply yarn costs approximately 21 per cent more than No. 100 single yarn. Furthermore, cotton cloths, class 2, made from No. 100 2-ply yarn is only given 2½ per cent over class 1 made from No. 100 single yarns. This, of course, is better than the rate on the yarn itself, where there is no difference, but the difference of 2½ per cent is, in our opinion, wholly inadequate, and we believe the difference should be not less than 10 per cent, as recommended by the American Cotton Manufacturers' Association. The difference in cost as between single and ply yarn, of course, holds good in all numbers, although the proportion is greater in the finer than in the coarser numbers, and this you will see is allowed for in the recommendation of the American Association, although it is not allowed for in the rates in the bill.

You will also notice that the duty on finished goods—that is, bleached, dyed, etc., or made from colored yarns—is the same in all classes. This, in our opinion, is very inconsistent indeed as many of the fancy styles that would come in under classes 2, 3, and 4 would be in the nature of luxuries and would be a proper source of revenue. We consider that the rates recommended by the association in this connection are consistent and are as low as should be made.

Furthermore, it is our opinion that in section 262, covering plushes, velveteens, corduroys, etc., although 40 per cent, the rate in the bill, may be sufficient on corduroys, it is wholly inadequate on velveteens. We believe the duty should really be 50 per cent on both, but certainly not less than 50 per cent on velveteens. These fabrics, which are known as pile fabrics, are subjected to a third process, viz, the cutting process, which is all labor requiring skilled operatives, and velveteens being finer than corduroys require an additional amount of cutting, and therefore more labor is involved. Furthermore, these goods are in the nature of luxuries and we consider them also a proper source of revenue.

SAMUEL ROSS, PRESIDENT OF THE MULE SPINNERS' UNION AND MEMBER OF THE EMERGENCY COMMITTEE OF THE UNITED TEXTILE WORKERS OF AMERICA.

NEW BEDFORD, MASS., *May 23, 1913.*

THE SENATE FINANCE COMMITTEE,

Washington, D. C.

GENTLEMEN: My message to you is from the workers. I am sent here by the workers in our textile factories, and my expenses are paid by my local union in New Bedford. I have been associated with the labor movement in this country since a young man. I was president of the International Spinners' Union when 22 years of age and for nearly 20 years its international secretary, a member of the executive committee of the United Textile Workers of America since its inception up to the present time, and also a member of the emergency committee, which is composed of five members only. I do not claim to represent all these interests, but I do know something of the feelings of the rank and file of the textile workers, and having talked recently with most of the secretaries of the large cotton workers' unions on the proposed tariff I am somewhat conversant with the opinion of these men on this subject. I want to say that in our opinion the proposed duties are too low to prevent large importation of competitive products. Only yesterday I met President Golden of the United Textile Workers' Association, who gave me permission to say for him that he was opposed to any reduction in the tariff that would be injurious to any of our cotton or woolen industries.

Now, gentlemen, we are convinced that your proposed rates are too low to permit of continued employment, in view of importations that will surely follow the passage of this bill. Let me say here, however, that this does not mean lower wages for us. The large textile unions have declared in their conventions that, in view of the high cost of living, wages must not be reduced; that any attempt to lower the wage rate will meet with our most strenuous opposition, so it is not lower wages we fear, but periods of no wages from a reduction of or cessation of output.

We find no fault with revision of the tariff rates. The Democratic Party was elected to reduce the tariff, but I feel sure from the conversations I have had with the people in our mills that they trusted the party not to make such reductions as would tend to further increase the hardships of the workmen. That this would be the result is proven by the fact that preparations we know are now being made by foreign manufacturers at no little expense to manufacture products for export to this country, which products are similar to those now being made by us. The jubilant spirit with which the cotton schedule has been received in England, by the president of the English manufacturers' association down to the smallest manufacturer, is very apparent from trade and business conditions in England; the fact that in some cases jobbers and users of yarns from 50's upward using the argument that in many cases it will be impossible for our manufacturers to quote prices within several cents a pound of that at which the foreign manufacturers can sell. I have in mind a case in my own city of New Bedford, where a mill bought 80's yarns from England in preference

to making it themselves, although possessed of the facilities for so doing, when a general reduction of wages of 10 per cent took place, and they then commenced making the yarns themselves. It is only fair to say that this was some years ago and previous to the enactment of the Payne-Aldrich bill.

I am no expert on cost of manufacture or sale of products and can only speak to you from the employees' standpoint, viewing the situation as an employee would. I desire to impress upon you gentlemen the difficulties under which our industry is laboring at the present time. My local organization, with about 625 pairs of machines, requiring the employment of 1,000 men and boys, has paid out in stoppage pay to its members during the past five years from \$60,000 to \$70,000, and we only pay for the first 13 weeks of stoppage. Stoppage pay is paid to the members of our union due to the stoppage of machinery because of lack of work.

As showing the condition of our industry, let me say that our mills in New Bedford, for example, have depreciated in the price of stocks within the last three years some 25 to 50 per cent. Our industry in New Bedford is large and is built up almost wholly within the last 37 years on goods manufactured previously abroad.

We have at the present time about 54,000 looms and 3,000,000 spindles. This is more spindles than there are in New England outside of the States of Massachusetts and Rhode Island and half as many more than there are in Rhode Island.

We ask you to consider seriously any proposed schedule that would seriously cripple this industry or the cotton business in general. I ought to add, however, that in New Bedford we are the great fine goods center of this country. Our mills cost much more to build and equip than similar plants abroad; at least double the cost of English fine mills. Our wages are very much higher, according to the Tariff Board report; at least 75 per cent more than that paid in English mills. You can not afford to reduce our standard of living, and in order to maintain this we must have not only present wages, but full continued employment.

It has been suggested that a ground for determining the prepared tariff rates has been based on the labor cost. For instance, your subcommittee tell me that the value of the finished products made in the cotton mills of the United States are worth \$628,000,000, and that the amount paid out in labor for making these products is \$133,000,000. This is about 20 per cent of the value of the finished product, and you say that you are giving us an average of 20 per cent duties. May I say, gentlemen, that it is unfair to take the average percentage of labor cost to the wholesale value of the finished product for the purpose of basing tariff rates. For instance, in my city, New Bedford, Mass., the wages paid to wholesale value of finished product would be from about 15 per cent to 60 per cent, or even 70 per cent, while the protection you propose would be from 10 per cent on the lower numbers to 25 per cent on the higher numbers. This condition would apply in a greater or lesser degree to the larger textile centers of this country.

Your subcommittee asked me what rate of tariff duties I would support. I am not an expert on this matter and can only suggest rates from my knowledge of labor costs in this country and abroad, and also with reference to the importations into this country. I

have mentioned above the fact that a mill in the city of New Bedford commenced to manufacture 80 yarns rather than import them, which they had previously done, but only after there had been a reduction of 10 per cent in the wage cost. May I say here that the amount of importations of yarns of this number are greater than the amount manufactured in this country? The tariff duty on these yarns was 35 per cent. I should now suggest, since your subcommittee asked me, that the reduction be not less than 35 per cent on numbers 90 to 100, not less than 10 per cent from numbers 1 to 20, and a proportionate advance from numbers 20 to 90 for each 10 numbers, with a duty of 40 per cent on numbers over 100 and a fair differential of increase for yarns advanced in manufacture beyond single in the gray and for cloths. This advance is about the proportion of advance in these numbers of the labor cost between this country and abroad.



SCHEDULE J.
FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

SCHEDULE J.--FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

Pars. 272-275.—FLAX AND HEMP.

J. E. BARBOUR, WASHINGTON, D. C.

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: Every vegetable fiber covered by the proposed Underwood tariff bill is on the free list with the exception of flax and hemp. I protest against this discrimination and request that paragraphs 272-275, covering raw and dressed flax and hemp, be placed on the free list.

There is no flax or hemp grown commercially to-day in the United States that can be used for spinning purposes. In former years there was a considerable amount of hemp grown in Kentucky, but this now has been abandoned for more profitable crops.

Par. 274.—TOW OF FLAX.

ANDREW DUTTON CO., BOSTON, MASS., BY ALFRED H. COLBY, MANAGER.

BOSTON, MASS., *May 22, 1913.*

Senator SIMMONS, *Washington, D. C.*

DEAR SIR: Under the proposed tariff bill (H. R. 3321) there are two articles in which we are particularly interested, because we have had trouble with the Government in the past regarding their classification, and the new bill does not seem to make these articles as clear as they should be in our judgment.

Under Schedule J, page 70, line 8, article 274, tow of flax \$10 per ton, and under the list of free articles page 111, line 13, article 493, flax straw.

We understand that both articles are practically the same thing.

Tow is the coarse and broken part of flax or hemp separated by the finer part by the hatchel or swingle.

Flax straw is the skin or fibrous part of the flax plant when broken and cleaned by hatcheling or combing.

You can readily see that in the trade they are practically the same thing, which is nothing more or less than the waste from flax after the seeds are taken out by the process of hatcheling or combing.

We naturally would like to have the goods come in under the heading of article 493, line 13, and would suggest that some addition be made to this item to clarify it.

We would suggest that it read, "Flax straw" or "Waste from flax with the seed removed," or something similar.

We thank you for any consideration you may give the subject.

Par. 276.—JUTE YARNS.

THE ALLENTOWN SPINNING CO., J. E. BARBOUR, PRESIDENT; CHELSEA FIBRE MILLS, PAUL T. WISE, MANAGER; DOLPHIN JUTE MILLS, S. L. DAVIS, TREASURER.

WASHINGTON, D. C., May 17, 1913.

Hon. F. M. SIMMONS,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

DEAR SIR: Inasmuch as it is proposed under the Underwood tariff bill to have a duty of 15 per cent ad valorem on jute yarns 5 lea and over, and 25 per cent ad valorem on yarns finer than 5 lea, we propose to you as a compromise a duty of 20 per cent ad valorem on all yarns specified in this paragraph, which would help American manufacturers to compete with foreign manufacturers under normal conditions. The jute-yarn industry has only shown a varied and moderate return on the money invested, as can be proved by Government corporation returns.

The following tabulated statement, covering the period 1908-1912, inclusive, shows the difference in cost of manufacturing 14-pound yarns in Dundee, compared with yarns manufactured in this country, which statement can be verified by consular reports and customhouse records:

	Average price raw jute in Dundee	Add Dundee cost for 14-pound yarn.	Add freight and insurance, Dundee to New York.	Cost of 14-pound Dundee in New York without duty.	Add duty at 15 per cent ad valorem.	Cost of 14-pound Dundee yarn in New York, duty paid, proposed Underwood bill.	Cost of 14-pound Dundee yarn in New York under suggested rate of 20 per cent.	Cost of 14-pound Dundee yarn in New York at present rate of 1 cent and 10 per cent.
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
1908.....	4.5	1	0.15	5.65	0.83	6.48	6.75	7.15
1909.....	3.5	1	.15	4.65	.68	5.33	5.55	6.00
1910.....	3.5	1	.15	4.65	.68	5.33	5.55	6.00
1911.....	3.0	1	.15	3.15	.75	3.90	6.15	6.00
1912.....	6.0	1	.15	7.15	1.05	8.20	8.55	8.80

American cost.

	Average price raw jute.	Add Amer-ican cost of production.	Total Amer-ican cost 14-pound yarn.
	Cents.	Cents.	Cents.
1908.....	4.5	2.5	7.0
1909.....	3.5	2.5	6.0
1910.....	3.5	2.5	6.0
1911.....	4.0	2.6	6.6
1912.....	6.0	2.6	8.6

Pars. 281 and 282.—MATTINGS AND RUGS.

CREX CARPET CO., PER MYRON W. ROBINSON, PRESIDENT.

NEW YORK, May 8, 1913.

Senator SIMMONS,

Chairman Finance Committee, Washington, D. C.

DEAR SIR: On behalf of the American manufacturers of carpets, mattings, and rugs manufactured from vegetable substances, which were formerly in sections 343 and 463, Schedule J, I wish to call your attention to errors in the present tariff, which are so plain that I trust there will be no difficulty in rearranging.

The rugs which come in competition with this industry are made in China, Japan, and India of straw, a vegetable fiber. They were formerly contained in the same schedule with straw baskets, etc., which was an error; but in putting them in floor coverings, Schedule J, they should have been put in with other vegetable fibers in section 282 at 35 per cent ad valorem instead of section 281, which was the matting schedule.

In the brief which I hand you you will find that ours is a question of labor entirely, and I do not believe that the Senate desires us to compete with the Japanese and Chinese labor. We use labor in cutting and putting up our grass, and we use labor again in the manufacturing of the grass into rugs.

Upon looking into this matter you will find that instead of importing one-third of the mattings and rugs, which is supposed to be the desired amount for proper competition, you will see that they import three times as much as the total amount of our business. You will also find that they already undersell us and that any reduction will simply mean so much revenue in the pockets of the importer, who employs no labor at all, instead of revenue to the Government; so you will find that there is plenty of competition already and the worst kind of competition, as they actually imitate our goods and patterns, and in this you must get away from the old idea of Japanese mattings and that they are making an actual rug like ours.

In regard to competition here you will find that there are half a dozen companies, no one company interested with the other. The usefulness of this will be shown when you find that we have used over 100,000 acres of heretofore waste marsh lands and made them valuable. You will find that we are the largest individual users of domestic cotton warp; that we not only employ thousands of laborers, but we also feed them at our camps, and that we are large purchasers in this line. You will also find that we are the largest individual users of paint, and that any disposition to ruin our business will be very far-reaching.

We also produce for the American public a cheap, economical, and attractive floor covering. So much for our argument as to the necessity of protection, which can not be denied.

Now, I will show you just what the Ways and Means Committee have done, which, I believe, was unintentional even on their part.

The mattings we do not care so much about, as rugs are becoming more univer-sally used than mattings or carpets of any substance, but

they reduced the matting $3\frac{1}{2}$ cents to $2\frac{1}{2}$ cents per square yard, entirely unnecessary for competition; however, I will let this matter go, as it is simply a loss of revenue to the United States; but coming to the rugs, which really come in competition with us, they have reduced from 35 per cent ad valorem to $2\frac{1}{2}$ cents a square yard; 35 per cent ad valorem is equivalent from 8 to 12 cents a square yard, so you will see that the reduction on the rugs was out of all reason or proportion to the reduction of 1 cent on the matting. Not only this, but the mats and rugs made of flax, hemp, or other vegetable fibers remained the same at 35 per cent ad valorem, the same as the straw mats used to be formerly, and where they belong now; so we would simply ask that the mats and rugs of straw be put, as they should be, with other vegetable fibers and that the mats remain as they are at $2\frac{1}{2}$ cents a square yard.

We not only ask this as it should be positively decided, but these two articles, 281 and 282, conflict with themselves, as section 281 shows mats and rugs manufactured from straw, round or split, or other vegetable substances not otherwise provided for in this section; the words "not otherwise provided for in this section" one would suppose would throw the mats and rugs made of straw into section 282, as they come under vegetable fibers.

If you will read over the records before the Ways and Means Committee when I appeared, and also the records of the importers, you will find that the importers themselves asked for a rate of 5 cents per square yard on the rugs and the Ways and Means Committee reduced it to $2\frac{1}{2}$ cents per square yard, and in asking this the importers only hoped to get a reduction to about 7 cents, as in this they put the rate well on their side to advantage.

We are already receiving complaints from our jobbers that the retailers are pushing the Japanese goods, and without any reduction to the consumer; as they have been promised a better price, and of course are pushing the goods in which there is the most profit, so you will see that both the consumer and the Government will lose these differences in tariff.

I will be pleased to show you the catalogues and advertisements showing that they have their shipping points at New York and St. Paul, the same as us, and which comes in competition with us, and any other matter that your committee may desire to have to become intelligently informed on this subject, for it is very simple, and there can be no reason why the rugs all of fiber should not be kept together under section 282 and the mats under section 281.

The effects, if any, of this business will be very far-reaching, especially through the States of Wisconsin and Minnesota, and above all, the cotton-growing States.

We have grown very steadily and are large users of labor and material, and on a very conservative basis, as you will see, upon the records of only 8 per cent, and this has only been by the most conservative management, so I trust that your committee will readjust this matter, which will be very satisfactory to the importers and will give a strictly American industry the proper and necessary protection.

BRIEF ON BEHALF OF AMERICAN MANUFACTURERS OF CARPETS, MATTINGS, RUGS, MANUFACTURED FROM VEGETABLE SUBSTANCES (SECS. 343 AND 403, SCHEDULE J).

[Committee: Myron W. Robinson, 377 Broadway, New York City; Samuel K. Harvey, Janney, White Streets and Allegheny Avenue, Philadelphia, Pa.; I. Solomon, 141 Fifth Avenue, New York City.]

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.

I. 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 Walte 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 swamp or marsh lands 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 Walte 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 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, Walte Co. and Oshkosh Co., at Oshkosh, Wis.; Willow Grass Co., at Green Bay, Wis.; and Crex Co., 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 had 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.....	\$1,310,150.82
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 equipment, live stock, etc.....	638,885.85
	<hr/>
	2,115,036.67
Franchise, license, shop rights, good will, etc.....	585,063.48
Manufactured product, at cost.....	\$183,201.71
Material and supplies, at cost.....	103,059.88
Furniture and fixtures.....	2,500.00
Accounts receivable.....	99,235.68
Cash.....	186,441.65
	<hr/>
	664,438.92
	<hr/>
	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.....	160,816.87
	<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.

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 1,000 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 product 1,700,000 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.

Walte 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 Walte 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 3½ 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 of these commodities.

The average wage paid in the American mills is \$1.00 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 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 eight-tenths 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 \$1.224, 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:

	Yen.
Bale containing 4 Japanese rugs, 9 by 12, cost.....	24.60
Packing.....	.72
5 per cent commission.....	1.23

At exchange.....	26.55
	.51

Duty (35 per cent ad valorem).....	\$13.54
Freight.....	4.375
Marine insurance.....	1.80
	.1354

Total for 4 rugs.....	19.85

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 rug sells at \$5.51, 4 per cent for 10 days, in carload lots, to points not taking a freight in excess of 33 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 jobbers' commissions.

¹ Gold.

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:

Bale containing 6 stenciled 9 by 12 rugs.....	Yen. 11. 10
Packing.....	. 02
	<hr/>
	12. 02
5 per cent commission.....	. 601
	<hr/>
	12. 621
At exchange.....	. 51
	<hr/>
Gold.....	\$6. 437
Duty.....	2. 002
Freight.....	. 0025
Marine insurance.....	. 064
	<hr/>
	9. 47

The landed New York cost for one 9 by 12 rug is \$1.57½, 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:

40-45-pound China matting:	Mexican.
First cost, a roll of 40 yards.....	\$2. 4000
Less 2 per cent trade discount.....	. 0480
	<hr/>
	2. 3520
River freight.....	. 1500
Inspection, 1 per cent.....	. 0230
Incidentals—that is, consular invoice, bill brokerage, customs stamp duty, approximately one-fourth of 1 per cent.....	. 0060
	<hr/>
	2. 5310
3 per cent commission.....	. 0760
	<hr/>
	2. 6070
At exchange rate, 6 months' draft.....	5. 1870
	<hr/>
Gold.....	1. 3530
Duty.....	1. 4000
Freight, Suez to New York.....	. 3800
Marine insurance, 2 per cent.....	. 0270
	<hr/>
Landed cost, New York (7½ cents per square yard).....	3. 1600
	<hr/>
110-120-pound Linton China matting:	
First cost, a roll of 40 yards.....	\$12. 0000
Less 2 per cent trade discount.....	. 2400
	<hr/>
	11. 7600
River freight.....	. 1500
Inspection, 1 per cent.....	. 1180
Incidentals (that is, consular invoice, bill brokerage, customs and stamp duty), approximately one-fourth of 1 per cent.....	. 0200
	<hr/>
	12. 0570
3 per cent commission.....	. 3620
	<hr/>
	12. 4100

110-120-pound Linton China matting—Continued.	Gold.
At exchange 0.5187, rate 6 months' draft.....	\$6.4420
Duty	1.4000
Freight, Suez to New York.....	1.0140
Marine insurance, 2 per cent.....	.1290
Landed cost New York (22½ cents per square yard).....	8.9900
80-warp Chirugo short-straw Japan matting:	Yen.
First cost, a roll of 40 yards.....	5.1000
Packing and incidentals.....	.5200
	5.6200
3 per cent commission.....	.1700
	5.7900
At exchange 0.5111, rate 4 months' draft.....	.2111
Gold.....	\$2.9500
Duty.....	1.4000
Freight.....	.5000
Marine insurance, 1 per cent.....	.0300
Landed cost New York (12½ cents per square yard).....	\$4.8900
460 warp plain white Japan matting:	Yen.
First cost, roll of 40 yards.....	27.0000
Packing and incidentals.....	.7200
	27.7200
5 per cent commission.....	1.3860
	29.1060
At exchange 0.5133 rate of 6 months' draft.....	.5138
	Gold.
	\$14.9400
Duty.....	1.4000
Freight.....	.5500
Marine insurance, 1 per cent.....	.1500
Landed cost, New York (42½ cents per square yard).....	17.0500

Or on an average selling price for these four mattings per square yard of 21 cents.

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.

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 herebefore pointed out, the American operative in a mill earns on an average \$1.00 per day; the Japanese weaver and foreman, who are skilled workmen and the best paid, earn daily from 17½ 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 6.2 cents. The difference in labor cost is thus 5.4 cents per square yard, while the present duty is but 3½ cents per square yard.

II. 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., William Scholes & Co., all of Philadelphia, Pa.; Joseph Wild & Co., New York City; 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 3,941,050 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 17½ 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, 8.5 cents, and in Japan eight-tenths 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 92.4 cents, while the present duty on the Japanese stenciled straw rug of medium quality is 33.3 cents.

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. 1000
Packing-----	. 0200

	12. 0200
5 per cent commission-----	. 6010

	12. 6210
At exchange -----	. 5100

Gold -----	\$0. 4370
Duty-----	2. 0020
Freight-----	. 0625
Marine Insurance-----	. 0640

	9. 4700

The landed New York cost for one 9 by 12 rug is \$1.57½, or 13 cents per square yard. The average production cost per square yard of the American article is 30.7 cents, so that after paying the 35 per cent ad valorem duty and the 5 per cent importer's commission the importer of the Japanese product has an advantage of 17.7 cents per square yard over the American manufacturer, while the duty is but 2.8 cents per square yard. The average selling price of the American fiber rug is 37.5 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 \$1.57½, 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.

40-45-pound China matting:	Mexican.
First cost, a roll of 40 yards.....	\$2.4000
Less 2 per cent trade discount.....	.0480
	<hr/>
River freight.....	2.3520
Inspection, 1 per cent.....	.1500
Incidentals—that is, consular invoice, bill brokerage, customs, stamp duty, approximately one-fourth of 1 per cent.....	.0230
	<hr/>
	.0060
	<hr/>
	2.5310
3 per cent commission.....	.0760
	<hr/>
	2.6070
At exchange rate, six months' draft.....	.5187
	<hr/>
Gold.....	1.3530
Duty.....	1.4000
Freight, Suez to New York.....	.3800
Marine insurance, 2 per cent.....	.0270
	<hr/>
Landed cost, New York (\$0.07½ per square yard).....	3.1600
	<hr/>
110-120-pound Linton China matting:	
First cost, roll of 40 yards.....	12.0000
Less 2 per cent trade discount.....	.2400
	<hr/>
	11.7600
River freight.....	.1500
Inspection, 1 per cent.....	.1180
Incidentals (that is, consular invoice, bill, brokerage, customs and stamp duty, approximately one-fourth of 1 per cent.....	.0200
	<hr/>
	12.0570
3 per cent commission.....	.3620
	<hr/>
	12.4190

110-120-pound Linton China matting—Continued.	Gold.
At exchange 0.5187, rate 6 months' draft.....	\$6.4420
Duty	1.4000
Freight, Suez to New York.....	1.0140
Marine insurance, 2 per cent.....	.1200
Landed cost New York (22½ cents per square yard).....	8.0000
80-warp Chikugo short-straw Japan matting:	Yen.
First cost, roll of 40 yards.....	5.1000
Packing and incidentals.....	.5200
	5.6200
3 per cent commission.....	.1700
	5.7900
At exchange 0.5111, rate 4 months' draft.....	.2111
Gold.....	\$2.9590
Duty.....	1.4000
Freight.....	.5000
Marine insurance, 1 per cent.....	.0300
Landed cost New York (12½ cents per square yard).....	4.8900
460-warp plain white Japan matting:	Yen.
First cost, roll of 40 yards.....	27.0000
Packing and incidentals.....	.7200
	27.7200
5 per cent commission.....	1.3860
	29.1060
At exchange 0.5136 rate of 6 months' draft.....	.5136
Gold.....	\$14.9100
Duty.....	1.4000
Freight.....	.5500
Marine insurance, 1 per cent.....	.1500
Landed cost, New York (42½ cents per square yard).....	17.0500

or an average selling price per square yard for the four mattings of 21 cents.

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 \$1.00 per day. The Japanese operative earns daily from 17½ cents 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, 13½ 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 twofold 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.

Par. 285.—FLOOR OILCLOTH, LINOLEUM, ETC.

EDWARD L. FARR, PRESIDENT, FARR & BAILEY MANUFACTURING CO.,
CAMDEN, N. J.; HENRY A. POTTER, PRESIDENT, THOMAS POTTER,
SONS & CO. (INC.), PHILADELPHIA, PA.; PETER CAMPBELL, TREAS-
URER, NAIRN LINOLEUM CO., KEARNEY, N. J., BY EDWARD L. FARR.

CAMDEN, N. J., May 13, 1913.

HON. CHAS. F. JOHNSON,
Washington, D. C.

MY DEAR SENATOR: In the very pleasant interview which you granted me last week you pointed out that the statements which I made in reference to the American production and exports of floor oilcloth and linoleum were not in harmony with those in your Handbook of Statistics. I assured you that there was an error in the statistics, and having obtained copies of them I have found the discrepancy is caused by erroneously including as American production and exports of floor oilcloth and linoleum the production and exports of oil cloths of all kinds as well as artificial leather and kindred articles,

which are an entirely different class of goods, provided for in the cotton schedule of the tariff bill, and having no connection with floor oilcloth and linoleum in Schedule J.

I have prepared the inclosed sheet, giving what I believe to be facts as to 1910 production and exports of floor oilcloth and linoleum, which show that imports were a great factor in the American market, and which entirely change the conditions from those shown in the Handbook.

I have not been able to understand why the House committee so mercilessly cut duties on our products, but the misinformation in the Handbook explains the matter.

I trust this information will enable you to actively advocate an advance in the proposed rates to the basis suggested below, which is an irreducible minimum required by American floor oilcloth and linoleum manufacturers to enable them to compete with foreign manufacturers. The phraseology we ask for, in order to define the various classes of goods and rates asked for, are:

Linoleum, corticene, cork carpets, and all other fabrics or coverings for floors, made in part of oil or other similar products, plain, stamped, painted, or printed only, not specially provided for herein, 35 per centum ad valorem.

And any of the foregoing, the composition of which forms design or patterns, whether inlaid or otherwise, by whatever name known, 40 per centum ad valorem.

Mats for floors, made of oilcloth, linoleums, or corticene, shall be subject to the same rate of duty herein provided for oilcloth, linoleum, or corticene.

Oilcloths for floors, 30 per centum ad valorem.

Very truly, yours,

EDWARD L. FARR.

SCHEDULE J.

[Par. 265. 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.]

Item.	Wilson tariff, 1896.	Dingley tariff, 1905.	Payne tariff.		Estimates for a 12-month period under H. R. 3321.
			1910	1912	
Imports:					
Quantity (square yards)	1,531,582.59	2,159,650.64	2,845,455.15	2,724,841.48	3,000,000
Value.....	\$266,081.00	\$484,209.00	\$739,110.50	\$961,098.00	\$1,050,000
Average unit.....	\$0.17	\$0.224	\$0.260	\$0.352	\$0.35
Duties.....	\$66,520.25	\$253,114.35	\$345,776.88	\$372,610.94	\$317,000
Equivalent ad valorem (per cent).....	25.00	52.27	46.78	38.76	30.00
Production:					
Quantity (square yards)		74,785,693.00	1,108,731,943.00		
Corrected production (square yards).....			24,176,224.00		
Value.....		\$9,201,548.00	\$15,129,629.00		
Corrected value.....			\$6,944,928.00		
Average unit.....		\$0.123	\$0.139		
Corrected average unit.....			28.72		
Exports:					
Corrected exports.....		\$260,929.00	\$353,544.00	\$356,761.00	\$541,436.00
Consumption.....		None.	None.	None.	
Consumption American products plus imports and duties.....		\$9,356,694.00	\$14,865,049.00		
Percentage imports landed value to consumption.....			8,029,815.38		
			13.51		

¹ See note 5: "This production is of oilcloths, all kinds and artificial leather." Does not include linoleums. Average unit proves this. Cheapest linoleums valued 25 cents or more.

All above exports were table oilcloths and imitation leather.
[Par. 285. Same. Of whatever width the composition of which forms designs or patterns, whether inlaid or otherwise, by whatever name known, and cork carpets.]

SCHEDULE J—Continued.

Item.	Wilson tariff, 1896.	Dingley tariff, 1905.	Payne tariff.		Estimates for a 12-month period under H. R. 3321.
			1910	1912	
Imports:					
Quantity (square yards)	422,913.85	1,304,447.61	1,809,477.13	1,460,544.62	2,000,000
Value	\$244,937.00	\$713,979.00	\$1,068,345.00	\$905,087.00	\$1,250,000
Average unit	\$0.50	\$0.547	\$0.582	\$0.62	\$0.625
Duties	\$97,974.80	\$403,685.44	\$703,562.39	\$473,126.31	\$437,500
Equivalent ad valorem (per cent)	50.00	56.54	56.62	52.27	35.00
Production:					
Quantity (square yards)		16,891,462.00	30,676,254.00		
Corrected production (square yards)			6,500,000		
Value		\$5,328,800.00	\$10,844,928.00		
Corrected value			\$3,900,000.00		
Average unit		\$0.315	\$0.354		
Corrected average unit			\$0.60		
Exports		None.	None.		
American consumption, Home production plus Imports and duties			\$5,561,897.39		
Percentage of American con- sumption imported			29.87		

[2S. Oilcloths for floors.]

Imports:					
Quantity (square yards)			198,449.66	253,692.00	500,000
Value			\$17,595.25	\$52,246.00	\$100,000
Average unit			\$0.189	\$0.206	\$0.200
Duties			\$17,562.23	\$23,142.26	\$20,000
Equivalent ad valorem (per cent)			46.71	44.29	20.00
Exports			\$128,542.00	\$109,079.00	
Corrected exports			None.	None.	
Production 1910:					
Quantity (square yards)			25,000,000		
Value			\$5,000,000.00		
Average unit value			\$0.20		

¹ These figures are correct for the total American production of linoleums and cork carpet of all kinds, and should be divided between this paragraph and the above in the following proportion: This paragraph 6,500,000 square yards; previous paragraph, 24,176,154 square yards.

This is the production of oilcloths for floors included in the 103,731,943 square yards of oilcloths of all kinds and artificial leather, referred to in the linoleum statistics above.

[Correction of Report No. 5, to accompany H. R. 3321, p. 224, par. 285; Linoleums, inlaid linoleums, and oilcloths.]

The statistical figures given in these three paragraphs of this report regarding the American production and exports of linoleum, inlaid linoleum, and oilcloths are grossly incorrect, owing to the fact that productions of table oilcloths and artificial leather have been included with the production of linoleum. In the second table the production of inlaid linoleum and cork carpets has been incorrectly stated, the figures therein named being the total production of all kinds of linoleum and cork carpets. The figures and notes in red ink are a close and careful estimate of the production of goods under the various paragraphs in the year 1910, and have been carefully made up by the executive officers of three of the principal American oilcloth and linoleum manufacturers, and compared with the estimate of burlap consumption in the oilcloth and linoleum industry, made by Mr. E. R. Biddle, who is one of the principal importers and one of the best posted men regarding this class of goods. These figures show a

total production in 1910 of about 55,000,000 square yards, instead of 138,000,000 square yards in the statistical report.

The figures in the statistical report regarding exports all refer to table oilcloths, imitation leather, and goods of that character. There were no linoleums, inlaid linoleums, cork carpets, or floor oilcloths exported of any appreciable amount.

Par. 286.—COLLARS AND CUFFS.

COLLAR, CUFF, AND SHIRT MANUFACTURERS OF TROY, N. Y., BY J. K. P. FINE AND OTHERS.

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. [See House hearings, p. 3843.]

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 average 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 foreigner's 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, 40, 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 cents 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 cents 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.

SCHEDULE A.

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 2 for 25 cents, but at 3 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 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.

EVERETT M. SNYDER.

Notary Public, Rensselaer County, N. Y.

Par. 287.—EMBROIDERIES, LACES, ETC.

ASSOCIATION OF AMERICAN EMBROIDERY AND LACE MANUFACTURERS (INC.), PER N. W. KURSHEEDT, PRESIDENT, NEW YORK, N. Y.

EMBROIDERIES AND EMBROIDERED LACES UNDER VARIOUS DESIGNATIONS.

Embroideries and embroidered laces are pure luxuries.

To make clear our conception of the real necessities of life and the luxuries, we suggest the following classification:

Absolute 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; nevertheless, there are several million dollars' worth of cheap embroideries made in the United States, such as are used by the masses as luxuries, which are sold on a basis equivalent to 30 or 45 per cent duty, because of keen domestic competition.

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:

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 inadequate rate of tariff permits to be manufactured in this country.

More competition would 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. It would cause a reduction in the foreign prices of competitive goods to the extent of fully one-half of a 10 per cent advance in duty, taken from the profits of the foreign manufacturers and importers; and the greater domestic production, operating in accordance with the laws of supply and demand, would cause a general lowering of prices for the benefit of the consumer. Several million dollars' worth of the cheapest class of embroideries are being made and sold in this country on a basis of less than 45 per cent duty. The additional duty would affect almost exclusively the finer and most luxurious embroideries and embroidered laces.

A higher duty would cause further progress to be made by the American manufacturer and would cheapen the cost of production for the benefit of the consumer.

All of the important inventions to improve the embroidery machine within the past 20 years 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 fully four-fifths of the competitive goods.

During the period prior to 1891, when the duties imposed were only 35, 31½, and 40 per cent, competition with foreign countries was impossible. Almost the entire industry depended upon what is known in the trade as "jobwork," "special-order work," or "fashion fads." Parties were tempted to engage in this industry when fashions were favorable; when unfavorable many manufacturers failed or abandoned the business. Of the first hundred a few only are left.

Since 1891 American inventions have changed this condition of affairs to a limited extent, and we are thus able to make some of the coarser grades of embroideries requiring a minimum amount of labor. The labor cost here is about three times the rate prevailing in Europe.

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 "jobwork," etc. 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, the labor in proportion being insignificant. Adding together the \$5,000,000 and the \$3,000,000 and deducting this sum from \$14,000,000 leaves \$6,000,000 of competitive embroideries that are manufactured in this country. Of these competitive goods there are \$18,000,000 imported foreign value (equal to \$28,800,000 domestic value), plus the \$6,000,000 domestic production, equals \$34,800,000. Thus, we are making a trifle more than one-sixth of these competitive goods, while nearly five-sixths are imported.

With a 10 per cent advance in duty, the foreign manufacturers could 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, for which a high duty or an equivalent higher price must be paid, there would remain only a net advantage of about 4 per cent.

The advantage of the remaining 4 per cent would enable us to manufacture an additional \$2,000,000 worth of foreign value of embroideries and embroidered laces, or \$3,200,000 worth domestic value.

This amount would furnish the equivalent employment to labor of \$4,000,000 worth of such goods as we now produce, because of the increased proportion of labor entering into the cost of these finer goods.

The figures submitted by an importers' association are \$24,000,000 importations, \$16,000,000 domestic production. Deducting the

\$5,000,000 worth of "job goods," etc., 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 \$21,000,000 plus 60 per cent equals \$38,400,000, and adding this to the \$8,000,000 domestic production, makes a total of \$46,400,000 domestic consumption of competitive goods. This shows that the domestic industry manufactures a trifle more than one-sixth, and the foreign manufactures nearly five-sixths of our total consumption.

These figures are confirmed by considering the following facts: A corporation with capital of 50,000,000 francs (\$10,000,000) has, in Switzerland, the largest embroidery manufacturing 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 had embroidery machines here since 1894, and has owned the patent rights on the automatic embroidery machine both in Europe and in the United States for over five years. In order to gain by their investments in the patents before their expiration, it was necessary for this corporation to erect the greatest number of machines that could be operated profitably in the United States. They therefore erected 89 10-yard machines here; but they operate in Europe, to manufacture almost exclusively for this country, the equivalent of 432 10-yard machines. This corporation has 83 per cent of its machines in Europe, and only 17 per cent in this country. It has in use every known improvement for making embroideries, and the controlling officers of this corporation are United States citizens. It has no royalties to pay; having built quantities of automats, they can own them at lowest cost, while other parties pay machine builders' profits and royalties amounting to about \$2,500 per machine.

This is conclusive proof that we need a higher duty to establish proper competition between the United States and foreign countries, and that all the improvements in machinery known of to-day will not materially change the ratio between imports and domestic production.

The next largest embroidery house imports more than four-fifths of its embroideries and embroidered laces and buys and manufactures here less than one-fifth of these goods.

Further confirmation of the fact that embroideries and embroidered laces can not, under present conditions, be made in this 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 the United States flag has become rich. Many of them have become bankrupt.

The consumer has enjoyed a material reduction in prices through American improvements in machinery and because of keen domestic competition. The work people earn more than average wages. The industry has been established in many States.

The desired 70 per cent duty would be far from placing the domestic industry in a position to compete on equal terms with Europe in the United States, and there is no indication that there will be any change in the proportion of wages between the United States and those paid abroad.

If the entire revenue for the Government could be obtained from a few luxuries through fixing rates as high as 200 or 300 per cent, that would be the ideal form of taxation. There can be no such thing as a high price for articles which do not enter into the cost of living. A pearl weighing a small fraction of an ounce brings a price equal to the earnings of a skilled workman during a lifetime. As luxuries have no high price, their rates of duty can never be considered high.

In 1873, 1884, and 1893 many manufacturing establishments reduced salaries and wages. There was a general revision downward. Nevertheless, in some instances, in spite of hard times, advances in salaries were made, showing that in practice the best business principles indicate that when readjusting salaries, wages, or duties no arbitrary rule should be followed. The rate should be fixed in accordance with the facts covering each individual case.

What would one think of a merchant who, when reducing salaries, did not recognize the value of the few selected people, and by reducing their earnings force them to accept employment with competing houses.

Legislation has forced United States citizens to build, organize, and operate embroidery factories in Europe. Should not tariff legislation give at least an equal chance to the United States citizen to develop the embroidery industry in this country rather than compel him to build it up in a foreign country for the benefit of foreign labor?

A higher duty will prove a great uplift to the industry, as a better class of goods could then be made, thus furnishing opportunities to the workpeople to perfect their skill, earn better wages, and obtain more regular employment.

There are 350 domestic manufacturers using shuttle embroidery machines, competing with each other. Any pecuniary advantage to the manufacturers will, because of this keen competition, revert to the consumer.

When we consider further that the labor included in the cost of imported goods is in very much larger proportion than in the cost of the domestic output, we find that from the standpoint of employment of people the total consumption of competitive goods furnishes about 12½ per cent of employment to labor in this country and 87½ per cent in foreign countries.

In the long struggle to build up the domestic industry American manufacturers spent hundreds of thousands of dollars in the development of inventions to cheapen the cost of production, and for the past 20 years all the essential and important inventions to improve the embroidery machine have been made by American citizens.

The introduction of these machines into Europe has benefited the foreign manufacturer, enabling him to produce embroideries cheaper and to continue to undersell us to the extent of at least four-fifths of the domestic consumption of competitive goods. United States citizens who invested their money in making these experiments and improvements have not realized the aggregate amount of money expended.

There never has been nor can we see any possibility of there being any monopoly or combination in the embroidery business to maintain prices, as a thrifty workman can save within a couple of years sufficient to start and carry on a successful business. A large portion of the manufacturers of to-day have so commenced.

The increase of domestic production does not indicate that importations are lessened. On the contrary, while the embroidery business grew in the United States importations were increased through the original ideas evolved in the domestic industry, being often appropriated by the foreign manufacturer, who copies the articles for import into our country. The importations last year would have been much greater had it not been for that freak of fashion—the narrow skirt—which reduced the size of embroidered undergarments to about one-half their accustomed size or eliminated them altogether.

We appreciate the existing disinclination to increase tariff rates, but we can not admit the possibility that the Government, while reducing the tariff to promote competition for the benefit of the consumer, would arbitrarily refrain from raising the tariff in an instance where it furthers alike the interest of the consumer and of home industry and assures additional revenue to the Government. An advance in rates will show that the action of Congress is not inimical to the interests of domestic industries, but that each case is judged on its merits.

The 10 per cent advance in the tariff which we advocate will not only help the domestic industry, but it will benefit the consumer and will bring to the Government an increase in revenue.

It is of great importance that the provisos in paragraph 368 be retained.

**ASSOCIATION OF MANUFACTURERS OF LACES AND EMBROIDERIES,
ETC., BY DUDLEY FIELD MALONE.**

To the honorable members of the Finance Committee of the United States Senate:

Presentation submitted in behalf of the Association of Manufacturers of Laces, Embroideries, etc., of the New York trade organization composed of upward of 50 firms and companies, including importing and domestic manufacturing interests.

OBJECT OF THE SUBMISSION OF THIS MEMORANDUM.

1. To urge the reduction of the duties on embroideries and laces to 45 per cent.

2. To demonstrate the advisability of including in a separate schedule and a single paragraph, at a fixed and uniform ad valorem rate, the several provisions relating to tariff duties on laces and embroideries, instead of scattering such provisions through four different schedules, as was done in the tariff act of 1909.

Paragraph 349, Schedule J, embodies in substance almost all that will be required in a new schedule.

I.

REASONS FOR REDUCTION.

A. The matter of revenue. Governmental revenue from foreign lace importations will be completely cut off unless the tariff on such importations is reduced.

(1) *General importations.*—In 1907 the aggregate value of laces and embroideries imported into the United States was \$46,403,404. In 1912 the aggregate was \$44,949,058.

Instead of an increase there is a decrease, although the normal increase should have been 10 per cent to correspond with the increase of population since 1907.

(2) *As to lever goods.*—In 1907 importations of lever goods from England and France was \$19,344,824. In 1911 such importations decreased to \$13,230,234.

(3) *Nottingham lace industry.*—The lace-curtain industry, the importations of which in 1903 were \$236,171, are to-day practically nil.

(4) *The situation in St. Gall*—

(a) In 1912 such decrease was over 9,000,000 francs.

(b) In 1912 the United States purchased of St. Gall 32 per cent of their output.

In 1907 the United States purchased 45 per cent of such output.

(c) The imports of embroideries from St. Gall to the United States in the three months ending March 31, 1913, as compared with the same three months in 1912, show a falling off of 5,312,000 francs.

(d) The decrease in exportations from St. Gall in the year 1912, as compared to the year 1911, was 10,000,000 francs, and this decrease, as the figures above show, continued in 1913 in the same proportion. If the proportion goes on, the revenues from the St. Gall industry must in time be obliterated, more especially as the working hours of 75 per cent of the machines in the St. Gall and Pläicien districts have been curtailed by 25 per cent.

In this country the machines are not only working their full quota per day, but are also being operated by additional means of night shifts. The revenue must inevitably feel the effects of such startling decreases, unless these conditions are changed. The importations of laces, embroideries, etc., one of the important sources of revenue to the Government, is rapidly becoming nonexistent as a revenue-producing factor. A large quantity of importations at moderate revenue produces a bigger total than does a moderate and ever-vanishing quantity at high revenue.

B. The labor situation in the United States and in Europe and its bearing on foreign manufactures.

(1) Labor laws of Germany and Switzerland prohibit the use of machines in factories there for more than 9 or 10 hours per working day. No such restrictions obtain in this country.

(2) *Wages.*—The difference in wages between operatives in this country and St. Gall is not so great as has been stated. This is due to the establishment of American standards. The salaries of designers run from \$2,000 to \$5,000 a year, and of enlargers from \$12 to \$15 a week. A weaver in Nottingham and Calais is paid by piecework as in this country, and earns about \$20 a week, instead of from \$6 to \$20, as was stated on behalf of domestic manufacturers.

3. It is evident that such submission gives the minimum paid in foreign factories and the maximum paid in domestic factories.

C. Results of decrease in available markets.

(1) Owing to the falling off in the United States supply, foreign manufacturers in the Nottingham and Calais districts are maintaining idle machines.

(2) Therefore, a large number of foreign manufacturers are contemplating transference of their plants to this country.

(3) Hence, an increase among internal producers is to be expected.

(4) Such increase among home producers means absence of revenue and heightened competition of a kind disastrous to the home industry.

D. Change in the situation since the McKinley Act and its relation to foreign manufacturers.

The tariff bill of 1908 was designed to protect infant industries. At the time of its passage there were only 700 embroidery machines in the United States. To-day there are double that number. In October, 1912, there were 3,190. The "embroidery machines" that are set up in the United States to-day have a capacity for manufacturing \$16,000,000 worth of goods a year—more than three times the amount of the year 1908.

The total importations of goods in the year 1912 were about \$37,000,000 duty paid.

American manufactures of laces and embroideries amounted to about 10 to 20 per cent of the total output of such industry in 1908. They now amount to about 30 per cent, even though the duty of machinery which at the time of their origin was duty free has now been reestablished. More than this, this industry is about to be more firmly re entrenched by the introduction of patented Automat embroidery machines, whose makers are already freely contracting for immediate delivery of these machines in this country. The reason for the establishment of a high duty on embroideries and laces which began with the McKinley Act no longer exists. The protection afforded by the tariff in the introduction of labor-saving machinery obviated the necessity for further protection.

E. The tariff act taxes necessities rather than luxuries.

This act of 1909 raised the duty on articles which had never been higher than 40 to 60 per cent and as high as 70 per cent on articles made by the Lever or Gothrough machine. But, nevertheless, this act of 1909 did not apply to any handmade laces, which are alone true articles of luxury. The majority of the articles dealt with by the tariff are to-day, thanks to our higher standard of living, necessities for almost all of the population, and the general demand for them on the part of the consumers steadily goes up with the ever-mounting standard of living. It is therefore imperative that such articles be within reach of the mass of consumers of all classes. To tax embroideries which have come to be public necessities and to omit to tax handmade laces, which are admittedly luxuries for the few, is to legislate in a way that is discriminating and undemocratic.

But although real laces are admittedly luxuries their volume is so comparatively insignificant that for convenience of classification and to avoid danger of smuggling we favor their inclusion in the proposed new general schedule of laces and embroideries rather than their segregation.

Let it be remembered, too, that such reduction in tariff will permit of the bringing in of certain classes of imported goods at prices for which they can be sold here, which goods at present are, because of their prohibitive duty, not imported at all. Under the proposed reduction the consumer will get better value for his money and a better class of goods will be imported for our own market.

F. The duty rate in reality higher than it appears.

(1) Such 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 manufacturers' profits as well as on the foreign cost of production.

Example: An article costing \$1 to produce with a 20 per cent profit on sale price makes the foreign market price \$1.25. Seventy per cent of this \$1.25 is 87 cents, which is 87 per cent of the foreign cost of production. Add to this duty on boxes, coverings, ocean freight, marine insurance, etc., which totals at least another 3½ per cent, and we have a total of 91 per cent enjoyed by the domestic manufacturer over the imported article. Now, a 45 per cent rate, which is the maximum we suggest, would really amount to a 60 per cent protection over the foreign cost of production to be compared with domestic cost of production. Sixty per cent of protection is ample for fair and suitable consideration to the domestic industry.

G. The "Revolutionary Automat." The embroidery industry operates ever increasingly upon a machinery basis. And such basis is extending rapidly with the recent inventions and improvements. Thus the labor item in the total cost of production is fairly negligible and must in the development of this industry, as in every other industry, become more and more so. It is the cost of labor in this country in contrast to its cost in European countries which has been the prime consideration for the additional protection which the tariff gives.

Example: An illustration of the decreasing value of the labor factor in the production of this line of goods is furnished by the Automat attachment to the embroidery machine—one of many inventions which has revolutionized manufactures of embroideries and laces. The Automat reduces the amount of skilled labor necessary, and therefore enormously reduces the cost of production of the article. By use of the Automat the workmanship of a skilled stitcher can be duplicated without limit. One stitcher (or puncher) can keep 15 Automat 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 a year, every dollar of which will be of equal quality and workmanship. Without such Automat attachment the machines now in general use in this country would require 25 equally skilled men to produce a like amount. Up to date there have been only 188 of these machines in operation in this country in contrast to 2,000 operating in Europe. This machine has been kept out of this country on account of the patent rights owned by one concern. These patent rights are now about to expire, and the Robert Reiner Importing Co., the agents of the Zahn Automat embroidery machine, are offering their machines to the public, and other manufacturers are now working for their immediate delivery, so that their use is rapidly becoming more widespread. Such machines do away with the highly paid labor of the stitcher, who is earning from \$27 to \$35 a week.

It is interesting to note that in spite of the use of this wonderful cost-saving invention by European manufacturers and its neglect hitherto by American manufacturers, the latter were nevertheless able to successfully drive the total consumption in the United States of imported laces and embroideries down from 90 per cent in 1908 to 70 per cent in 1912.

When the Automat becomes a machine of general use in America the foreign manufacturer must of necessity go out of business, unless to offset the advantage which the Automat supplies to the domestic

manufacturer a reduction of tariff be offered to the foreign manufacturer. Conditions under which the domestic article can be sold at a profit for less than the foreign article comes to before any profit is made are neither fairly competitive nor equitable to the mass of consumers of all classes within whose reach on fair terms these articles ought to be kept. For let it be steadily remembered that these articles are to be regarded to-day as necessities, and from every standpoint it is desirable that the Government should enable them to remain so.

II. The possible reduction of duties upon cotton yarns and other raw material and its effect in the foreign embroidery trade.

Cotton yarn used in the United States and abroad in making the embroidered articles is of Egyptian cotton. If any reduction on yarns is to be made it has a bearing on the situation for the reason that the home manufacturers argue they are entitled to high protective duty because they are compelled to pay on the raw material entering into their products. The use of imported material, however, is confined to a portion of home manufacturers. The foundation cloth on which most of the embroidery is made is almost entirely of domestic manufacture. The yarns are the only raw materials entering into the manufacture of these goods on the Lever machine, which are imported and on which a duty is levied by the United States. It is a matter of common knowledge that your committee proposes to materially reduce the duties on this item. That will mean that home manufacturers will in the future have comparatively nothing to pay in the way of duty on raw material.

II.

THE REASONS FOR A FIXED AD VALOREM RATE AND FOR A SINGLE SCHEDULE.

(1) *As to differing rates for goods made on different machines.*—Such method of fixing duties in accordance with the particular machine upon which the article was made was inserted in the tariff of 1909 and is unprecedented and most confusing. It raises unnecessary questions as to the character of the machine involved and opens the door to colorable changes in the names and characters of the machines in order to present the product under more favorable paragraphs of the law than was contemplated by the lawmakers. On whatever machine the article is made the product remains lace or embroidery and they are used essentially for the same purposes.

(2) *The necessity for fixed and uniform ad valorem rates.*—It is to the interest of fair administration of the law to do away with confusion and complications and to enable those engaged in this business to know what duties they should count on. Hence the desirability of fixed ad valorem rates on these embroidered articles, regardless of the material of which they are composed. Under the present law laces and embroideries furnish 10 per cent of the total revenue collected from import duties in 1910 and 1912, and are, therefore, entitled to conscientious attention. These articles pay rates which depend upon the materials of which they are composed. That is, those rates differ if the product is composed wholly or in chief of cotton, flax, or other vegetable fiber, or if it be composed of silk or contain metal threads or imitation silk or horsehair, etc. There is always

the possibility of differences 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.

In addition to the facts above stated, it is worth noting in connection with the Department of Commerce and Labor that this country is doing active business with Canada in American-made embroideries. If, therefore, American-made goods can be sold to Canada in competition with foreign articles where they pay the same ad valorem rate of duty and where the American-made goods therefore enjoy no protection whatever as against foreign-made goods, it is obvious that a duty of 60 per cent is uncalled for here and must tend to the final elimination of the foreign article.

Therefore, in order to maintain fair conditions of competition; to prevent the elimination of foreign production in laces and embroideries, and hence to prevent annihilation of very profitable sources of revenue; to make available to all consumers, rich and poor, a class of goods which have come to be looked upon as necessities; and to deal fairly by an important class of revenue contributors, namely, the manufacturers of foreign embroideries, it is important, progressive, and in line with the policy laid down by Mr. Underwood when he said that the purpose of this tariff bill was not to disturb legitimate industries but to keep them on a competitive basis so that profits should not be protected and revenues should be collected for the Government, that such revision of the tariff relating to laces and embroideries be adopted.

E. DE GRANDMONT, BY CHURCHILL & MARLOW, 63 WALL STREET, NEW YORK, N. Y.

[Extract.]

* * * * *

PARAGRAPH 349.

This paragraph provides among other things for "braids" and "tapes" at the rate of 60 per cent ad valorem.

Under the act of 1897 tapes were provided for at 45 per cent ad valorem under paragraph 320. The tape which our client imports is used as a bone casing and so far as is known has no other use. Notwithstanding it is not ornamental it is assessed under paragraph 349 in association with laces, veilings, embroideries, etc., all of which are intended for ornamental or trimming purposes. This classification has been sustained in the case of Burlington Venetian Blind Co. v. U. S. (1 Ct. Cust. Appls. Repts., 374), the court in that case by Barber, judge, saying:

All this leads to the conclusion that the Congress deliberately transferred tapes when made of cotton from a paragraph containing a lower rate of duty to one containing a higher rate, and there would seem to be no reason why effect should not be given to the logical results of such an act.

In addition to tapes, boot and shoe lacings imported in long lengths to be finished with tips in this country are also assessed under paragraph 349 as "braids." The same arguments which have been

advanced herein for a change in the classification of silk lacings (par. 402) are urged here. There seems to be no good reason why an unfinished material should be assessed at a higher rate of duty than the finished article.

We therefore suggest to your committee that in the new tariff law both cotton tapes and lacings be provided for in the paragraph corresponding to paragraph 330 of the tariff act of 1909.

Par. 288.—PLAIN WOVEN JUTE FABRICS.

MEMORANDA RELATIVE TO TARIFF ON PLAIN WOVEN JUTE FABRICS,
FILED BY CLAUDE N. BENNETT.

MAY 10, 1913.

Although Schedule J, H. R. 3321, has been reconstructed with such skill that the most expert might fail to catch any omissions, it now appears that one class of imports has been lost sight of and overlooked. The Treasury Department statistical records do not give a separate list of this class of goods. They have never been segregated, but are entered under the general term, "Burlaps, plain woven fabrics of single jute yarn."

The goods referred to are plain woven jute fabrics that have been chemically treated to render them fireproof. These chemically treated goods weigh from 50 to 75 per cent more than the untreated goods of the same grade and quality. Under the Payne bill at a specific rate these chemically treated jute goods pay a higher revenue to the Government than the untreated goods, which weigh considerably less. (On p. 225 of H. Rept. 5.)

The treated goods yield revenues that, expressed in ad valorem equivalent, range from 27½ to 35 per cent. The amount of revenue depends on the amount of weight that is added by the chemical treatment.

H. R. 3321 proposes to reduce the duty on untreated goods about 4 per cent, but on treated goods it would reduce the duty as much as 15 per cent. The following calculations show the way the duty will be reduced under paragraph 288 as it now reads. The calculation is ultraconservative, selected because of its simplicity. It shows a reduction of 4½ per cent on untreated goods and 7½ per cent on treated goods.

	Weight.	Value.	Rate.	Duty.
	<i>Pounds.</i>	<i>Cents.</i>		<i>Cents.</i>
New rates:				
Untreated.....	1	6	20 per cent.....	1.20
Treated.....	1½	6½	do.....	1.325
Existing rates:				
Untreated.....	1	6	15 per cent.....	1.46
Treated.....	1½	6½	15 per cent.....	1.837
			15 per cent.....	

A great many of the chemically treated goods imported into this country having more than 30 threads to the square inch carry a seven-eighths cent per pound specific rate. This makes the reduction under the proposed bill even greater than shown above.

It should be mentioned that the fireproof goods are treated on machines similar to the machines used for making linoleum, and should carry the same tariff as linoleum.

We petition that some consideration be given to the change brought about by the elimination of specific rates on plain woven jute fabrics, and that paragraph 288 be made to read as follows:

288. Plain woven fabrics of single jute yarns, by whatever name known, not chemically treated, 20 per cent ad valorem; if chemically treated, 30 per cent ad valorem.

Par. 292.—HANDKERCHIEF LINEN.

THE ACHESON HARDEN CO., PER J. A. HARDEN, PASSAIC, N. J.

MAY 13, 1913.

Mr. CHARLES F. JOHNSON, *Washington, D. C.*

DEAR SIR: Domestic manufacturers of linen hemstitched handkerchiefs are obliged to import from Ireland, in the piece, the linen cloth (raw material) from which linen handkerchiefs are made in this country. Linen cloth for this purpose can not be made in America.

The proposed Underwood bill places the duty on this raw material at 35 per cent (see p. 73, par. 296, for linen cloth weighing less than 4½ ounces per square yard), which is the same rate as the present Payne bill.

The finished hemstitched linen handkerchief has been reduced from 55 per cent to 40 per cent (see p. 73, par. 295), or to within 5 per cent of the raw material.

In order to compete with the Belfast (Ireland) linen houses, we ask great differential between the finished article and the raw material, and we would suggest that paragraph 296, page 73, be changed to read as follows: "Shirting cloth weighing less than 4½ ounces per square yard, 20 per cent ad valorem," instead of 35 per cent.

The above is the grade of cloth that is imported by domestic handkerchief manufacturers and made up into finished hemstitched handkerchiefs in this country. In other words, we would like to have the cloth in the piece reduced in the same proportion as it is proposed to reduce the finished article; that is, 15 per cent.

The present bill calls for no reduction whatever in the cloth which is our raw material, while the finished article has been reduced 15 per cent. We are referring to that part of paragraph 296 relating to what is known as shirting cloth.

Par. 292.—LINEN CLOTH.

**THE ACHESON HARDEN CO., BY JAMES HARDEN, PRESIDENT, 66-72
LEONARD STREET, NEW YORK, N. Y.**

MAY 5, 1913.

Hon. F. McL. SIMMONS,
*Chairman Finance Committee, United States Senate,
Washington, D. C.*

MY DEAR MR. SIMMONS: We notice in the Journal of Commerce, dated April 25, that a change has been made in Schedule J, paragraph 296, House bill 10.

Paragraph 292 in the revised proposed tariff bill, H. R. 3321, reads as follows:

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, 35 per cent ad valorem.

This shirting cloth is the same as the cloth used in the manufacturing of linen handkerchiefs.

If the proposed tariff bill as revised, as stated above, becomes a law, the handkerchief industries in this country will undoubtedly be obliged to go out of business, for the following reasons, which we will try to state to you as clearly and concisely as possible.

The present differential under the tariff law now in force, between linen cloth and finished linen handkerchiefs, is 20 per cent. Even with this differential it is a well-known fact that fully 50 per cent of linen handkerchiefs used in this country during the period that the present duty has been in force have been imported, which goes to show, beyond doubt, that the present differential of 20 per cent affords very strong competition between the foreign and domestic manufacturers. The revised proposed tariff bill, H. R. 3321, as described above, allows only 5 per cent differential between the linen cloth and finished linen handkerchiefs, the proposed tariff on linen hemstitched handkerchiefs being 40 per cent, which, as you can readily see, is entirely insufficient to enable domestic linen handkerchief manufacturers to exist against foreign competition.

This new bill allows linen cloth to remain at the same duty as under the present law, while bill H. R. 10 reduces the duty on finished linen handkerchiefs 15 per cent—from 55 to 40 per cent; therefore we feel it our duty, as one of the leading handkerchief manufacturers of this country, to draw to your attention what we consider an alarming defect in this new proposed revised tariff bill, and that if the duty on linen handkerchief cloth is to be fixed at 35 per cent, the duty on the finished linen handkerchiefs should remain at 55 per cent, with the necessary differential of 20 per cent.

Furthermore, we have at hand correspondence from our agent in Belfast, Ireland, which we will be pleased to forward you upon request, advising us to the effect that recently a strong combination or trust has been formed between the leading linen-cloth manufacturers of the north of Ireland, who are also manufacturers of linen handkerchiefs and who export large quantities of finished linen handkerchiefs to this country at present, whereby a minimum price has been established for linen cloth, and a heavy fine is to be imposed in all instances where this minimum rate has been violated. And since this combination has been formed they have advanced the price of linen cloth, but have not advanced the price of linen handkerchiefs, obviously for the purpose of destroying or placing at a great disadvantage the American linen-handkerchief industries, who are solely dependent upon these linen-cloth manufacturers for their raw material.

We assume that these points have been overlooked in the recent argument for the revision of paragraph 296 of the proposed new tariff bill, H. R. 10, and respectfully submit for your consideration the above facts in reference to the linen-cloth and linen-handkerchief schedule, believing that it is not your intention to purposely injure the American handkerchief-manufacturing industries.

We would further state that we understand the policy of the present administration is not to lower to any considerable extent the duty on luxuries, and, as is well known, linen handkerchiefs are considered luxuries and are only sold to the high-class trade, the common people using cotton handkerchiefs almost exclusively.

In view of these facts, we feel that in asking for a 55 per cent duty on finished hemstitched linen handkerchiefs that our request conforms absolutely with the stated policy of the present administration in this respect. We think that the arguments and statements as we have above presented to you are beyond doubt reasonably clear, and absolutely necessary to the welfare of American linen-handkerchief manufacturers, and we hope that this mistake will be promptly rectified.

[Inclosure.]

Below we give you importations of linen handkerchiefs, hemstitched or imitation hemstitched, or reversed, or with drawn threads, but not embroidered or initialed.

UNDER GENERAL TARIFF.

Year ending June 30—	Foreign value.	Duty collected.	Rate of duty.	American value.
1898.....	\$569,212.90	\$313,067.10	55 per cent.....	\$882,280.00
1899.....	380,005.14	484,002.82	do.....	864,007.96
1900.....	969,792.21	533,388.70	do.....	1,503,177.91
1901.....	941,407.50	517,774.14	do.....	1,459,181.64
1902.....	830,388.13	489,713.49	do.....	1,380,101.62
1903.....	971,070.10	534,088.56	do.....	1,505,158.66
1904.....	896,474.14	493,060.84	do.....	1,389,534.98
1905.....	854,855.70	470,170.65	do.....	1,325,026.35
1906.....	882,188.58	483,203.76	do.....	1,367,392.34
1907.....	1,001,161.74	559,639.02	do.....	1,561,800.76
1908.....	829,412.44	456,176.88	do.....	1,285,589.32
1909.....	668,063.89	367,431.71	do.....	1,035,495.60
1910.....	742,173.03	408,185.19	do.....	1,150,358.24
1911.....	686,125.95	377,369.29	do.....	1,063,495.24

You will notice by the large importations, as shown above, of linen handkerchiefs, that we have been having very strong competition with the foreign manufacturers.

Par. 293.—RAMIE YARNS.

SUPERIOR THREAD & YARN CO., J. W. DILTMAN, SEVENTEENTH STREET AND FOURTH AVENUE. NEW YORK, N. Y.

NEW YORK, May 1, 1913.

Hon. F. S. SIMMONS,

Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: As an infant industry decidedly in need of at least the protection accorded us under the existing tariff laws, we ask your kind consideration of our case.

We are manufacturers of ramie yarns and threads exclusively. Our raw material, china grass or ramie, we import from China, and it costs us on an average of 11 cents a pound, or \$110 per 1,000 pounds here. From 1,000 pounds we obtain 360 pounds of material suitable for yarn. This makes what is really our raw material cost us 30½ cents a pound. To make this into yarn of the size there is a market for costs us on the average for labor 24 cents a pound, and for chemicals and other supplies 9½ cents a pound, a total of 63½

cents a pound. This yarn we sell at an average price of 70 cents a pound, which leaves a gross profit of 6½ cents a pound to pay the general expenses of the business, replacements and repairs, and interest on the capital invested. In the nine years that this business has been operating the earnings have not showed a profit to the investor. We expect in time, and under present tariff conditions, to build this business to a point where it will take its place as one of the leading industries in this country, as it now is in Germany. But to do this we must have protection. The proposed reduction in the tariff on ramie would mean an average reduction of 12 cents a pound on the class of yarn that this company makes, and this would bring its market price about 6 cents below the actual cost to manufacture. We simply could not exist in competition with the labor employed by the German manufacturers as well as the protection in the form of a subsidy that is granted them by their Government.

Ramie being wrongly classified with linen, etc., under the present law, it is not possible to state the amount imported into this country, but we believe that we are within bounds in stating that at the present at least 500,000 pounds a year is imported and that the demand is increasing rapidly.

May we request your kind consideration of our needs when the tariff bill is before your honorable committee? It is necessary that we have at least the protection afforded us under the present law. Should you desire a personal attendance of a representative of this company or further and more detailed information, we are at your service.

Par. 290.—BAGGING.

LUDLOW MANUFACTURING ASSOCIATES, PER C. N. WALLACE, PRESIDENT,
111 DEVONSHIRE STREET, BOSTON, MASS.

Boston, April 11, 1913.

*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.
					<i>Per cent.</i>
1903.....	5,417,039	\$213,008.00	\$32,502.24	\$0.039	15.26
1904.....	7,801,672	261,235.00	46,810.02	.033	17.92
1905.....	9,003,487	391,730.00	57,620.91	.041	14.71
1906.....	12,300,136	673,843.00	73,854.80	.054	11.13
1907.....	19,517,820	1,215,446.00	118,907.12	.061	9.87
1908.....	16,349,096	1,076,353.00	93,098.16	.060	9.11
1909.....	8,012,434	413,208.00	48,079.63	.052	11.63
1910.....	16,505,542	600,940.00	90,033.28	.042	14.15
1911.....	13,398,349	623,009.00	80,192.11	.047	12.87
1912.....	5,778,731	353,751.00	34,672.38	.063	9.53
Average.....	11,496,091	592,170.00	68,977.06	.0515	11.68

This industry has been gradually developed at an enormous expense, has paid the Government a duty of 45 per cent on its machinery (reduced to 30 per cent by the present tariff enacted since the mills

were filled with machinery imported at the higher rate), and is prepared to protect the planter by furnishing him quickly his entire wants during the limited season of his requirements.

The destruction of this industry by putting the foreign product on the free list (as is done by the Underwood bill) would remove all "effective competition."

It would not promote commerce, as there is no foreign demand for this product, and the machinery would not be available for other manufacturing purposes.

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 has 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 duty as will enable a mill equipped with the latest and best machinery and managed with the greatest skill to continue as an American industry.

The United States receives Europeans of all nations, but Asiatics and Indians 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?

Par. 293.—FLAX.

NEILSON & CROSSLEY. 116-118 FRANKLIN STREET, NEW YORK, N. Y.

NEW YORK, April 23, 1913.

The CHAIRMAN SENATE FINANCE COMMITTEE,
Washington, D. C.

DEAR SIR: Re Schedule J, section 296, proposed Underwood tariff.

We submit that the working people and people of moderate means would be materially benefited if the duty on manufactures of flax be assessed at 35 to 40 per cent for goods weighing over 4½ ounces and under 180 threads (instead of 50 per cent as proposed); also, that the revenue would be largely augmented under this classification, as imports of this line would greatly increase.

There are three popular retail prices for bleached linen, table damask, viz, 50 cents, 75 cents, and \$1 per yard, 70 to 72 inches wide.

Fifty cents and 75 cents. Importations of this grade have almost entirely ceased owing to increased cost and high duty.

This line would revive under a 30 or 35 per cent duty. At present their place is taken by cotton damask and underweight linen. What the consumer wants is good, heavy, wearable linen, \$1 grade, the average consumer's limit.

Even this grade is difficult to supply under a 50 per cent tariff, but could and would be liberally imported under a 35 per cent tariff.

We submit the following revision of section 296 would be a reasonable tariff and productive of increased revenue:

Woven fabrics and articles composed of flax, etc. (as in sec. 296), weighing 4½ ounces or more, and counting 120 threads or less, 35 per cent; counting 121 to 180 threads, 40 per cent; counting over 180 threads, 50 per cent.

Par. 288.—BURLAP BAGS.

E. B. BIDDLE, NEW YORK, N. Y.

NEW YORK, May 28, 1913.

Hon. F. M. SIMMONS,

United States Senate, Washington, D. C.

SENATOR: Referring to our conversation yesterday as to the correctness of the figures of the imports of burlaps for the year 1912, and the way they differ with those contained in the handbook of the Ways and Means Committee, page 225, paragraph 288, which states that the quantity imported in 1912 was 403,158,124 square yards, as against the figures of exports for the same year from Calcutta, India, to the United States, amounting to 690,465,558 linear yards, equal to 760,000,000 square yards, to which must be added the shipments from Dundee, Scotland, during 1912, which, as near as I can estimate, amount to about 95,000,000 square yards, making a grand total of over 850,000,000 square yards, which you notice is more than double the yardage stated in the handbook.

I send you herewith the memorandum of shipments during 1912 from Calcutta to various American ports I was showing you yesterday, to which I have added the estimated square yardage of the shipments from Dundee, Scotland, which I would be very glad to have you verify; and if I can be of any farther assistance to you in the matter I will be glad to do so. I may say that my authority as to the yardage of the shipments from Calcutta during 1912 is from statement issued by D. N. Bosu, 25-1 Grey Street, Calcutta, India, a recognized public statistician whose figures are accepted by all Calcutta merchants.

[Inclosure.]

	Yards.
New York.....	140,757,900
New Orleans.....	103,628,000
Philadelphia.....	27,901,000
Baltimore.....	11,580,000
Boston.....	107,137,000
Cleveland and other ports.....	262,667,158
San Francisco.....	20,668,300
Portland.....	610,000
Other ports.....	15,517,200
Linear yards.....	690,465,558
Plus 10 per cent to make square yards.....	69,046,555
Square yards.....	759,512,113
Estimated shipments from Dundee.....	95,000,000
Total shipments from Calcutta and Dundee in 1912.....	854,512,113

COLLINS, PLASS CO., PER J. ROSS COLLINS, PRESIDENT, 54-56 FRANKLIN STREET, NEW YORK.

APRIL 25, 1913.

**The CHAIRMAN FINANCE COMMITTEE,
*United States Senate, Washington, D. C.***

SIR: An endeavor was made by many manufacturers of bags, some of them with much longer experience than my own (25 years), to point out to Mr. Underwood's committee that, if the revenues of the country would permit it, a way of cheapening all the products of the country which are carried in flour, grain, coffee, rice, salt, etc., bags or sacks would be to reduce the duty on the single jute-yarn fabric from which the above classes of bags are made, i. e., burlaps.

This effort did not seem to meet with the recognition that it deserved, as when the Underwood tariff was first proposed it placed burlap at about 3 per cent higher duty and at the same time reduced the protection given to bag manufacturers on manufactured bags, either new or secondhand, any kind of bag made from a plain, woven-jute fabric, from 10 to 15 per cent. A protest was made to the Underwood committee, and a differential duty of 5 per cent was made between bags and burlap by reducing the burlap duty to 20 per cent instead of 25 per cent. It is to be understood that plain woven fabrics of jute from which bags are made are commercially known as burlap, and they are quite distinguished from cotton bagging, which is a coarser fabric made for covering bales of cotton.

There is no jute grown in this country; conditions will not permit it; nor is there any burlap woven here. There is therefore no burlap industry to protect, but there is a bag industry to protect, and the proposed Underwood tariff threatens this bag industry by having reduced the protection heretofore afforded on manufactured bags without having reduced the duty collected on burlap or plain, woven-jute fabrics sufficiently.

Bag manufacturers here will have to contend with labor in India, which is paid at the rate of 25 to 30 cents per day on the average, as against our bag operators and workers here, who earn from \$1 to \$2.50 a day. Most of the actual sewing on jute bags in this country is done by women and done piecework, and I could show our own pay-roll sheet, where good operatives can earn \$10 to \$12 weekly right straight along.

Many of the standard sizes of bags used in this country, with a difference of only 5 per cent, will be manufactured abroad, and the proposed bill will simply transfer the wages now earned in this country and the work to India on the great majority of the standard sizes that are used. Of course, there will always be a more or less small business for odd goods that will have to be made here, but the bulk of the business will go to Calcutta unless we have more than 5 per cent protection. There is no question of expertness or of any particular ability in making jute bags; they are simply cut pieces of cloth sewed on a sewing machine, and the same sewing machines are in use in India and in Dundee (where a good many bags are also made) as are used in this country.

With a few months' experience operatives in one part of the world will become just as quick as operatives in another. All will work piecework; but where, for instance, here the operatives receive anywhere from 50 cents to \$1.50 per thousand for making burlap sacks, in Calcutta they will receive but about 15 to 25 cents. As far as this line is concerned, there is absolutely nothing to be considered in the way of protection except to protect the laborer, the worker, in the bag factories in this country as against such wages. The burlaps come from India, and the bags will come from India. At present we are taking only the burlap. Under the proposed tariff we are also going to transfer the making of the bags. Just as much burlap will come, but it will come in the form of bags to a very large extent.

I am sure that the object of the tariff revision is to protect the workers as much as possible, not only by lowering the cost of the goods that they buy or use—necessities—but also by giving them work and keeping them steadily employed. Here are 10,000 or 15,000 people engaged in the bag-manufacturing industry in the United States threatened with East Indian competition. They could not possibly get down to such wages. The industry is therefore threatened with very serious disorganization.

If woven-jute fabrics, known as burlap, were made free and made bags continue at the duty of 25 per cent it would stimulate the bag industry of the country by giving cheaper bags and therefore increasing their use and requiring more labor to make them.

Millions of secondhand bags are imported here. The importation of those would be stopped and new bags would be made to take their place. With free burlaps we should have an opportunity to compete for near-by export trade with other countries, which we have not now. Labor in the country would be more profitably employed and not a single manufacturer hurt. Why does this country want to run the risk of paying labor in East India for the manufacture of the burlap sacks that it uses, for instance, to move its enormous grain crops? It does not seem right. It does not seem as if the matter can possibly have been thoroughly understood. Labor should not be thrown out of its just rights for the needs of our own people.

Plain woven jute fabrics of the finer counts are used for canvas padding in clothes. They should be distinguished from burlaps, which is a very coarse fabric, counting, as a rule, from about 14 to 28 threads to the square inch, whereas the tailors' canvases count from 30 to 60 threads to the inch and are an entirely different class of fabric, not used in bags or sacks or for the general uses of burlaps, such as covering furniture, etc. We respectfully ask that either the duty be increased on manufactured bags—that is, bags made from burlaps or plain woven fabrics of single jute yarn—or that burlaps be lowered in duty a further 10 per cent, or made free, so as to afford the necessary protection to the people now making burlap bags in the country.

Par. 288.—JUTE YARNS.

CONGRESSIONAL INFORMATION BUREAU, BY CLAUDE N. BENNETT,
MANAGER, SOUTHERN BUILDING, WASHINGTON, D. C.

MAY 7, 1913.

Hon. F. M. SIMMONS,
United States Senate.

DEAR SENATOR SIMMONS: Referring to our conversation of a few days ago, I beg to inclose memoranda concerning this paragraph.

I write on behalf of the Fulton Bag & Cotton Mills, with headquarters in Atlanta and branch factories in New York, New Orleans, St. Louis, and Dallas. They feel that there should be a higher duty on the treated goods than on the untreated goods—a difference of, say, 10 per cent. This would make the tariff the same on jute fabrics chemically treated and linoleums, which are similar goods. The jute fabrics chemically treated are fireproof goods made on machines, similar to linoleums. During the last few years several manufacturers have established fireproofing plants. These are really infant industries, which can not compete with Great Britain if the treated goods can be shipped into this country at the same rate as the untreated goods.

I trust that it may be in your pleasure to amend paragraph 288 so that it shall read as follows:

288. Plain woven fabrics of single jute yarns, by whatever name known, not chemically treated, 20 per cent ad valorem; if chemically treated, 30 per cent ad valorem.

[Inclosure.]

MEMORANDA RELATIVE TO TARIFF ON PLAIN WOVEN JUTE FABRICS, PARAGRAPH 288,
H. R. 3321.

The elimination of a specific rate of duty on plain-woven jute fabrics will change the duty on certain goods and reduce them all out of proportion to other reductions in the new bill.

There are imported into this country plain-woven jute fabrics that have been chemically treated to render them fireproof. These chemically treated goods weigh from 50 to 75 per cent more than the untreated goods of the same grade and quality. Under the Payne bill, at a specific rate, these chemically treated jute goods paid a higher revenue to the Government than the untreated goods, which weighed considerably less.

H. R. 3321 proposes to reduce the duty on untreated goods about 4½ per cent and on treated goods about 7½ per cent.

The following table will show how this is figured:

	Untreated.				Treated.			
	Weight.	Value.	Rate.	Duty.	Weight.	Value.	Rate.	Duty.
	Pounds.	Cents.		Cents.	Pounds.	Cents.		Cents.
New rates.....	1	6	20 per cent.....	1.20	1	6	20 per cent.....	1.325
Existing rates.....	{ 1	6	15 per cent.....	1.46	{ 1½	6	15 per cent.....	1.837
	1		½ cent.....		{ 1½			

A great many of the chemically treated goods imported into this country having more than 30 threads to the square inch carry a seven-eighths cent per pound specific rate. This makes the reduction under the proposed bill even greater than shown above.

We petition that some consideration be given to the change brought about by the elimination of specific rates on plain woven jute fabrics, and that paragraph 288 be made to read as follows:

"288. Plain woven fabrics of single jute yarns, by whatever name known, not chemically treated, 20 per cent ad valorem; if chemically treated, 30 per cent ad valorem."

Par. 291.—LINEN HANDKERCHIEFS.

JAMES R. KEISER (INC.), FOURTH AVENUE, TWENTY-SEVENTH TO TWENTY-EIGHTH STREETS.

NEW YORK, May 6, 1913.

Hon. F. M. SIMMONS,
Chairman of the Finance Committee,
Washington, D. C.

DEAR SIR: As the new tariff bill is about to be presented to you we ask you to kindly give your valued attention to the item of linen handkerchiefs in Schedule J. Under the Underwood bill the duty is to be changed from 55 to 40 per cent, a reduction of 15 per cent, while linen is reduced from 35 to 30 per cent, only 5 per cent. This we consider unfair to the manufacturer and the workmen, as we can manufacture handkerchiefs in this country, but can not grow flax; nor do we weave linens, so that this greater reduction must naturally fall on the labor in making handkerchiefs.

We have been makers and importers of handkerchiefs for some time, and our experience all over the country has been that the buyer at the same price, or even a trifle more, prefers the foreign article, so that the competition must be more than equally in our favor. Labor in Ireland is much lower than in this country, so that under the proposed Underwood bill it will be impossible for American manufacturers to compete, paying the wages as are at present demanded by our operators; and to reduce these wages, even if that were possible, would bring a hardship on the workmen.

At present we are only making up such goods as are needed for immediate use, due to which we have laid off about one-third of our help, and should the bill pass in its present state, we question if we can continue to manufacture. There is no combination of any kind existing between the domestic handkerchief manufacturers. Unrestricted competition has brought the prices to the lowest living profit. With our present duty we can just compete, but under the proposed duty we can not get within 10 to 15 per cent of the foreign prices, and would ask that if, after due consideration, you believe a change on tariff on these articles necessary that you at least suggest that the duty on handkerchiefs be 20 per cent higher than on the linen cloth.

We would also like to suggest that if any changes are made in the tariff the same does not go into effect on made-up handkerchiefs before January 1, 1914, and on linen cloths October 1, 1913. An earlier change would be decidedly unfair and unreasonable and cause a great unnecessary loss to all manufacturers in this country. It is necessary for us to prepare our stocks during the first six months of the year for the fall delivery. Consequently we would derive no benefit, with any change in duty on linen cloths, on these goods that we now

have made up and holding for our latest shipments, and all of our trade would no doubt look to us for a decided reduction on orders that we already have in hand, which, you can readily see, would be a decided loss and hardship to us. In view of the above we would ask you to consider all these points and use your influence to have the bill take effect at the dates mentioned.

HERMANN, AUKAM & CO., PER MILTON C. HERRMANN.

LINEN HANDKERCHIEFS.

The following statement is made in behalf of the manufacturers of linen handkerchiefs:

Paragraph 291 of the proposed Underwood bill, as it passed the House, provides as follows:

Handkerchiefs composed of flax, hemp, or ramie, or of which these substances, or any 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 ad valorem; if hemstitched, or imitation hemstitched, or reversed, or with drawn threads, but not embroidered, initialed, or in part of lace, 40 per cent ad valorem.

Paragraph 292, which covers the raw material which is used in the manufacture of linen handkerchiefs, provides as follows:

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, 35 per cent ad valorem.

It thus appears that the raw material, to wit, shirting cloth, and the finished article, to wit, handkerchiefs, if not hemmed or hemmed only, finished or unfinished, pay exactly the same rate of duty, to wit, 35 per cent ad valorem.

Under the Payne-Aldrich Act there was an actual differential between the cloth and the handkerchief, hemstitched or imitation hemstitched, of at least 20 per cent; and the particular proposition upon which we wish to lay stress and bring to the attention of your committee is the fact that, whatever rate your committee in its wisdom may see fit to place upon the raw material, this differential should be preserved in its entirety.

The statistics with respect to the importation of hemstitched linen handkerchiefs under the Dingley and Payne-Aldrich Acts at 55 per cent ad valorem show an average importation of about \$900,000 a year, bringing in an average revenue to the Government of approximately \$500,000. These facts will unquestionably show that the article is on a highly competitive basis at 55 per cent, and is a splendid means of producing revenue. The statistics for the years 1896 and 1897, under the Wilson-Gorman bill, show average importations of about \$1,000,000, and at the rate of 40 per cent ad valorem bring in a revenue to the Government of \$400,000. It is thus apparent that the addition of 15 per cent over the rate provided for in the Wilson-Gorman bill not only has not shut out importations, but has resulted in increased revenue for the Government on the hemstitched handkerchiefs alone; and it is obvious that by allowing the domestic manufacturers to engage in the manufacture of imitation hemstitched handkerchiefs there has been an increase of imports of so-called shirt-

ing linens, which has constituted an additional source of revenue to the Government.

We set forth below a series of calculations showing the foreign and domestic cost, based on to-day's market. These figures prove that, at any rate less than 55 per cent, the domestic market will be absolutely controlled by the Belfast manufacturers, and that at 55 per cent the business would be on an extremely competitive basis; and these figures are based on the present rate of duty of 35 per cent on the raw material, and indicate that a differential of at least 20 per cent must be maintained. There is no linen cloth produced in this country suitable for making handkerchiefs, and the manufacturers of this country, therefore, have no method of obtaining raw material except by importing it.

Comparative costs.

[Foreign, at \$1.55 to pound.]

	40 per cent.	45 per cent.	50 per cent.	55 per cent.	Domestic plus 24 per cent profit.
	<i>Per dozen.</i>	Per dozen.	Per dozen.	Per dozen.	Per dozen.
40 inches, 1,200 ladies' hemstitched.....	\$0.5012	\$0.518793	\$0.536385	\$0.553978	\$0.571569
40 inches, 1,400 ladies' hemstitched.....	.54334	.56759	.58637	.600087	.621225
40 inches, 1,600 ladies' hemstitched.....	.6593	.68263	.703801	.723931	.742797
40 inches, 1,800 ladies' hemstitched.....	.764686	.791529	.818371	.843214	.867228
40 inches, 1,200 ladies' shire hemstitched.....	.600275	.621317	.642118	.663186	.682272
40 inches, 1,400 ladies' shire hemstitched.....	.644041	.666649	.689256	.711864	.736956
40 inches, 1,600 ladies' shire hemstitched.....	.77143	.79831	.823388	.850666	.875216
40 inches, 1,800 ladies' shire hemstitched.....	.888786	.919984	.951183	.982381	1.0751
19 inches, 1,400 men's hemstitched.....	1.039	1.075472	1.111943	1.148415	1.144618
20 inches, 1,600 men's hemstitched.....	1.378389	1.426883	1.475377	1.523771	1.512654
20 inches, 1,800 men's hemstitched.....	1.605113	1.661457	1.717801	1.774145	1.737385
19 inches, 1,400 men's shire hemstitched.....	1.160114	1.200388	1.241562	1.282286	1.437501
20 inches, 1,600 men's shire hemstitched.....	1.536222	1.590146	1.644072	1.697998	1.779051
20 inches, 1,800 men's shire hemstitched.....	1.750245	1.811683	1.873121	1.934559	2.00377

For the information of your committee, we desire to say that the prices at which this cloth is sold are controlled by a hard-and-fast combination or trust, which has just gone into effect in the north of Ireland, as against which the manufacturers of linen handkerchiefs in this country have no recourse and must pay whatever prices the trust dictates or demands. While the fact is true, as just alleged, that the prices of cloth are controlled and fixed by the trust, it is likewise true that there is no trust, combination, or agreement of any kind with respect to the price to be placed upon handkerchiefs manufactured abroad. This condition, therefore, confronts the American manufacturer: That with respect to his raw material, he must pay the advanced prices fixed by the trust, but with respect to the completed article he must suffer the competition of the whole north of Ireland. That is the condition which meets him abroad.

In this country the proposed Underwood bill would place raw material and the completed article on the same ad valorem basis of 35 per cent.

In view of the fact that the imports of linen handkerchiefs on the basis of 55 per cent ad valorem show an approximate home valuation of \$1,500,000, which sum is in excess of the value of the domestic production of the same class of handkerchiefs, it is perfectly obvious

that it is not necessary to reduce the duty in order to get more revenue or place this business on a competitive basis.

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 1898 to 1912 on the handkerchief of the more expensive character. In 1898 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 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.

(The following signatures were attached to the foregoing: Herrmann, Audain Co., Milton Herrmann, president; Howland & Wheaton Co.; Samoy Manufacturing Co.; Newark Embroidery Works; The International Handkerchief Manufacturing Co.; The Acheson Harden Co.; Heller & Long; E. Heller & Bro.; H. Rosenthal & Co.; Phillips & Hyman; Hessel Rains & Co.)

[Memorandum.]

Referring to the affidavit submitted by Mr. Henry Douglass, dated January 22, 1913 (pp. 3517-3518 of the tariff hearings before the Ways and Means Committee), with respect to Schedule J, we attach two detailed calculations for the purpose of establishing the fact that the statement made by Mr. Douglass is in error.

Calculation No. 1 should be balanced as against his figures, and shows the cost of making these handkerchiefs under the same conditions as he has attempted to show in his calculation on the domestic goods, namely, buying the cloth white and sending the handkerchiefs to a converter to have hemstitched and boxed.

His calculation is in error in two particular instances: Thus, he adds 5½ pence for hemstitching and boxing, whereas we have actual quotations of 4½ pence; and secondly, he has added a 10 per cent profit where we have added a 5 per cent overhead and 2½ per cent profit, as we know these people would be only too glad to sell on this margin; and a 5 per cent overhead would more than cover the expenses on this class of business.

We would also call your attention to the fact that he has added no overhead expense to the cost of the domestic article, and 8 per cent would be the very lowest that would cover this item in this country. This 8 per cent includes store selling and executive expense but no factory expense, as this is already included.

Calculation No. 2 is made up on the basis of actual factory cost with a regularly organized business, employing salesmen, and at that comes out lower than his figures. It is not alleged that the statement made by Mr. Douglass is in any sense willfully false, but merely that he is proceeding in his calculation on a wrong basis.

Calculation No. 1.

[38°-140.]

	Pence
9.25d. × 3½ yards.....	29.29167
Less 3½ per cent discount.....	1.02521
	<hr/> 28.26646
Hemstitching, machine ironing, folding and tying, silk ribbon, box.....	4.5
	<hr/> 32.76646
Add 5 per cent overhead.....	1.63832
	<hr/> 34.40478
Add 2½ per cent profit.....	.86012
	<hr/> 35.26490
Add 40 per cent duty.....	14.10596
	<hr/> 49.37086
Add 2½ per cent landing.....	.86012
	<hr/> 50.23098

At \$4.88=\$1.02136.

SCHEDULE J.

1217

Calculation No. 2.

[38^o-1400.]

	Pence.
0.25d. X 3½ yards.....	20.29167
Less 3½ per cent discount.....	1.02521
	<hr/>
Hemstitching.....	28.26646
Machine ironing.....	2.25
Folding and tying.....	.375
Silk ribbon.....	.75
Box.....	.625
	25
	<hr/>
Add 9½ per cent overhead.....	32.51646
	<hr/>
Add 2½ per cent profit.....	3.03487
	<hr/>
Add 40 per cent duty.....	.88878
	<hr/>
Add 2½ per cent landing.....	36.44011
	<hr/>
	14.57604
	<hr/>
	.88878
	<hr/>
At \$4.88=\$1.05540.	51.90493



SCHEDULE K.
WOOL, AND MANUFACTURES OF.



SCHEDULE K.—WOOL AND MANUFACTURES OF.

Par. 275.—RAW WOOL.

ROBERT M. PITT, MONTCLAIR, COLO.

Australia has attained its preeminence as a fine wool-growing country from the following reasons:

Tremendous tracts of cheap lands. Grazing-land values are calculated by their stock-carrying capacity, varying in price from land capable of sustaining 5 sheep to the acre to tracts where 25 acres are necessary to carry 1 sheep; favorable soil and pasturage, and an open winter, that is, no feed being necessary except in odd times of drought; no necessity of sheep herders, as the sheep graze in paddocks from year end to year end unattended. These paddocks are fenced in, and boundary riders ride up and down, keeping these fences in order. Practically no losses are sustained from theft. Careful breeding.

Big losses are caused in places by rabbits; big losses are caused by droughts; other minor losses from dingoes and diseases to which sheep are subject; but, reckoning all in all, sheep farming in Australia is a very profitable industry. The wool clip alone is worth about £26,000,000.

It is not possible to give the actual cost to produce wool in Australia, as conditions vary so much in the different sections; but this we do know: That under prices ruling for mutton and wool during the past 10 years or more the Australian rancher has prospered greatly. Land companies (that is, companies interested in breeding sheep, etc.) have added to their reserve funds, improved their properties and flocks, and paid 10 per cent dividend annually.

Now, let us investigate these prices. Frozen mutton has sold at an average of around 5 to 6 cents a pound wholesale in London for many years. Fine wool has been bought on an average of from 42 to 44 cents cleaned, delivered Bradford. Fine Australian greasy wool probably shrinks on an average around 58 per cent, which works out at a price of 18½ cents per pound for wool shrinking 58 per cent and bought in London on a 44-cent clean basis delivered Bradford, showing a net return to the owner of 15 to 15½ cents per pound.

Now, I believe that fleece for fleece, Australian wool is as heavy or heavier than American. The average Australian wool is worth 5 to 10 per cent more in the world's markets than American on account of its superior sustaining qualities, etc. American ranchmen have occasionally to sustain heavy losses from winter storms. They are sometimes put to big expenditures for winter feed. They sometimes have heavy losses from thieving. Then the shrinkage on fine wool grown west of the Mississippi is 67 per cent.

Let us consider the consequences of free wool. Instead of the fine western wool bringing 62 cents clean in the Boston market, which has

been the average price for a number of years, it will have to be sold in competition to wool of more intrinsic value that has sold for years at an average of 43 to 44 cents clean at London. This means that western wool will have to be sold at about 41 cents, at most, clean Boston, which on a basis of 67 per cent shrinkage means a price of 13½ cents, Boston; deduct 3 cents for freight and selling charges, etc., it gives the grower a price of 10½ cents net. It costs more than this to grow wool in the West.

Now, it has been shown that Australian frozen mutton has sold at around 5 to 6 cents per pound wholesale for years, and it is only fair to suppose that American mutton will have to meet that competition under free meats, although, of course, fresh American mutton will be worth considerably more per pound than frozen imported mutton. But it is also quite certain, to my mind, that this competition will lower the present wholesale price of mutton in this country considerably, i. e., until a shortage is caused by lack of supply. This, of course, will necessitate the packers paying the ranchers less for their sheep; but it is my opinion that so drastic a cut as a complete elimination of the 11 cents duty on wool must affect the American rancher very considerably. I do not suppose he will market all his sheep, but it will cause him probably to greatly reduce his flocks.

Now, let us consider what the maximum benefit can be to the public who buy clothes under the proposed tariff. Supposing for argument's sake that instead of the American manufacturer buying fine American wool at 62 cents clean, as heretofore, he obtains his supply under free wool at 42 cents, or by importing at 46 cents, Boston. Suppose it takes 1 pound of clean wool for 1 yard of cloth (12 ounces or less is near the average), what is the maximum amount that can be saved to the man buying a good suit of clothes? Just three and one-half times the cost of 1 pound of clean wool, or say 63 cents on a suit of the very best material.

Now, let us consider what difference it will make upon, say, 40's crossbreeds under the old 11-cent rate and under free wool at 9d. per pound, London. Under the former it costs 40.66 cents clean landed Boston; under the latter 26 cents, which is 14½ cents clean cost difference; on a suit of clothes that makes a difference of 49 cents (or 3½ times 14½ cents). But supposing 50 per cent of the suit of clothes is cotton—to-day a great deal of cloth is made of cotton warps and wool filling—why the reduction on, say, 50 per cent 40's crossbreeds and 50 per cent cotton is only 25 cents on a suit of clothes.

Suppose our contention to be correct, that free wool and free meats will make sheep raising unprofitable in many sections of the country and one-third to one-half of the sheep are slaughtered in consequence, it follows logically that we must import the amount of the shortage in wool. Let us see the effect. Herewith is an estimate of the amount of wool used in the main wool-manufacturing countries of the world:

[Statistics from Dalgely & Co. (Ltd.)]

	Pounds.
Great Britain.....	492,000,000
United States.....	480,000,000
France.....	457,000,000
Germany.....	380,000,000
Austria.....	132,000,000
Italy.....	52,000,000

The United States produces around 300,000,000 to 320,000,000 pounds. Now, if we destroy one-third or one-half of the sheep in North America, we would then be obliged to import equal to say 125,000,000 of grease wool to supply the deficiency. In every heavy buying movement of the Americans abroad it has always caused a sharp rise in foreign markets. Now, supposing America comes into the market to import an additional 125,000,000 pounds over and above the average of 200,000,000 which she takes to-day, what will be the consequence on prices abroad? If history repeats itself, it will mean higher prices elsewhere, which would necessarily diminish the maximum benefit of 63 cents which can accrue to the man buying a suit of clothes out of the best material. By this I mean that America must buy in the main woolgrowing countries such as Australia, New Zealand, Argentina, and South Africa; we will find that in 1895-96 Australia and New Zealand had 110,000,000 sheep; last year the same countries had 117,000,000. During the same years Argentina had 543,000 bales, and in 1911-12 only 532,000. South Africa, on the other hand, produced 288,000 bales in 1895-96, and in 1911-12, 463,000. It will thus be seen that the last named was the only country to materially increase the exportation of wool.

Agriculture has been driving the pastoral industry back in most all countries, and to-day, the world over, consumption has overtaken production of wool. Japan and the Far East have taken large quantities of wool from Australasia in the past few years, and are increasing their imports every year. It seems to me logical that should America step into the open market with tremendously increased buying orders but one result is inevitable; that is, increased price of raw materials in the primary market.

Now, to show a curious fact.

In 1909 cloth in America was dearer wholesale than now. Ladies' suits were made from 7 yards of material as against 5 to-day. Yet the big New York stores charge more for suits now than then. Why?

To me it seems to point to but one solution—that the price of cloth is secondary to the price of suits.

Of course, some extra braiding may be used to-day, but I doubt it.

[Free wool: Tops, 15 per cent; yarn, 20 per cent; cloth, 35 per cent.]

	Bradford.	Duty.	Duty paid, cost Boston.
	Cents.	Cents.	Cents.
England:			
44's clean scoured wool.....	28		
Cost to make into top.....	5		
44's B top.....	33	5	41
Cost spinning.....	10		
2/24's yarn.....	43	9	55
Weaving.....	15		
Cloth.....	58	20	80
United States:			Cents.
Same wool.....			31
Combing.....			9
44's B top.....			40
Spinning.....			20
2/24's yarns.....			60
Weaving.....			30
Cloth.....			90

	Bradford.	Duty.	Duty paid cost, Boston.
England:	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
58's clean scoured.....	48		
Combing.....	8		
58's B top.....	56	9	67
Spinning.....	14		
2/40's yarn.....	70	14	87
Weaving.....	25		
Cloth.....	95	34	132
		United States.	$\frac{1}{2}$ bld. Terr.
		<i>Cents.</i>	<i>Cents.</i>
Same wool.....		50	40
Combing.....		15	
58's B top.....		65	54
Spinning.....		28	
2/40's.....		93	82
Weaving.....		50	
Cloth.....		143	132

MICHAEL COLLINS, 109 SHEPHERD STREET, LOWELL, MASS.

LOWELL, MASS., April 30, 1913.

MY DEAR MR. BATTISON: In preparing my paper I desired only to show the miscellaneous and selling cost of assembling the wool named in Boston.

If you have the report of the Tariff Board on Schedule K, you will find in Part II, Section I, Table X, which explains itself.

Number of sheep.....	3,154,731
Pounds of wool.....	20,764,713

Receipts:	
Wool.....	\$3,311,839.81
Meats, etc.....	4,384,638.88
Total.....	7,696,478.69

Expenditures:	
Labor.....	\$1,437,818.76
Maintenance.....	2,003,879.04
Miscellaneous and selling expense.....	3,215,790.55
	6,657,488.35

Profit on total product.....	1,038,989.74
------------------------------	--------------

If it costs the same per cent for miscellaneous and selling expenses to market the meat product as it did to market the wool, my estimate of 31.5 per cent of the cost of the market value of the wool in Boston, or 45.6 per cent of the farm value of the wool, which includes the profit of the woolgrower, is correct. I send you with this the balance of my paper and will call for it next Saturday, when I send it away. I send it as a matter of courtesy, as I will not have time to avail myself of your judgment.

[Inclosure.]

STATEMENT.

The report of the Tariff Board on Schedule K indicates that the farm value of the fleece wool per pound scoured, produced in the United States since 1867, has averaged less than the foreign market value per pound scoured, of class 1 wool imported during that time.

The Annual Wool Review for the year 1911 in Table II gives the quantity of scoured fleece wool produced in the United States that year as 109,966,195 pounds, having an average value per pound of 47.7 cents in the Boston market October 1 of that year.

The report of the Tariff Board shows that 58 per cent of this wool was produced in the 10 States comprising the western division. Figures covering over 3,000,000 sheep and over 20,000,000 pounds of wool were used to verify their estimates.

The schedules upon which their calculations are based were filled out by agents of the Tariff Board, who personally visited each flock owner. The findings of the first nine tables are summarized in Table X, Part II, section 1 of the report. Besides other things, this table shows the cost of labor, of maintenance, and of the miscellaneous and selling expenses attending the assembling of the wool in Boston, ready for sale to the manufacturers. It also shows the net charge per pound against the wool represented by labor, cost of maintenance, and profit, which covers the farm value of the wool and which amounts to 10.9 cents per pound. The selling price per pound in the Boston market, 15.9 cents, represents the farm value, 10.9 cents, plus 5 cents, the cost per pound of assembling the wool in Boston. This cost is equivalent to 31.5 per cent of the Boston market value, or to 45.6 per cent of the farm value of the wool. The Tariff Board finds that in the 38 Eastern States which produced 42 per cent of the wool produced in the year 1911, that the net charge against the wool grown on merino sheep was 19 cents per pound. This charge did not include interest on the land value or labor; no figures are given to show the expense of assembling the wool in the Boston market. In the 10 free-range States, where 58 per cent of the wool produced in the year 1911 was grown, this expense was 45.6 per cent of the farm value. The average size of the flocks in these 10 States is given as 933, while in the 38 Eastern States the average size is given as 41.

It is probable that the cost of assembling the wool from these States will at least equal the cost of assembling the wool grown in the 10 States of the western division.

The Boston market value of the wool produced in the United States, as found in the annual wool report for the year 1911, October 1, was \$52,471,000. It cost 31.5 per cent of this amount to assemble the wool in Boston, or \$17,528,365. The report of the Tariff Board supplies figures which show that for this amount an equal quantity of like wool could be assembled in London from different parts of the British Empire, could be distributed to the manufacturer, could be made into cloth, and packed ready for export.

Table II of the Annual Wool Review for the year 1911 gives the average value per scoured pound of fleece wool produced in the United States, October 1 of that year, as 47.7 cents. Deducting from this the cost of assembling the wool in Boston, 31.5 per cent, shows that the farm value of wool produced in the United States that year was 32.7 cents per pound for the scoured wool. Table XXIV gives the average value per pound of class 1 wool in the market from whence imported in the year 1911 as 23.8 cents. On this wool a duty of 11 cents per pound was paid on the assumption that 100 pounds in the grease would yield 33½ pounds of scoured wool, which would give 71.4 cents per pound as the foreign market value of class 1 wool, as against 32.7 cents per pound farm value of the domestic clip. The report of the Tariff Board shows that this assumption was not correct; that the average yield of class 1 wool imported is 52 per cent, making the foreign market value of class 1 wool imported in 1911, 45.7 cents per pound for scoured wool, or, without adding duty paid, 12 cents per pound more than the farm value of the domestic clip.

In Part I of glossary on Schedule K, section 1, Table 173, gives the amount per year of scoured fleece wool produced in the United States in the 21 years, 1890-1910. This shows an average of nearly 104,000,000 pounds per year; Table 44 in the statistical abstract of the United States for the census year 1900 and Table 215 in that for the year 1910 shows that the value per pound scoured of all of class 1 wool imported in these years averaged more in the foreign markets from whence imported than the farm value per pound of the scoured fleece wool produced in the United States in these 21 years, estimated on a yield of 52 per cent.

In addition to the fleece wool produced in the United States there is the pulled wool, but as this is in the hands of the meat trusts who eliminate the middle men and with them all forms of waste, no pretense of asking protection for them is made. The average quantity per year in scoured pounds of the fleece wool produced in the United

States in the 21 years, 1890-1910, was 103,850,000 pounds which, if manufactured into cloth unadulterated with other material, would produce about 70,000,000 pounds. To produce the same quantity of cloth from the same kind of wool the European manufacturer, owing to his knowledge of economic laws, would need a little less than 94,000,000 pounds of scoured wool, and the cloth produced from this wool could be landed in the customhouses of the United States for less money than it costs to assemble the fleeco wool produced in the United States in Boston, the farm value of the foreign and domestic fleeco wool being the same; but this waste of 10,000,000 pounds of wool in producing 70,000,000 pounds of cloth measures only part of the loss. The methods which waste the wool reduces the wearing quality of the cloth from 20 to 50 per cent, and this loss of wearing qualities comes on those least able to bear it; that is, the purchaser of ready-made clothing. The same result can be secured in the United States by paying attention to preparing the raw material in picking room, by changing the working parts of the carding machine, by using proper methods in spinning, and by running the looms at a proper speed. The card room is the key to the situation. At present an overseer in a card room is sure of nothing.

By changes in the operation of the moving parts of a card its carding capacity can be doubled, the life of its clothing can be doubled, the use of power can be reduced one-half, and from the same quantity of raw material a gain of from 10 to 20 per cent in the quantity of finished cloth can be made, depending on the kind of material used. This, however, is contingent on the methods employed in spinning, which if wrong can nullify or make impossible success in woolen manufacturing. In the present arrangement of a carding machine the overseer is always uncertain, but by a certain rearrangement of parts in the machine any carder who can grind and set a card properly can be given definite instructions which make him certain and always the peer of the best. This is something which can be demonstrated in the time it takes to pass the raw material from the picking room to the finishing room of a woolen mill.

If it costs 45.5 per cent of the farm value of wool produced in the United States to carry the wool from the grower to the manufacturer, how much will it cost to carry the manufactured product through the commission house to the buyer. Owing to the system employed covering datings, discounts, and allowances it is probable that it will exceed what it costs the European manufacturer to secure his raw material to manufacture it into cloth and to sell it, to demonstrate this may be difficult.

The bulletin of the woolen manufacturer for the domestic product and the statistical abstracts of the United States for the years 1900 and 1910 in Table 44 for 1900 and in Table 215 for 1910 for the classes 1 and 2 wool imported are used to show the quantity of scoured fine wool produced imported and retained for consumption for the 21 years 1890-1910, which amounted to an average of about 178,000,000 pounds per year. The bulletin from Abstracts of Statistics for States, Cities, and Industries of the Thirtieth Census show that in the year 1899 there was consumed of fine scoured wool 192,000,000 pounds; in the year 1904 about 241,000,000 pounds, and in 1909 about 290,000,000 pounds, an increase of about 14,000,000 pounds in 1899, of about 63,000,000 pounds in 1904, and of about 112,000,000 in 1909, over the average annual consumption for the 21 years 1890-1910. The bulletin giving this information does not report the amount consumed in the remaining 18 years. The bulletin shows that there was consumed in 1904 about 99,000,000 pounds of classes 1 and 2 wool in the grease, or about 52,000,000 pounds scoured, on which duties of about \$11,000,000 were collected. In the same bulletin is found an estimate of the materials consumed in the production of woolen and worsted goods in the year 1904; the waste tops, wool worsted, and Merino yarns are omitted from the table because they are duplicates. Only wool and fiber of adulterants are considered.

	Weight.	Cost.
Scoured wool.....	241,280,065	\$105,433,451
Mohair, etc.....	6,507,581	1,937,581
Cow hair, etc.....	22,957,332	1,369,776
Cotton.....	32,613,408	4,072,007
Tailors' clippings.....	79,367,209	5,668,634
Shoddy.....	31,919,456	4,472,666
Cotton yarn.....	32,598,072	8,032,773
Silk and silk yarn.....	412,307	1,679,883
All other.....	411,779	21,118
	448,110,681	132,709,789

1 Equals 29.6 cents.

The value per pound of this combination is 29.6 cents, and 1½ pounds of it properly handled should produce one pound of cloth, costing for the material 39.4 cents. The 448,110,681 pounds of material should produce, if properly handled, 336,083,010 pounds of cloth, which, if imported, would pay a duty, to countervail the \$11,000,000 duty on the imported wool used, of 44 cents per pound or \$147,876,520. In addition to this, if the average value of the imported cloth was 60 cents per pound, an ad valorem duty of \$110,000,000, or a total duty of \$257,876,520, for cloth which could be imported for less than \$202,000,000.

When it is considered that a few dozen dealers in wool on one side of the manufacturer and a few score of commission men on the other divide or destroy all of the profits of protection and that they can ruin at their pleasure the individual manufacturer or the whole business if it is their interest to do so, it may be asked if it is wise to continue a schedule which in the 47 years it has been in force has seen the average farm value of the scoured fleece wool produced in the United States less per pound than the foreign market value of scoured class 1 wool imported during that time.

Four hundred and forty-eight million pounds of fiber were used in the manufacture of woolen and worsted goods in the year 1904 as per preceding table. The scoured fleece wool produced in the United States that year was 95,795,000 pounds, having a Boston market value, October 1, of \$51,789,000, or a farm value of \$35,455,000, leaving as the cost of assembling the wool in the Boston market, October 1 of that year, \$16,313,000. The Advanced Bulletin of the Thirteenth Census of the United States contains a summary of the statistics of manufactures for the years 1900, 1904, and 1899. Table I gives the salaries and wages paid, which amounts to \$63,854,000 as labor cost of turning 448,000,000 pounds of wool and other fibers into woolen, worsted, and felt goods and wool hats in the year 1904. About 22 per cent of these fibers, or 95,795,000 pounds, equaled the quantity of scoured fleece wool produced in the United States that year. If this fleece wool had been manufactured without addition of other wools or adulterants, it would cost 22 per cent of \$63,854,000, or \$14,078,000, which is \$2,235,000 less for labor cost of manufacturing than the cost of assembling the same wool in Boston ready for sale to the manufacturer. The cost of passing the finished goods from the mill through the commission house to the buyer is enhanced by a system designed to keep the control of woolen and worsted manufacturing in the hands of the commission house and is decidedly blind. Its effect is to increase the cost of selling the domestic product to a point which makes a duty of from five to ten times the cost of labor employed in manufacturing a necessity, if handling the wool before it reaches the manufacturer and handling the manufactured goods after they leave the manufacturer is continued on present lines.

The proposed change in the tariff laws makes this seem impossible. How, then, shall it be met?

The city of Bradford, in England, had a population in 1911 of 288,000. In the year 1907 it operated woolen and worsted spindles in producing woolen and worsted goods and employed wage earners in these industries equal to more than 50 per cent of those operated and employed in the United States in the year 1904. Thus two cities of the size and capacity of Bradford would produce more woolen and worsted goods than were produced in the United States in the year 1904. The foreign market value of class 1 wool imported into the United States in 1910 averaged 24 cents per pound in the grease or 46 cents per pound scoured. The Boston market value of scoured fleece wool produced in the United States was 51 cents per pound, or a farm value of 35 cents per pound for the same year. The tariff board shows by report from 62 per cent of the worsted spindles in the United States that 100 pounds of scoured wool will produce on an average 85 pounds of tops, making the quantity of scoured wool necessary to produce 1 pound of tops cost 60 cents if made from the domestic clip of 1910.

Exports of tops from different European countries in 1910 are shown in the glossary of the report of the Tariff Board on Schedule K, in Table 64, from which it is found that the average export value per pound of tops from the United Kingdom in that year was 39 cents per pound, or 21 cents per pound less than the cost of assembling the quantity of wool in Boston necessary to produce 1 pound of tops from the domestic clip. The export of tops from France that year averaged 46.8 cents per pound, or 13.2 cents per pound less than the cost of assembling the quantity of the domestic clip necessary to produce 1 pound of tops.

The average manufacturer of woolen and worsted goods in the United States is handicapped by a lack of knowledge as compared with the European manufacturer, who, as a rule, will produce about 15 per cent more cloth from the same quantity of wool than can be produced by the former. Injury to the wool fibers occurs principally in preparing them for spinning, and in the case of worsted when the wool is properly reduced to tops the principal source of danger is passed. The proposed duty of 15 per cent assessed on tops in the Underwood bill more than covers the labor costs for

producing tops either at home or abroad, but does not and should not cover the loss in preventable waste incurred in many American mills equipped with combing machinery. For this reason the Underwood bill helps the small manufacturer who operates a weaving mill because by using European agencies he can secure himself from Bradford, in England, or Roubaix, in France, tops which will cost him, duty paid laid down in the customhouses of Boston or Philadelphia, no more than it costs the average producer of them in the United States.

The duties proposed in Schedule K of the Underwood bill are ample to cover the labor cost for producing the goods from the time the raw material enters the mill until it leaves it again a finished product, but there should be from three to four times this amount to protect the interests as effectually as they are now protected which control the passing of material to and from the manufacturer.

WILLIAM C. HUNNEMAN, 60 CONGRESS STREET, BOSTON, MASS.

BOSTON, MASS., April 22, 1913.

Hon. F. M. SIMMONS,

Chairman Finance Committee, Washington, D. C.

DEAR SIR: I learn to-day from the press dispatches that your committee has decided to grant a hearing on the free list of the tariff bill, and I beg leave to submit some observations on the plan to make wool free of duty.

For four years I have been actively engaged in the agitation to change the present specific duties on wool to an ad valorem basis. During that time the House of Representatives has twice passed a bill making the wool duty 20 per cent ad valorem, and twice it has passed a bill making the wool duty 29 per cent ad valorem. The Senate during the same period has twice passed a bill providing for a wool duty of 29 per cent ad valorem, which failed to become a law, because of the veto by President Taft, and once the House, by a two-thirds vote, agreed to pass over the veto of the President the bill providing for a duty of 29 per cent ad valorem on wool. Seldom has an issue been presented more clearly to the country than was the wool tariff at the election in November, 1912. The voters of the country gave the control of the Government to the Democratic Party with the distinct understanding that in the coming revision of the tariff an ad valorem duty should be placed on wool.

I desire to protest against the Underwood bill, which makes wool free of duty, not only because it is in violation of this understanding by the people of the country, but also because the removal of the duty from wool, while depriving the wool producer of protection, confers a special privilege of great value on a few wool-manufacturing corporations.

It has been widely proclaimed that the President of the United States, at whose request free wool was substituted for a duty of 15 per cent ad valorem in the Underwood bill, has stated that he favored the change in the interests of the consumers. The consumer of what? Of raw wool or wool clothing? If he meant a few large consumers of raw wool, his measure was well conceived, for the benefit of free wool will go to them. But if he meant the consumers of wool clothing, he has laid his plan on a foundation of sand, namely, the ridiculous assumption that the few great wool-manufacturing corporations will pass the benefit of free wool on to the clothiers, who in turn will give it to the ultimate consumers.

The benefit of free wool will accrue first of all to the wool manufacturer, and it will remain there if business can make it stay. That is business. The normal consumption of wool in this country is estimated at 300,000,000 pounds (scoured weight) a year. Over one-half of this quantity is consumed by the following 17 worsted corporations, each one of which has an officer who is also an officer in the National Association of Wool Manufacturers:

Mill:	Number of combs.
American Woolen Co.....	430
Arlington Mills.....	96
Pacific Mills.....	85
United States Worsted Co.....	65
Farr Alpaca Co.....	50
Cleveland Worsted Mills Co.....	50
Amoskeag Manufacturing Co.....	44
Lorraine Manufacturing Co.....	40
Forstmann-Huffmann Co.....	36
Erben-Harding Co.....	27
Pocasset Manufacturing Co.....	25
Goodall Worsted Co.....	21
W. H. Grundy & Co.....	18
Warner J. Steel.....	12
Globe Woolen Co.....	9
Thos. Oakes & Co.....	4
Victoria Mills.....	18

1,030

Estimating the average value of wool at 40 cents per scoured pound and the annual consumption of wool at 150,000 pounds per comb, we get the following quantities and values of the wool used by these corporations:

Corporation.	Wool.	Value.	15 per cent duty.
	<i>Pounds.</i>		
American Woolen Co.....	64,500,000	\$25,800,000	\$3,870,000
Arlington Mills.....	14,400,000	5,760,000	864,000
Pacific Mills.....	12,750,000	5,100,000	765,000
U. S. Worsted Co.....	9,750,000	3,900,000	585,000
Farr Alpaca Co.....	7,500,000	3,000,000	450,000
Cleveland Worsted Mills Co.....	7,500,000	3,000,000	450,000
Amoskeag Mills.....	6,000,000	2,400,000	360,000
Lorraine Manufacturing Co.....	5,400,000	2,160,000	324,000
Forstmann-Huffmann Co.....	4,650,000	1,860,000	279,000
Erben-Harding Co.....	3,750,000	1,500,000	225,000
Pocasset Mfg. Co.....	3,150,000	1,260,000	189,000
Goodall Worsted Co.....	2,700,000	1,080,000	162,000
Victoria Mills.....	2,700,000	1,080,000	162,000
W. H. Grundy & Co.....	3,750,000	1,500,000	225,000
Three others.....			
	154,500,000	61,800,000	9,270,000

This estimate shows that over half the wool used in this country is consumed by these 17 corporations. Over 30 per cent is consumed by 3 of them. Over 20 per cent is used by 1 of them. And it is an interesting fact that three of these corporations operate 519 combs at Lawrence, Mass., where they consume over 25 per cent of all the wool used for clothing the American people.

It is to these great corporations that the main benefit of free wool, which I have estimated at \$9,000,000 a year, will go. They are all represented in the National Association of Wool Manufacturers.

That organization has led in the fight during the past four years to keep Schedule K with its specific duties unchanged. It has during that time advocated a duty on wool as part of a broad protective policy. One of its vice presidents, William M. Wood, president of the American Woolen Co., on March 20, 1909, publicly stated his solicitude for the wool growers in these words:

To be able to arrange the schedule to satisfy them (the Maine carded woolen manufacturers) of course would be a happy thing to do if it would not do an injustice to the wool grower, who certainly is entitled to consideration. He works hard in a lonely occupation in the wild mountains of the Northwest, where his life is dreary and hard, and if he feels he is entitled to protection he ought to have it the same as we ask for in our industry. * * * I congratulate the wool growers on their deserved wool duties.

The flaw in Mr. Wood's proposition at that time was found in the fact that the wool duty he wanted to protect the woolgrower was specific, under which he could import the light-shrinking worsted wools his mills needed at half the rate imposed on the wool needed by his carded-woolen competitors. Now, however, there is an opportunity for Mr. Wood and his worsted associates in the National Association of Wool Manufacturers to show their disinterested devotion to the interests of the woolgrower by choosing between free wool and a fair ad valorem duty. Since the election last November the policy of the association in regard to the wool duty has been one of evasion, as shown by the following extract from the testimony of its president, John P. Wood, before the Ways and Means Committee on January 27:

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 the 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.

In view of the record of this organization, which, in 1864, petitioned for free worsted wool and a duty on other kinds of wool and which has since worked openly and in secret to keep wool duties specific, and in view of the great advantage that the removal of the duty on wool would give to these worsted manufacturers, I respectfully suggest to your committee that you summon William M. Wood, president of the American Woolen Co., and the heads of the other 16 worsted corporations before you to testify as to their position in regard to the removal of duties from wool.

P. S.—I am sending copy of this to members of the Finance Committee.

Par. 295.—WOOL TOPS.

THE FORINO CO. (INC.), 143 FEDERAL STREET, BOSTON, MASS., BY
HERMANN WEINBERG, PRESIDENT.

BOSTON, MASS., May 15, 1913.

The CHAIRMAN SENATE FINANCE COMMITTEE.

Washington, D. C.

SIR: In the new tariff bill, page 74, paragraph 295, "Combed wool or tops and roving or roping made wholly or in part of wool or of camels' hair, etc., 15 per cent ad valorem"; then under 654, free

list, "Wool waste, all noils, top waste, card waste, slubbing waste, roping waste," etc., free, I beg to call your attention to this error.

Referring to paragraph M, administration act, page 177, line 9, "Such appeal shall be deemed to be finally abandoned and waived unless within two days," etc. Two days for a business man to file a protest or to pay a fee is a very short time, as it is not specified if there are fully two working days and if Sunday is included or not. Saturday afternoon the customhouse is closed; Sunday the customhouse is closed. "Are those two days?"

Very recently a decision was given where the importer protested by letter and the letter arrived Monday morning with the collector, and if the Sunday was figured in it was 10 days. The importer maintained Sunday was not to be figured in, but the Board of Appraisers decided against him, and therefore a little longer time should be given to the importer, or it should be specified if Sunday counts or not.

It should also be specified to make it the duty of the collector to notify the importers of any mark up, and not the customhouse agents. We have had the experience where the customhouse agents kept those notifications till the last minute, and on all such occasions it should read, "It is the duty of the collector to notify the importer and his agents by mail."

There is one thing I beg to call your attention to under the Wilson bill. A good many tops have been broken and called lap waste, or top waste, which is now on the free list, and was down on the free list, and have been recombed to evade the duty on tops. Therefore paragraph 295 should read, "Combed wool or tops and broken tops," etc.

Par. 295.—WOOL TOPS.

FORSTMANN & HUFFMANN CO., PASSAIC, N. J., AND OTHERS.

The undersigned woolen and worsted manufacturers of the city of Passaic and vicinity, representing mills with a total investment of \$30,000,000 and annual products of \$28,000,000, and employing about 12,000 men and women (with an annual pay roll of over \$6,000,000), who with their families number about 40,000, constituting over one-half of the population of Passaic and its vicinity, all of whom are dependent for their living upon the prosperity of our enterprise, emphatically protest against the rates on woolen and worsted manufactures contained in paragraphs 299, 300, 301, and 303 of the proposed Underwood tariff bill.

The undersigned manufacturers, mostly men who have managed similar enterprises both here and in Europe and are therefore in a better position than anyone else to say what rates are sufficient to enable Americans to compete with abroad, place particular emphasis upon a point which the committee has recognized with regard to other schedules, but has absolutely ignored in the wool schedule—the need of higher ad valorem rates on the finer products than on the cheaper, finer goods entailing greater conversion costs in comparison to cheaper goods than in Europe, and fine goods being used only in the clothing of the well-to-do and therefore a luxury and revenue

producer, and as such well able to bear a higher duty than cheaper goods.

The woolen and worsted industry of Passaic consists for the most part of manufacture of fine yarns and fine fabrics, and the proposal of the committee to reduce the rate on these articles from 100 per cent (under which rate fine goods have been imported amounting to over 90 per cent of the total imports of woolen cloths and dress goods) to 35 per cent would be ruinous and confiscatory.

In view of the above facts we urge upon you the necessity of using your utmost efforts to procure a readjustment of the rates of paragraphs 299, 300, 301, and 303 of the proposed Underwood bill. As the committee has apparently not wished even to consider the rates proposed by the undersigned manufacturers in their respective briefs, we would suggest, as a matter of compromise, that the rates be rounded off and simplified as shown in the following amendments which we propose to the present bill:

PROPOSED AMENDMENTS TO NEW UNDERWOOD BILL.

Amend paragraph 299, 11. 7-12, page 74, as follows:

Combed wool or tops made wholly or in part of wool or hair, 15 per centum ad valorem.

Roving or roping, made wholly or in part of wool or camel's hair and other wool and hair which have been advanced in any manner or by any process of manufacture beyond the washed, scoured, and combed condition and not specially provided for in this section, 20 per centum ad valorem.

Amend paragraph 300, 11. 13-14, page 74, as follows:

Carded woolen yarns, made wholly or in chief value of wool, if not exceeding thirty-three cut, 20 per centum ad valorem, and if exceeding thirty-three cut, 25 per centum ad valorem.

Worsted yarn made wholly or in chief value of wool, shall be subject to the following rates of duty: Numbers one to fifteen, inclusive, 25 per centum ad valorem; numbers fifteen to thirty, inclusive, 30 per centum ad valorem; numbers thirty to forty-five, inclusive, 35 per centum ad valorem; numbers forty-five to sixty, inclusive, 40 per centum ad valorem; numbers sixty to seventy-five, inclusive, 45 per centum ad valorem; over number seventy-five, 50 per centum ad valorem.

Hard-twisted worsted yarns, not singed or gassed, shall be subject to the duty provided in the foregoing paragraph for the respective number of yarn, and in addition thereto a duty of 10 per centum ad valorem; if singed or gassed, they shall be subject to the duty provided in the foregoing paragraph for the respective number of yarn and in addition thereto a duty of 20 per centum ad valorem.

Amend paragraph 301, 11. 15-18, page 74, to read as follows:

On cloths, knit fabrics, felts not woven, and all manufactures of every description made by any process, wholly or in chief value of wool, not specially provided for in this section, valued at not more than fifty cents per pound, 45 per centum ad valorem; valued at above fifty cents per pound and not above seventy cents per pound, 50 per centum ad valorem; valued at above seventy cents per pound and not above ninety cents per pound, 55 per centum ad valorem; valued at above ninety cents per pound, 60 per centum ad valorem.

For simplicity's sake we give below a tabular résumé of these proposed amendments, with the rates of the present Underwood bill on the same articles and those of the Wilson bill of 1894 (which, although considerably higher than those of the present Underwood bill, especially on finer goods, proved so disastrous to the woolen industry). These rates are based on free wool, and if Congress finally decides to place a duty on wool, the rates on manufactures ought to be correspondingly raised to compensate the manufacturer for the duty on raw material.

	Proposed rates.	New Underwood bill.	Wilson bill, 1894.
Greasy wool, washed wool, scoured wool....	Free	Free.....	Free.
Noils, waste, rags, shoddy, top waste, etc....	15 per cent.....	15 per cent..	15 per cent.
Tops.....	20 per cent.....	do.....	20 per cent.
Rovings.....	.....	.....	Do.
Yarns, woolen, single or twist, gray, bleached or colored.	.....	.....	Not over 40 cents per pound, 30 per cent.
Not over 33 cut.....	20 per cent..	.....	.....
Over 33 cut.....	25 per cent..	20 per cent..	Over 40 cents per pound, 40 per cent.
Yarns, worsted, gray, bleached or colored:	.....	.....	.....
Not over 15 cents.....	do.....	.....	.....
15's to 30's.....	30 per cent..	.....	Not over 40 cents per pound, 30 per cent.
30's to 45's.....	35 per cent..	20 per cent..	.....
45's to 60's.....	40 per cent..	.....	.....
60's to 75's.....	45 per cent..	.....	Over 40 cents per pound, 40 per cent.
Over 75's.....	50 per cent..	.....	.....
Worsted yarns, hard twisted, same duty as above, according to number, plus extra duty of—	10 per cent..	.....	New industry; used only in very fine goods and silks; not provided for in Wilson bill.
Worsted yarns, hard twisted and singed, same duty as above, according to number, plus extra duty of—	20 per cent..	.....	.....
Cloths and dress goods:	.....	.....	.....
Foreign value not over 50 cents per pound.	45 per cent..	.....	Not over 50 cents per pound, 40 per cent.
Foreign value 50 cents to 70 cents per pound.	50 per cent..	35 per cent..	.....
Foreign value 70 cents to 90 cents per pound.	55 per cent..	.....	.....
Foreign value over 90 cents per pound..	60 per cent..	.....	Over 50 cents per pound, 50 per cent.

Aside from the rates themselves, a second point of immediate and pressing importance is the absolute necessity of allowing ample time to elapse between the enactment of the law and its operation. This is essential in order to avoid sudden and radical alteration in the hours of employment in the different mills, which would work great hardship to the operatives by lessening their earnings or entirely throwing them out of work. Mills must manufacture a long while ahead for the next season's trade, and must purchase their raw material far in advance of its use in manufacture. They can not cover their requirements in raw material overnight, or manufacture in a day goods to fill orders received. We therefore recommend the following additional amendments:

Insert after paragraph 322, after line 22, page 77, the following:

The rates provided in this schedule shall take effect on the first day of the seventh month following the passage of the act.

Amend paragraphs 654 and 655, 11, 19-26, page 129, by adding to each paragraph, on lines 21 and 26, respectively, the following words:

But the exemption from duty of these articles shall not take effect until the first day of the fourth month after the passage of the act.

This is a simple and just demand, based upon commercial necessity, and it has nothing to do with party policy. We can not conceive of any reason why this request should not be granted, and urge upon you the importance of insisting upon this point as strongly as is in your power.

The following names are attached to the above document:

Forstmann & Huffmann Co., Julius Forstmann, president; New Jersey Worsted Spinning Co., R. Kleinjung, general manager; Gera Mills, Ernst. Fr. Weissflog, proprietor, and Otto Bruckner, superin-

tendent; The Pitkin-Holdsworth Worsted Co., Joseph Holdsworth, president; Passaic Worsted Spinning Co., A. Garth, general manager; Garfield Worsted Mills, Paul Haberland, president; Samuel Hird & Sons (Inc.), Robertsford Worsted Mills, Samuel Hird, president.

Pars. 295-297.—WOOL AND WOOLENS.

FORSTMANN & HUFFMANN CO., PASSAIC, N. J., BY JULIUS FORSTMANN, PRESIDENT.

PASSAIC, N. J., April 5, 1913.

DEAR SIR: The general expectation is that the first subject for consideration at the special session of Congress will be the tariff, and foremost among the schedules to receive attention will be Schedule K. I therefore take the liberty of handing you herewith a printed copy of my brief and the accompanying charts and tables submitted by me to the Committee on Ways and Means at the wool hearing held on January 27, 1913. [See House hearings, p. 4264.]

I bespeak for this pamphlet and the tables and charts appended thereto your most careful perusal, but at the same time venture to call your particular attention to the following important points of my argument:

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 competitive 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 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.

In conclusion, let me say that I hold myself ready at all times to answer any questions or afford any information desired by any Member of Congress on the subject of woolen and worsted manufactures or the tariff on those articles.

(The witness, on April 10, 1913, filed the following additional statement regarding the new Underwood tariff bill, with special reference to Schedule K:)

Passaic, N. J., April 10, 1913.

With regard to the wool schedule of the new tariff bill which has been introduced into Congress I wish to make the following statement:

First of all, without wishing in any way to put my own personality in the foreground, but simply in order to show why I consider myself qualified to speak with authority on the question of the wool tariff, I would state the following facts:

I have all my life been engaged in wool manufacturing, both here and abroad. I have been and am still interested in large mills in Europe as well as in the United States. For the last 10 years I have been in the United States, and before that I was for 10 years managing partner of one of the leading German woolen mills, founded by my great-grandfather in 1803, and one which has done business with the United States since 1825. Since I have been permanently in America I have personally established and had the sole management of a mill which is considered the leader in its branch. The successful establishment and development of our mill has shown that it is possible to produce in this country goods as fine as any produced anywhere in the world, and our fabrics are recognized as such. The very people who said at the outset that such goods could not be produced in this country have been among the first to recognize that the seemingly impossible had been accomplished. But it has all had to be done subject to the higher standard of American values, which has increased throughout the productive cost.

In connection with the woolen business I have visited every possible market that exists for woolen goods in the entire world. There is not a branch of the business, from wool growing to the marketing of the finished product, that I have not studied at first hand. When in Europe, before establishing our plant in Passaic, I made a special study of the export business. For our European concern I visited all the markets of the world, where there was any possibility of selling woolen goods, and succeeded in opening new outlets wherever it was possible to do so. I not only had direct letters of introduction from the German foreign office to German diplomatic officials all over the world but I also had letters from the Krupps in Essen to the representatives of their vast organization in all parts of the world, which enabled me to obtain direct and reliable knowledge of the real commercial and other conditions in the places visited, which would have been impossible for any one traveling without such most influential recommendations.

My experience proved that woolen goods are sold only to any extent in temperate climes and in countries where civilized garb is worn. No market for woolen goods for clothing can be found in tropical climes where cotton and linen goods form the every-day wearing apparel, or in the far north, where furs are preferred. In countries like China and Japan tradition clings to other materials, such as silk or cotton, and as far as woolen goods are concerned, Japan is now fast equipping herself to supply at least her own requirements and those of her immediate neighbors. It is only a question of time before she will be a competitor in the markets of Europe and America for woolen goods, as she already is for many other staple articles of commerce. In South America the climate is against the development of a trade in woolen goods. My own European house had a branch in Buenos Ayres, but later on found it had to sell more cotton and linen goods than woolen goods on account of the climate. Australia has a small population, compared with its area, and being an English colony, prefers for the most part English goods. In Egypt there was but a small demand for woolen goods.

As a proof of my experience I may state that I was appointed by the German Government to serve as an expert for the wool manufacturing industry on the German tariff commission which framed the last German tariff.

From my experience I therefore know to a nicety the ability of the woolen manufacturer to compete in foreign markets. I also know what rates are necessary to enable the American manufacturer to hold his own against European competition and what the chances are of American woolen manufacturers entering the open markets of the world. The theory of the development of foreign commerce is very fine, but it has its limitations. It must not be applied to industries which are not susceptible of development in that direction. The possibilities of exporting woolen goods

are very limited. The only export market for American woolen goods worth cultivating would be in Europe, where the industry is very much older and more developed than in the United States, and with the mills of which American mills can not even compete at home under free-trade conditions.

When the tariff question first came up, I had the pleasure of having Mr. Redfield at our mill, and went over all the different points with him. He is, however, so enamored of his efficiency theories and so thoroughly convinced that what is true of the industry with which he has had experience can be applied to all, including wool manufacturing, and he is so infatuated with the policy of building up our export trade at the cost of everything else, that it is impossible to argue the question with him. When he was at our mill in the early summer of 1911 he paid me the most flattering compliments regarding our plants, equipment, and organization, and also regarding my handling of the labor question. Later, in Congress, he reversed himself and made severe criticisms of my handling of the labor question, his speech being published in the Congressional Record of August 1. I felt compelled to reply to his statements, and my reply was also published, in the Record of August 19. Mr. Redfield sent me a very courteous answer to my letter, saying that when he found time he would make a statement regarding it. So far, however, he has not reverted to the subject. As in the case of our industry, so in all his speeches and writings—witness his recent outbreak regarding the cotton manufacturers—Mr. Redfield shows an inexcusable bumptiousness in delivering himself ex cathedra on subjects about which he is most superficially informed. It is most unfortunate that the ideas of a man like Mr. Redfield, who is manifestly carried away by his enthusiasm along certain lines, should be given serious weight in the framing of the tariff policy of a country like the United States.

After this general word as to my personal experience in wool manufacturing and export trade, as well as in tariff making, I would pass to a consideration of the bill now before Congress. The rates proposed for the wool schedule by the Ways and Means Committee are as follows:

Raw wool, etc.....	Free.
Yarn.....	20 per cent.
Dress goods, cloth, etc.....	35 per cent.

The question of a duty on wool is a matter which Congress must decide for itself, in full realization of its responsibility to the woolgrowing industry.

In the recommendation of a flat rate on partly and wholly manufactured woolen products a fundamental mistake has been made. This flat rate is wrong from every point of view. It is wrong because of the greater cost of manufacture of fine fabrics, fully explained in my brief to the Ways and Means Committee. It is wrong from a fiscal point of view, because it needlessly sacrifices revenue. Fine goods have been imported annually with a foreign value of about \$10,000,000, or about \$20,000,000 domestic value, at a duty averaging 100 per cent. To reduce that duty to 35 per cent is absurd and reckless, sacrificing \$7,000,000 revenue. To say that the reduction of duty will increase importations sufficiently to bring in greater revenue than at present is farcical, for importations of these fine goods would have to be increased threefold to bring in as much revenue as at present, and anyone with the least knowledge of trade conditions knows that there is not enough demand for fine goods to call for such an increase of importations. All that a flat rate of 35 per cent can do is to displace to a considerable extent the finer American woolen products and at the same time cause great loss of revenue to the Government.

With regard to fine goods, not a single argument can be applied of all those which have been brought forward by the advocates of extreme tariff revision. The reduction of the duty on fine goods to the extent proposed will not make clothing cheaper for the masses, for the masses do not wear clothing made from such fabrics. It will not improve the quality of the American product. It will not bring any more revenue, but rather less, to the Government. One thing it will do, and that is to increase foreign importations, correspondingly curtailing the production of American fine goods and giving a severe setback to an industry which in late years has made marvelous progress in the United States—and all this in direct violation of the party pledges not to injure any legitimate American industry. The proposal of a rate of 35 per cent on fine goods shows, on the part of those who are responsible for the adoption of such a ridiculous rate, an absolute ignorance of the whole subject at issue or a fatuous recklessness betokening inability to deal with such important questions and unfitness for the responsible positions into which they have been thrust by the accident of political fortune.

On January 27 I went to Washington to attend the wool hearings, as did many other manufacturers, and submitted a brief specially relating to the manufacture of fine woolen and worsted products. The Ways and Means Committee, in the explana-

tion which accompanies its proposed tariff bill, has laid great stress on the policy of differentiating between luxuries and necessities—which was one of the main points of my argument. While the committee, however, has indorsed all I said in my brief about the propriety of the higher taxation of luxuries and has followed this policy with reference to many schedules, it has absolutely ignored it in the woolen schedule and has stultified itself by deliberately and willfully avoiding the logic of its own conclusions, which would have led it to retain a higher duty upon the finer wool manufactures. In this the committee has ignored even Democratic precedent, for the Wilson bill of 1894 provided two rates—for yarns above and below 40 cents per pound and for fabrics above and below 50 cents per pound. The committee has classified silk goods as a luxury and has placed a high duty upon them, but hard-twisted worsted yarns, which are used only for the very finest goods and especially by the silk industry, and are also purely luxuries, the committee has placed under a flat rate of 20 per cent, which applies to all yarns. What is the reason of all this? It can only indicate an unwarranted and vindictive antipathy to the woolen and worsted industry, unworthy of the representatives of a great party, or of legislators called upon to legislate for the country as a whole irrespective of their own preferences or animosities. If the industry has made mistakes in the past, the industry of the present should not suffer for it. The criticisms and invective that have been hurled against the industry of late are absolutely out of place, as has been demonstrated to the satisfaction of any fair-minded man. If in the past the criticism was made that information was withheld from Congress, it must now be admitted that the committee had the benefit of the most correct and reliable information from a number of recognized experts.

Resuming my analysis of the present bill, I would point out that in the case of cutlery, for instance, the committee has retained a distinction between cheaper and finer goods, with a higher duty on the latter.

In the case of gloves, the committee has retained an elaborate classification, according to material, finish, length, and lining, allowing higher rates on those articles which represent greater cost, so as to compensate the American manufacturer.

Again, while the finest woolen products are all thrown into one mass with the cheapest shoddy products and are called "necessities," automobiles have the benefit of the designation of luxuries, and the present 45 per cent duty is retained on finished automobiles and automobile bodies. In the fiscal year ending June 30, 1912, the United States exported automobiles to the value of \$21,500,000 and imported in the same period \$2,000,000 worth, foreign value, or about \$3,000,000 duty-paid value. The total value of domestic production of automobiles and automobile bodies, according to the census of 1909, was about \$240,000,000. The imports therefore constituted only 1.2 per cent of the value of the domestic product, and even allowing for duplications in the figures given for the latter, did not amount to 2 per cent. And yet tariff reformers howled when the imports of woolen manufactures only equaled 5 per cent of domestic production, although the imports of fine woolen goods have averaged in the past years over 30 per cent of their domestic production. On the latter the committee has seen fit to reduce the duty by two-thirds, notwithstanding they are every bit as much luxuries as automobiles and even more so, and brought in under the old tariff of about 100 per cent an average revenue of \$10,000,000. As a matter of fact fine woolen products are more uniformly a luxury than automobiles. Fine woolen products only enter into the apparel of well-to-do men and women, who pay high prices for their attire, and the extra price of the cloth plays little or no part in the final cost of the suit, dress, overcoat, wrap, etc. On the other hand many automobiles—for doctors and other men who have to travel around much in the course of their business—trucks for business houses, etc., are not luxuries, but necessities. We have no grudge against the automobile business, and should like to see it prosper. But we want to know why, while such noble utterances are being poured forth at Washington against special interests, one interest is being favored to the exclusion of others?

Section IV, paragraph 8, of the new tariff bill provides:

"That the President shall cause to be ascertained each year the amount of imports and exports of the articles enumerated in the various paragraphs in section one of this act and cause an estimate to be made of the amount of the domestic production and consumption of said articles, and where it is ascertained that the imports under any paragraph amount to less than 5 per centum of the domestic consumption of the articles enumerated he shall advise Congress as to the facts and his conclusions by special message."

As the imports of automobiles now amount, under the present duty of 45 per cent (which it is not proposed to change) to not over 2 per cent of domestic production (according to the latest census) it seems to be up to the President to send in a special message on the subject right away.

Cotton thread, cotton yarn, etc., are classified as follows:

	Per cent.
Numbers 1-9, inclusive.....	5
Numbers 10-19, inclusive.....	7½
Numbers 20-39, inclusive.....	10
Numbers 40-49, inclusive.....	15
Numbers 50-59, inclusive.....	17½
Numbers 60-99, inclusive.....	20
Number 100 and over.....	25

Cotton cloths are classified according to the yarn they contain and an extra duty of 2½ per cent is levied on the cloth over and above the duty on the respective count of yarn contained therein. A distinction is also made between cloths which are not bleached, dyed, colored, stained, painted, printed, or mercerized, and those which are, the latter being subject to an extra duty of 2½ per cent.

Single yarns made of jute, not finer than 5 lea, pay only 15 per cent, while yarns finer than 5 lea pay 25 per cent.

Flax, hemp, or ramie threads, twines, and cords made from yarn not finer than 5 lea or number pay 25 per cent; and if made from yarn finer than 5 lea or number, 30 per cent. Single yarns of the same material pay less.

When the committee attacks the intricate and important item of straw hats and other manufactures of grass and straw, it shows itself imbued with the spirit of scientific tariff making, so that partly manufactured products, composed of these materials, if not bleached, dyed, colored, or stained, take a rate of 15 per cent, and if bleached, dyed, colored, or stained, a rate of 20 per cent; while hats, bonnets, and hoods composed of these materials, if not blocked or trimmed, are taxed at 25 per cent, but if blocked or trimmed, at 40 per cent.

When the question of a sliding scale was broached by a wool manufacturer at the recent hearings, the answer was made by one of the committee that such a sliding scale of ad valorem rates was unnecessary, as the European value was also higher on the finer products, the result of more advanced processes, so that a flat rate would cover all requirements. It was pointed out that the cost of producing finer goods in the United States rises in more rapid progression with the value of the product than it does in Europe, and therefore a higher ad valorem rate was necessary on finer articles. As shown in the foregoing examples, the truth of this statement was recognized by the committee with regard to certain schedules, but for some inscrutable reason the committee refused to apply the same principle to the woolen schedule.

In spite of the evident keen appreciation of the elementary principles of tariff making shown in some schedules, when it came to the wool schedule the committee was unable to see any reason for making any distinction in rates between the very cheapest fabrics and the very dearest, or to allow anything whatever for goods which have been subjected to various processes entailing much additional labor cost and machine cost. As a matter of fact the new wool schedule is the strongest possible testimonium paupertatis which the committee could possibly have given to the country regarding its ability to construct a tariff.

As it is purposeless for any man to criticize without offering a substitute and as there seems to be little likelihood of my previous rates being accepted, I have again carefully considered the matter of rates, and would suggest that in view of the rates proposed by the committee, it might be better, as a matter of compromise, to simplify my proposed rates by rounding them off as shown in the following table. For the sake of comparison I give in parallel columns the rates of the new Underwood bill and those of the Wilson bill of 1894. I have based these rates on free wool because, as before stated, the question of the duty on wool (regarding which I have given my views at length in my brief to the committee and elsewhere) is now in the hands of Congress. Should Congress finally decide to place a duty on wool, the rates on wool manufactures suggested below ought to be correspondingly raised to compensate the manufacturer for the duty on the raw material.

	Proposed rates.	New Underwood bill.	Wilson bill, 1894.
Greasy wool, washed wool, scoured wool....	Free.....	Free.....	Free.
Noils, waste, rags, shoddy.....	do.....	do.....	15 per cent.
Top waste, etc.....	do.....	do.....	20 per cent.
Tops.....	15 per cent..	15 per cent..	
Yarns, woolen single or twist—gray, bleached or colored:			
Not over 33 cut.....	20 per cent..		Not over 40 cents per pound, 30 per cent; over 40 cents per pound, 40 per cent.
Over 33 cut.....	25 per cent..	20 per cent..	
Rovings.....	20 per cent..	15 per cent..	20 per cent.
Yarns, worsted—gray, bleached or colored:			
Not over 15s.....	25 per cent..		Not over 40 cents per pound, 30 per cent; over 40 cents per pound, 40 per cent.
15s to 30s.....	30 per cent..		
30s to 45s.....	35 per cent..	20 per cent..	
45s to 60s.....	40 per cent..		
60s to 75s.....	45 per cent..		
Over 75s.....	50 per cent..		
Worsted yarns, hard twisted and singed, same duty as above, according to number, plus extra duty of.....	10 per cent..		New industry used only in very fine goods and silks; not provided for in Wilson bill.
Worsted yarns, hard twisted and singed, same duty as above, according to number, plus extra duty of.....	20 per cent..		
Cloths and dress goods:			
Foreign value not over 50 cents per pound.....	45 per cent..		Not over 50 cents per pound, 40 per cent; over 50 cents per pound, 50 per cent.
Foreign value 50 to 70 cents per pound.....	50 per cent..		
Foreign value 70 to 90 cents per pound.....	55 per cent..	35 per cent..	
Foreign value over 90 cents per pound.....	60 per cent..		

These rates are certainly the lowest under which the industry as a whole can hope to have any chance of competing with European manufacturers.

Aside from the rates themselves and an even more immediate and pressing question for decision is the time when the new tariff bill shall take effect. This is of special importance for the wool industry. Representatives of those districts which include woolen mills should insist that the new tariff legislation, whatever it may be, shall not take effect until all branches of the trade—from manufacturer to the retail merchant—have had time to readjust themselves to the new rates.

Manufacturers are now making goods for fall delivery—from August to October and November. The raw material for all these goods has been bought at present prices, based on present duties. If any tariff change takes place before delivery of these goods values will be radically upset. The trade as a whole can not stand such sudden, wholesale cuts in values, and the result can not fail to mean embarrassment for many firms, and once such conditions arise no one can foresee how far they will go.

The wool industry would suffer most by "snap" legislation. It is an industry in which the raw material duty will be cut the most, and also one in which provision must be made a much longer time ahead for the purchase of material, owing to the distance of the wool markets from the manufacturing centers and owing to the numerous and lengthy processes of manufacture. If imports at lower rates are made possible before the close of the fall season, there is no way by which a heavy loss can be avoided on goods now being manufactured on the basis of the present rates on raw material, and this loss will affect the whole trade—manufacturers of cloth, jobbers, manufacturing clothiers, and retail merchants of cloth and clothing, with the thousands of employees dependent upon the various branches of the trade for their living. Whatever duties are adopted on manufactures of wool they should not go into effect until at least six months after the President has affixed his signature to the bill. Even now customers, who have so far relied on the assurances given by Democratic leaders, are taking alarm at the radical legislation which has been proposed by the committee and are demanding to know whether the mills will guarantee the maintenance of prices now being quoted for fall. Regarding raw wool, at least three months should elapse between the final enactment of the bill and the operation of the new rate. Merchants and manufacturers can not cover their requirements overnight, and must, in order to make their purchases soundly and properly, have some advance notice of what they have to expect in the way of duty and an opportunity to gauge the effect of any change of duty on market prices.

This demand is simple and absolutely just. It has nothing to do with politics or party policy. It is simply a commercial necessity, the justice of which must be recognized by anybody with the faintest idea of practical business. The provision in question was embodied both times in the former Underwood bills. If this abso-

lutely justified demand is granted, it would mean that manufacturers and their customers can go sanely ahead with their business without having to look in the paper each morning to see what new nonsensical rumor has emanated from Washington regarding tariff legislation. They will know that at least some time will be given them after the matter is finally settled to adjust their business to the changed conditions, which in themselves will be bad enough to bear. To ignore or deny this demand would be a direct violation of the promises made time and time again during the recent campaign by all Democratic leaders, from the President down, that they would not injure any legitimate American business.

The last German and the last French tariff both provided that about one year should elapse between the enactment of the tariff law and its going into operation. This shows that the Governments and legislative bodies of these countries recognized the significance of the sudden operation of tariff laws with the consequent far-reaching disturbance of business conditions. The proposal of a period of six months between the enactment of the law and its operation in the United States is already a great departure from European conservative methods. To adopt a still shorter period would be impossible without causing severe injury to the industry.

It has been stated that the industry, after all the tariff agitation which has taken place, is prepared for any changes. This is nonsense. Manufacturers could not prepare for such tariff changes without using up all the material on hand and buying no more, and gradually shutting down their plants. The nature of their business compels them to continue manufacturing on the old basis until a change is definitely made. Manufacturers could only "prepare" for tariff changes by curtailing or wholly ceasing production, at loss to themselves and their work people and with great harm to their organization.

Mr. Underwood is reported to have said that the immediate operation of the new tariff would be of benefit to the industry, as European mills are so busy that they can not at present enter the American market. If Mr. Underwood really made this statement, it could only have been based upon information given to him by interested parties who have their own ends to serve. Anyhow it is not true. America offering the best market, European manufacturers would surely neglect some of their other markets. And if European manufacturers are really at present too busy to enter the American market and disturb American manufacturers, then what is the purpose of the feverish haste shown to make the new law immediately operative? Only importers and foreign manufacturers could benefit by the immediate operation of the law, and it is inconceivable that any American Congress should deliberately choose to favor foreign interests in preference to American.

Full and ample time should be allowed for the proper consideration of the new bill by the entire Congress, and a "snap" bill should not be foisted upon Congress by a handful of men who have either no practical knowledge of business conditions or by training and interests are impelled to look only at one side of this question and fancy they can increase American exports at the expense of certain of our present industries. Many of the Members of the new Congress sit there for the first time, elected to represent constituencies vitally affected by the new tariff. It would be unjust to attempt to crowd through legislation framed in advance in secret sessions of the various branches of the legislative body, without giving all the Representatives of all the people an opportunity to carefully examine the new bills and judge of their effect upon their constituents.

The committee says that the future growth of our great industries lies beyond the seas. A most poetic thought. But what about the present? Or maybe it is a Delphic utterance, which like those of old can be construed to fit the subsequent event. In so far as the committee is right; if the bill is adopted, much of our industry will be transferred beyond the seas, but it will be foreign industries that grow and not our own.

The history of American tariff legislation has been a continual swing of the pendulum from one extreme to the other. No party has had the foresight or the courage to call a halt and adopt a middle way. The Democratic Party now has the chance of a generation to adopt such a conservative middle way and, while assuring to the country a continuance of prosperity, may also secure for itself a long lease of power.

If this statement is strong, the provocation is great. It is small satisfaction to our industry to know that the popular verdict less than two years from now will set the seal of its disapproval upon a measure so wantonly destructive as the one proposed. The thing of importance for us now is to try, if maybe, to mitigate the severity of this doctrinaire legislation and to temper, if possible, the harm which such a measure will inevitably bring to American industry and American workers.

No doubt the committee has done its best, considering its training and considering the fact that none of the committee are experienced manufacturers or business men. When the need was emphasized of a thorough investigation of this subject, President

Wilson is reported to have said that we have been investigating all our lives and it is useless to investigate any more. Following the methods which have hitherto been employed, we can investigate another 100 years and be no nearer the truth. But why not profit by the examples of Germany and France and by the appointment of a nonpartisan tariff commission, representing all the country's interests—agricultural, industrial, and commercial—arrive at a businesslike tariff bill for the final consideration of Congress. Although born abroad, I think I am as good an American as the next man; but I can not help expressing it as my conviction that in this respect foreign methods are far to be preferred to our own.

To President Wilson's message, I am sure, no American citizen can take exception, and I, for one, heartily subscribe to the sentiments expressed in it. But the contents of the message are not translated into concrete terms in the tariff bill. The bill and the message are as far apart as the two poles. The President's suggestion that we should not proceed headlong in this matter is excellent, but the danger of headlong procedure by the present method is very great. The President's ideals, which, after all, are the ideals of all of us, would have far more chance of being fittingly realized under a commission such as I have indicated than in the present hodgepodge bill, each schedule of which betrays a different principle of tariff making.

As there is no possibility of the appointment of a tariff commission to consider the present bill, it is all the more necessary that the most serious consideration be given to it prior to its enactment. It is not a joint responsibility of all legislators, but an individual responsibility, resting equally upon each Congressman, each Senator, and upon the President himself. All were unanimous in their assurances before and after election that all legitimate business would be safe in their hands. None, I am sure, desires to appear before the American people in the light of one of those

That palter with us in a double sense;
That keep the word of promise to our ear,
And break it to our hope.

JULIUS FORSTMANN,
President Forstmann & Huffmann Co.

STATEMENT BY WILLIAM WHITMAN, BOSTON, MASS., OF GENERAL CONSIDERATIONS BEARING ON THE HISTORY AND GROWTH OF THE TEXTILE INDUSTRY IN THE UNITED STATES.

BOSTON, MASS., *May 21, 1913.*

The COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: I respectfully crave the indulgence of your honorable committee to present briefly certain general considerations bearing on the history and growth of the textile industry in the United States and certain specific facts and recommendations as to the effect and amount of duties levied on woolen manufactures.

I desire to preface the considerations and recommendations which I have to propose with a brief statement of the point of view from which I approach the subject. It is that of a merchant and manufacturer whose entire adult life has been occupied in organizing and carrying on the textile industries. My economic views are the result of an experience in the active management of manufacturing companies extending over the period of all tariff changes since 1867. Yet the suggestions I have to offer are not made with political bias, and they are intended to be uncolored by any economic theories. The tariff is to be revised, and the revision is to be made on a different principle from that which underlies the act which it is to supersede. It is none the less desirable, and it is no doubt desired by those who are to make the revision that it shall be done with a view to the common good and without injury to established industries. *Action should be taken as soon as possible.*—That being admitted, I submit, in the first place, that if a wise and salutary law can be

passed the sooner it is enacted the better it will be for manufacturers, producers in other lines of industry, and consumers. There is no more serious impediment to industrial activity and to commercial prosperity than the uncertainty that is inevitable while tariff rates on imported goods competing with our own productions are under discussion. Home manufacturers, however, should be allowed reasonable time after enactment to adjust themselves to the changed rates and conditions under which they must compete with foreign rivals.

The textile industry long and successfully encouraged by wise public policy in order to make our country independent.—The textile industries, in which I take the largest interest and toward which all my suggestions are directed, have had a remarkable history. In the early years under the Constitution they were almost nonexistent. Every President of the United States, down to and including Gen. Jackson, maintained in his messages to Congress the importance of independence of foreign countries in the supply of food and clothing of the people. For a long period therefore the policy of the nation was directed with patriotic insistence to the securing of that end, and ultimately it was accomplished. Through many long periods of depression, disaster, and loss the industries using wool as their material have been fully established under the wise policy of encouragement advocated by our Presidents and statesmen of earlier generations, irrespective of parties. The cotton manufacture reached that position earlier and with fewer evil seasons. The beneficial results of that policy should not be jeopardized. It is easier to destroy than to build up. In recent years the development has been marvelous, particularly in the period from 1897 to 1909.

The growth of the industry has kept down prices in the world's market—Domestic manufactures subject to keen competition.—That growth has had a marked influence, not only at home, but also upon world prices. The fact that the cotton and woolen industries are so far developed that they are capable of supplying, as they do supply, the domestic demand, with a further capacity for increase when needed, indicates that domestic competition is keen.

It has had the effect of keeping down prices abroad, for it is evident that if the large American demand had been added to that of the present customers of British and European manufacturers, the inexorable law of supply and demand would have raised foreign prices. To a level with those which have prevailed under our tariff laws? Who can say?

It is clear, then, that any action which will terminate the present condition—that of the ability of the textile manufacturers to supply the entire wants of the country for such goods as they produce—will inflict an injury not only upon the manufacturers, but upon the country as a whole.

No trust or combination in the industry to prevent keenest competition—Profits not excessive—Dangerous to home competition to kill off smaller manufacturers.—There is not and never has been a combination of independent textile manufacturers in this country, nor has any one company or consolidation of companies ever obtained such a degree of control of the domestic production as to militate against competition of the keenest intensity. Save in a few scattered cases,

the profits of the manufacturers have not been large. If this be true, then, we already have as severe home competition as is wholesome or desirable, and it follows that the introduction of extensive competition from abroad will tend to reduce the competition between domestic manufacturers by forcing the smaller manufacturers out of business. Meanwhile, we note it as a fact that the competition that has existed has kept the price of home products down to as low a point as is consistent with continued moderate prosperity of the industry as a whole.

Duties should not be excessive—Unnecessarily high duties should be reduced.—The ability to supply the home market has heretofore been maintained by a tariff sufficiently high to induce capital to go into the industry. But it is not to the advantage of manufacturers that the rates of the tariff should be too high, for the effect of an excessive tariff is to cause too rapid a development of industries and too great an increase of producing plant, with consequent excessive competition and unprofitable selling prices resulting in unstable and intermittent employment of labor and capital. It is therefore not merely conceded, it is desired, that all unnecessarily high rates be reduced.

Fundamental principles upon which a tariff law should be based.—I conceive that two principles should underlie fundamentally every tariff law, upon whatsoever economic theory it is based.

First. Equality of opportunity.—It should be framed neither for the benefit of any special interests nor with hostility to any legitimate industry, however loud the popular clamor of the moment against it. That is a proposition that needs no argument to support it, no addition to develop or explain it.

Second. Stability and equity.—It should be the aim of the framers of a tariff act to fix the rates with such broad, conservative, and reasonable regard for the interests of all concerned—manufacturers as well as consumers of goods—as will insure the continuance of the tariff for a considerable number of years, indefinitely in fact, until the conditions have changed which originally made the act a wise one. Permanence and stability are essential to the success of any tariff measure and to the general welfare. If the law be wisely made, it will stand. If it is inequitable, oppressive, destructive, it will be repealed. It will operate injuriously while it is in force; it will lead to derangement of business while the agitation for a new law continues; it will give place to a reactionary measure as bad perhaps in its effects as that which it replaces.

Reasonable profits and equality of opportunity should also be assured to home manufacturers as against foreign manufacturers.—It is an elementary proposition that no business can continue to exist which is not sufficiently remunerative to attract the investment of capital. No industry should be granted excessive rates of duty. Our political history, however, shows the danger of reducing duties affecting the products of home industries which are of national utility and which have been long established to a point which would deprive them of a degree of prosperity comparable to that of other industries of our country.

Legislation affecting one industry inevitably affects all others.—The foregoing observations apply to all the industries popularly designated as the "protected" industries. As a matter of fact, owing to the interdependence of industries, labor in all occupations is equally pro-

ected by the tariff laws, whether that labor is engaged in the production of articles mentioned in the tariff schedules or not. Division of labor necessarily makes the raw material, the plant, machinery, implements, and supplies of one industry the finished products of other industries. But this point can not be argued at length here. The manufacturer finds that the high scale of wages in all occupations reflects itself in the cost of construction and repairs, in the cost of power, in all the supplies which he buys; in fact, in all the expenses and costs incident to his manufacture. Such costs amount to a sum nearly if not quite equivalent to the sum of the labor of the weekly pay rolls of his operatives.

The woolen manufacture.—Coming now to the single industry of the wool manufacture I wish to point out one or two provisions of the bill now before you that I deem seriously injurious to it.

Present depression greater in that industry than any other.—The present depression in industrial conditions is greater in that manufacture than in any other. It is caused by apprehension as to the effect of the radical reduction of rates that is proposed. Business in woolen goods is practically at a standstill.

Existing rates are cut two thirds.—A part of the proposed reduction is nominal owing to the provision placing wool on the free list, but the existing rates on wool manufactures are in effect cut more than two-thirds. It would therefore be necessary that more than three times the current importations of woolen and worsted goods should be entered at the customhouses in order to produce the revenue now realized, with a resulting displacement of an equivalent amount of goods of home manufacture. The proposed rates on woolen manufactures are 30 per cent lower than those imposed by the Wilson tariff of 1894, which was so disastrous to the industry.

In view of the greatly increased scale of wages and lessened hours of labor that have taken place since 1894 in this country, it would not be possible for such unprecedented reduction of rates as is proposed to be unattended with grave disaster.

Unnecessary closing of plants prevented by resulting loss.—The textile manufacturers do not and will not close their mills, impair the efficiency of their working organization, and discharge their trained operatives, except under great stress. To do so would result in the destruction of their good will and the reputation of their product. But if they can not operate their mills profitably, the inexorable laws of business, more powerful than any legal enactments, will compel curtailment or suspension.

Danger attending substitution of ad valorem rates.—In the bill before you ad valorem rates have been substituted for specific and compound rates imposed by the existing law. I understand this substitution to be irrevocable. Permit me, however, to direct your attention to the danger of such substitution and to suggest that it necessitates the most careful consideration of full ad valorem rates to safeguard the industry. It opens the door wide to undervaluation and fraud—offenses which have always been difficult to detect and impossible to prevent. It is evident even to the untrained mathematician that ad valorem rates subject the American manufacturer to the consequences of fluctuations abroad. Every change in the ratio between the cost of the raw material and the selling price of the finished product must necessarily raise or lower the amount of duty and

affect its application to the labor and other conversion cost of those products. The duty is levied upon the sum of the cost of raw material, the conversion cost, and the selling cost and profit of the foreign manufacturer—that is, on the export price of the goods. If the price of the raw material declines, the duty declines automatically. The ratio of the conversion cost to the total cost of goods is higher in this country than it is abroad, and since it increases as the price of raw material declines, a fixed ad valorem duty becomes, so far as the American manufacturer is concerned, a highly variable rate, and a source of vexation, frequently a bar upon his ability to compete on fair terms with the foreign rival.

I can not emphasize too strongly the danger and unfairness of determining the percentage of duty to be applied with reference to importations under the present law as such imports represent a value far in excess of the average value of the foreign goods which can be imported under the reduced rates proposed.

I must also most emphatically point out the fact that no reliable estimate can be made of either the volume of future importations, or the average value of such importations, and without such knowledge neither the amount of duty collectible nor the average rate can be determined.

Dangerous innovation and change of classification of products proposed.—A change of great significance and danger is proposed in the designation of yarns and fabrics which are to pay duty as woollen goods. The phrase “wholly or in chief value of wool” is to be substituted for the words “wholly or in part of wool” in the existing law. There are many reasons why that change should not be made.

First. *The law has been long established.*—It is surely something in favor of the rule now in force that it has been that of every tariff law for more than 50 years, beginning with the Morrill tariff of 1861.

Second. *Law should be simple and easy of operation.*—It is of great importance that a tariff law, or any law, should be as clear and simple in its language as possible. This is necessary to avoid controversy between importers and the Government, with delay resulting from the necessity of appeal to the courts for a definite interpretation.

Third. *No unnecessary change should be made.*—It is an elementary principle that in framing laws no form of language which has received a definite and settled interpretation by the courts and administrative officers in the customs service should be changed except from imperative necessity. The existing clause has been subjected to all the tests which the most astute lawyers have been able to devise, and any new clause must necessarily run the same gantlet, with the consequent uncertainty and delay and interference with administrative efficiency.

Fourth. *Proposed change impracticable of operation.*—Although no such doubt were raised, it would be found quite impracticable to administer a law containing the phrase. There is an infinite variety of mixed goods, containing cotton and wool or silk in various proportions. In every case where it might be possible to raise a doubt whether one or another material was of chief value, it would be necessary to analyze the yarn; in the case of cloth, to analyze perhaps more than one kind of yarn; and to inquire into the market price of each kind of yarn in the place or places in Europe where it was spun—ordinarily not where the cloth was woven—and all this, not to estab-

lish a general rule, but to ascertain the proper duty to be assessed on a single article. This is taxing human knowledge beyond its capacity.

That so vague a rule of classification would be most unjust to domestic manufacturers is evident at a glance. Their rivals abroad would be led to produce goods just within the limit that would enable them to enter their fabrics as cotton, but when the goods were placed on the market they would masquerade as woolen. Thus the effect would be both to injure the home manufacturer and to defraud innocent purchasers at retail.

Removal of duty on goods at same time as that on wool unjust.—The bill that is before you, if enacted into law in its present shape, would reduce the duty on manufactured goods simultaneously with the abrogation of the duty on wool. I need not point out to you that that would aggravate greatly and needlessly the hardship of manufacturers. It will perhaps be sufficient if I remind you that when the tariff act of 1894 was first drawn there was a similar provision in it, but when finally passed in August it provided for free wool at once, but postponed the reduction of rates on manufactures of wool until January 1 following. The reasons for such postponement of reduction of the duties on goods until domestic manufacturers should have opportunity to obtain their free raw material and make their goods from it in time to meet the inevitable competition of foreign goods under the new rates were admirably stated by the Hon. William L. Wilson, the author of the bill, and I leave the argument with him. A copy of his remarks is annexed, taken from the Congressional Record 137, Fifty-third Congress, second session, page 890, January 16, 1894.

I have reason to believe that goods are now being made in foreign countries to be ready for shipment to the United States as soon as a new law goes into effect, thus subjecting the American manufacturer to immediate competition on unequal terms.

A flat rate of duty for each class of wool manufacture is unfair.—I have already called to your attention the dangers attending the substitution of ad valorem for specific and compound rates of duty.

Permit me also to state that these dangers are intensified by the application of a fixed flat rate to each class of manufactures, say, tops, yarns, cloths, etc. This is illogical and at variance with the system adopted in fixing rates in other schedules such as "I" and "J." There are also gradations in rates in Schedules B and E.

There is good reason for such graded rates in the schedules referred to, and there is equally good reason for corresponding differences in Schedule K, in the rates which should be assessed on tops, yarns, cloths, etc., of varying degrees of fineness and value. This reason is that no rate of duty can put the American manufacturer upon a competitive basis with the foreign manufacturer which does not make the latter pay to the Government an amount at least equivalent to the difference in costs of conversion in this country and abroad. It is an obvious fact that the conversion cost increases both here and abroad in passing from the coarser grades of material or cloth up through the higher grades of more complex and diversified manufacture. Our experience has shown also, and we think it is borne out by the report of the Tariff Board on Schedule K, that the English cost of conversion is about one-half of the American cost, i. e., the Amer-

ican cost is at least 100 per cent more than the English cost. The American cost is even greater relatively than that in some other foreign countries. Furthermore, this difference in relative costs of conversion exists in the same or greater degree in each added process. In other words, with each increase of \$1 in foreign conversion cost there is an increase of \$2 in American cost. It needs no argument to show, therefore, that the application of the same rate upon all grades of the same kind of manufactures must have a different effect with each change in cost of conversion.

The fallacy in having a single flat rate is due to the fact that whereas the apparent intent is to make the foreign manufacturer pay in duty the difference in dollars and cents between the American and the foreign costs of conversion, the percentage of duty necessary to bring that about must be determined by the ratio between the difference between those costs of conversion and the foreign price, and this ratio must constantly change with each increase in cost because with the same cost of raw material and the cost of conversion constantly increasing, the cost of conversion is constantly becoming a relatively larger and larger factor in the value of the goods. A further reason for the constant change in ratio is that the American cost of conversion increases twice as fast as the English cost.

For instance, an ad valorem rate of 20 per cent collected on an added \$1 of English cost of conversion would merely add 20 cents to the amount paid by the Englishman, whereas the American manufacturer would have expended \$2 on the same process of manufacture, or 80 cents more than the Englishman's added cost plus the duty. This is true with every class of wool manufactures, and if it is the intent to leave American manufacturers on a competitive basis with the foreign manufacturers on anything except the very lowest grades of goods, it is beyond question that there must be a classification of rates with an increase as the processes of manufacture grow more complex and costly.

A long established national policy to protect labor should not be changed in part without careful consideration of its effect on the whole policy.—As part of a general national policy with reference to the safeguarding of our home labor this Nation long ago adopted our contract labor law. To admit the products of the cheaper foreign labor in direct competition with those of our higher paid labor without the imposition of rates of duty which fairly take into consideration the difference in conditions under which both kinds of labor are performed, is certainly a fatal inroad into this settled national policy.

Wool manufacture differentiated from other industries. Subject to the whims of fashion.—The wool manufactures has many characteristics that differentiate it not only from other industries, but from other textiles. A very large proportion of its fabrics are used for outer apparel, and both men and women demand constant change in their outside garments. Because of this ephemeral and constantly changing fashion and taste dictate that the manufacturer shall constantly devise and make novel fabrics and colors in myriad combinations of colors and in varied weights and weaves. It may be said also that there are few, if any, staple fabrics; that is, fabrics that are universally or even generally worn for a continuous period. The variety of the fabrics produced is almost infinite. Because of this, the quantity

produced in any single fabric is greatly restricted. The weights for wearing apparel vary from $1\frac{1}{2}$ ounces per square yard to 20 ounces per square yard. Dyeing and finishing of the cloth ready for the dressmaker and the tailor, subject as it is to the whims of fashion, is really a far more difficult art than that required in any other industry.

Therefore, from the very nature of the materials used as well as their manufacture, it is more dependent upon the art, originality, skill, and handicraft of the workmen than other industries. This enhances the relative conversion cost. I affirm that there is no industry that has come within the scope of my observation that is so complicated and so difficult to conduct successfully as the wool manufacture.

Industrial efficiency.—In all previous tariff discussions those contending for the lowest rates of duty have claimed that the efficiency of American labor was so much greater than that of foreign labor as not only to offset the difference in wages, but to render unnecessary any tariff rates to equalize conversion costs between foreign countries and our own. This view has always been supported by all writers of the Sumner school of so-called political economy.

It is one of life's ironies that by a sudden change in fashion in so-called political economy we are now found to be inefficient, and are told by new apostles of efficiency that our inability to compete on even terms with foreign countries in the cotton and wool textile manufacture is because of our inefficiency. One of them has said: "Some of these fellows have got to become efficient or go out." Another has said: "Of course, they will have to get efficient, and equally, of course, they have not been efficient because they have not had to be so." Hence, suggestion of opening our ports to foreign competing fabrics to compel increased American manufacturing efficiency.

On the other hand, the representatives of labor contend that the wages of labor should not be based upon maximum production, but upon an average production; i. e., earnings of labor should not be gauged upon standards of greatest possible efficiency.

The charge of inefficiency is best refuted by the fact of accomplishment in our textile industries. Again, the fact that in the cotton and wool manufacture we supply our own market and import so small a quantity is given as the chief reason for such change of rates as will give our foreign competitors a better opportunity to compete with us.

The facts are that efficiency in the textile is equal to that of other industries; that there is little or no difference between the efficiency of American textile labor and foreign textile labor. There is no machinery or appliance of any kind in use in one country that is not known in another. In these modern days everything that is known to the producing world is common property.

Conclusion.—Thus far, in this communication, I have confined myself to considerations on which reasonable men, whatever their opinions on the great economic question that has divided public men and political parties ever since the Government was founded, might stand on common ground. In concluding these general observations, I wish to make the statement that, assuming wool is to be admitted free of duty, I believe such reductions in duty on wool manufactures can be made as would reasonably satisfy a public demand without serious peril to the industry either as to investments already made or as to its continuous comparative prosperity.

I have already pointed out the dangers of the application of ad valorem rates. It needs no argument to prove that fundamental changes can not be made in a tariff law without great risk. It is, however, self-evident that no unnecessary risk should be taken. I think very few men realize 'the smallness of the margin between the successful prosecution of a business and failure.

The importations of manufactures of wool for the fiscal year ended 1912 amounted to \$15,182,600. These importations were so exceptionally small that they should not be taken as a basis of any calculation. For my purpose, I will take the largest importations of any year for the last five years, those in 1910, which show that the importations of manufactures of wool of every name and nature amounted to \$23,049,645. The revenue received from these importations was \$20,771,964. Under an average duty of 35 per cent to secure the same amount of revenue, the importations would have to be increased from \$23,049,654 to practically \$60,000,000 of foreign value, or more than two and one-half times. Such an immense increase would not be possible within a reasonable time, both from inability of foreign manufacturers to supply and the American purchasing power to buy. But the beginning of increased importations, owing to the change, would have a most depressing effect on the market for home manufactures. If the rates were increased over those of House bill 3321 by 15 per cent, the additional duty based on the importations of 1910 would amount to only about \$3,457,448. When we consider this sum or any other sum in connection with the tariff on woolen goods, and compare it with the magnitude of the business, the vast number of people employed directly or indirectly in its conduct and its interrelations with all other industries contributing to the national prosperity, how small the sum appears as a reasonable safeguard to one of the greatest industries of our country.

Even with an increase of 15 per cent in the rates over those of the bill under discussion, the reduction of duties on wool manufactures for those of the existing law would probably exceed 50 per cent.

It seems to me that reason and the ordinary rules of life put the burden on those who propose changes in long-established policies of furnishing the evidence to justify them. I do not think the evidence thus far produced warrants the contemplated changes.

INTERVAL BETWEEN WOOL DUTIES AND DUTIES ON MANUFACTURED GOODS.

Extract from speech of Chairman William L. Wilson, of Committee on Ways and Means, 53d Cong., 2d sess., Jan. 16, 1894. Congressional Record, 137, p. 890.]

Mr. WILSON of West Virginia. Mr. Chairman, this is 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, and I shall endeavor to state frankly to the committee why we seem to be resistlessly driven to the conclusion we have been driven to, by the offering of these amendments, namely, to adopt the 1st day of August as the date for putting wool upon the free list, and the 1st day of December for making the corresponding reduction in the schedule of woolen manufactures.

I confess I sympathize with the feeling of my friend from Ohio [Mr. Johnson]. He is not more eager than I am myself; he can be no more eager to relieve the American people from what I consider to be a blot on our civilization in the high duties maintained in this woolen schedule, and when I was probably in the same stage of investigation that the gentleman from Ohio now is my opinions in regard to the matter were exactly those that the gentleman has uttered here upon the floor. When

this bill was first prepared, we had fixed the date of the passage of the bill as the 1st day of March, hoping it would become a law by as early a date as that time. Free wool, then, would have taken effect upon the 1st day of March, according to the provisions of the original proposal, and the reductions in the woolen schedule would have gone into effect on the 1st day of December. Nobody now can say that the bill can become a law by March 1, or at least nobody can definitely state or accurately prophecy on what particular date it will be enacted into law. We have got to take into consideration existing business conditions in the country and the regular courses of trade. We have got to take into consideration the present condition of the woolen manufacturing industries, and, as stated by the gentleman from New York, there are two great seasons for manufacturing woolen goods in the United States.

Ordinarily, were there no uncertainty as to the law, the manufacturers of woolen goods would be to-day receiving their large orders from the jobbing houses for the woolen goods to be consumed by the American people next fall. As long as doubt remains as to the date when these changes will go into effect the jobbers are withholding their orders. They will not give them to the American manufacturers for goods for next fall if there is a prospect that they can in a few months order the same goods from foreign manufacturers, made upon a free-wool basis and with the taxes on the finished product graduated according to a free-wool basis. We must, therefore, take into consideration that condition of affairs. We must take into consideration the course of trade and manufacturing in the woolen industry.

It is simply a question as to whether our own manufacturers shall remain idle during these winter months and whether the employees in the woolen mills shall be out of employment in these winter months because of the uncertainty, or whether this House shall definitely say, and say now, "You can go on with your winter manufacturing and we will fix these dates far enough ahead to prevent the destruction of your spring business." Now, Mr. Chairman, as I have learned the course of the trade in woolen manufactures, orders are taken from this time until late in the spring by the American manufacturers for goods to be used next fall.

(The time of Mr. Wilson of West Virginia having expired, by unanimous consent it was extended five minutes.)

Mr. WILSON of West Virginia. The jobbers and the woolen trade generally, the wholesale clothing makers, and the retail storekeepers are all to-day uncertain as to what they should do. If they will not give their orders to the manufacturers, the mills can not start. If the mills can not start, there is no market for the American farmer. He must be allowed to work off his spring clip, which he can do before the 1st of August, and then, with the bars thrown down, with the invitation to the wool of all the world to come here to help clothe the American people at reasonable prices, the woolen mills can start up again; and, with the duties taken off of woolen goods by the 1st of December, the American consumer can get his choice between imported goods at the new rates of duty and home-made goods made of untaxed wool at the new rates of duty. It was for this reason that reluctantly and slowly—as reluctantly as I ever consented to anything in my life by yielding to what seemed to me to be the resistless logic of the situation—I moved from the view occupied by the gentleman from Ohio and the gentleman from Illinois [Mr. Springer], and with my colleagues of the majority of the committee determined to report these as the proper dates for the going into effect of the woolen schedule.

ADDITIONAL STATEMENT BY WILLIAM WHITMAN, OF BOSTON, MASS.

¹Supplemental to printed statement dated May 21, 1913, and to oral statement to the committee of May 23, 1913, relating to duties affecting woolen manufactures.]

JUNE 4, 1913.

The COMMITTEE ON FINANCE,
Senate of the United States, Washington, D. C.

GENTLEMEN: On the 23d day of May last, I submitted to your honorable committee a statement of "General considerations bearing on the history and growth of the textile industry in the United States and dealing more particularly with facts and specific recommendations as to the duties affecting wool manufactures." I now respectfully call to your attention a few specific facts and recommendations further illustrating and supporting the statement referred to.

Referring to page 12 of my original statement under the subtitle "Industrial efficiency," I wish to direct your attention to the fact that the most important factor in securing maximum industrial efficiency is maximum production. For instance, an investigation into the various departments of the largest manufacturing concern with which I am connected shows the percentage of increase in conversion cost due to diminished production to be as follows:

TOP MAKING.

(Conversion costs of making tops based on full-time production of 350,000 pounds of tops per week.)

	Conversion cost.	Per cent of increase in conversion cost.
	<i>Per cent.</i>	
Full-time production.....	100.0	.....
Three-fourths-time production.....	110.9	10.9
One-half-time production.....	132.4	32.4
One-fourth-time production.....	196.5	96.5

WORSTED SPINNING.

(Conversion costs of making worsted yarns based on full-time production of 175,000 pounds of 2/30's per week.)

Full-time production.....	100.0	.....
Three-fourths-time production.....	108.4	8.4
One-half-time production.....	119.1	19.1
One-fourth-time production.....	157.4	57.4

WORSTED CLOTH WEAVING.

(Conversion costs per yard of weaving worsted cloth based on a full-time production of 300,000 yards of cloth per week.)

Full-time production.....	100.0	.....
Three-fourths-time production.....	114.8	14.8
One-half-time production.....	136.7	36.7
One-fourth-time production.....	192.1	92.1

WORSTED CLOTH, DYEING AND FINISHING.

(Conversion costs of dyeing and finishing based on same production.)

Full-time production.....	100.0	.....
Three-fourths-time production.....	119.5	19.5
One-half-time production.....	132.2	32.2
One-fourth-time production.....	170.7	70.7

COTTON SPINNING.

(Conversion costs of making cotton yarn based on full-time production of 75,000 pounds per week of 2/30's combed yarn.)

Full-time production.....	100.0	.....
Three-fourths-time production.....	113.2	13.2
One-half-time production.....	140.0	40.0
One-fourth-time production.....	219.0	119.0

The foregoing figures show the astonishing rapidity with which the cost of conversion in each process of manufacture increases as a mill decreases its production because of the impossibility of reducing plant and fixed charges, and illustrate the enormous disadvantage

under which home manufacturers will labor when their market and by necessary and inevitable consequence their production are curtailed by the displacement of their own goods just in proportion as increasing foreign importations supplant them. They further show the extreme danger of establishing rates of duty otherwise than upon an average production which can be constantly maintained and the marked unfairness of telling the home manufacturer that he must at his peril compete with the foreigner, and at the same time increasing his conversion cost by taking away part of his market, thereby depriving him of his opportunity to run full. No further argument would seem to be necessary to show the imperative necessity of a margin of safety in rates of duty which will cover such inevitable and uncontrollable fluctuations in conversion costs.

I have also investigated the conversion costs of two very large cotton-spinning mills of most modern construction with the view of ascertaining the percentage of increase in their conversion costs consequent upon diminished production, with the following results:

MILL M.

[Producing 250,000 pounds combed yarn weekly average number 19.70.]

	Conversion cost.	Per cent of increase in conversion cost.
	<i>Per cent.</i>	
Full-time production.....	100.0	
Three-fourths-time production.....	109.0	9.0
One-half-time production.....	125.0	25.0
One-fourth-time production.....	178.0	78.0

MILL N.

[Producing 100,000 pounds combed yarn weekly average number 50.72.]

Full-time production.....	100.0	
Three-fourths-time production.....	110.4	10.4
One-half-time production.....	131.1	31.1
One-fourth-time production.....	193.4	93.4

A comparison of the above figures will show the greater relative disadvantage of a mill running on the higher counts.

WORSTED YARNS.

On page 9 of my original statement, under the subtitle "A flat rate of duty for each class of wool manufacture is unfair," I showed why, as conversion cost increases in the higher grades of goods faster relatively than the cost of material, ad valorem rates should be correspondingly increased. I wish to confirm my advocacy in that statement of the adoption of the rates of duty on wool manufactures that were enacted in the law of 1894, and I desire to point out to you by actual facts and figures how disastrous to the worsted-spinning industry the flat rate of 20 per cent ad valorem would be.

The following table gives the English selling prices of various worsted yarns and the prices of the same yarns made in the United States with free wool. The American selling prices have been figured

on a free-wool basis with 5 per cent added to cover selling expenses and cash discount and 5 per cent for profit. I believe that this percentage of profit is lower than that which the English manufacturer gets. The English prices are taken from the May 8, 1913, issue of the Weekly Wool Chart, which is published in Bradford, England.

As foreign yarns contain 3 per cent more moisture than the same yarns in this country (owing to difference in climatic conditions), the foreign yarns when imported lose this 3 per cent in weight by drying out to that extent. Since the weight of the English yarns shrinks this amount from the weight charged, it is necessary to add 3 per cent to the foreign price to establish a fair basis for comparison.

The other item added to the English selling price of "freight and importing expenses" includes buying commission, freight, interest, insurance, bankers' commission, and bagging. This, of course, varies slightly with different prices of yarns and different conditions, but we have taken an average price of 2½ cents, which is as near as can be estimated.

The above items have both been added in the following table and the figures relating to American prices are estimated upon a full production of the mill.

Prices, in cents per pound, of certain English and American two-ply worsted yarns, delivered in skeins.

[Prices based on free wool and a duty of 20 per cent ad valorem on yarn.]

	Counts.				
	2/16	2/22	2/32	2/40	2/60
	Kind and grade of wool used.				
	36's cross-bred.	36's cross-bred.	46's cross-bred.	60's merino.	70's merino.
English selling price.....	39.00	40.80	47.50	79.50	89.75
3 per cent added for difference in condition.....	1.17	1.22	1.43	2.39	2.69
Freight and importing expenses.....	2.50	2.50	2.50	2.50	2.50
Price of English yarn landed in Boston in bond.....	42.67	44.52	51.43	84.39	94.94
Duty at 20 per cent ad valorem.....	7.80	8.16	9.50	15.90	17.95
Price of English yarn landed in Boston duty paid.....	50.47	52.68	60.93	100.29	112.89
Estimated American selling price on free wool basis.....	55.00	58.50	69.00	112.00	129.00
Difference between American selling price and English selling price landed in Boston in bond.....	12.33	13.98	17.57	27.61	34.06
Per cent on English selling price necessary to meet difference.....	31.62	34.26	36.98	34.73	37.95
Rate in H. R. 3321..... per cent.....	20.00	20.00	20.00	20.00	20.00

The figures in this table show beyond question that the rate proposed in H. R. 3321 on worsted yarns, namely, 20 per cent ad valorem, would be utterly inadequate to establish a living basis of competition and would prove ruinous to the American spinner of worsted yarn. The rates necessary to put the American spinner on a competitive equality with the Englishman are shown to run from 31.62 per cent to 37.95 per cent, depending on the value and kind of yarn, as compared with the single flat rate of 20 per cent fixed by the proposed bill.

AMERICAN CONVERSION COSTS OF WORSTED YARNS.

The following table gives the actual American conversion cost of making single worsted yarns delivered on spinning bobbins, the additional conversion cost for the two-ply yarns, and the total conversion cost of two-ply worsted yarns delivered in skeins, the conversion cost being only that in the spinning mill and not including the cost of making tops:

	Counts.				
	15	20	30	40	60
Conversion cost of single worsted yarns delivered on spinning bobbins.....	6.95	8.57	10.92	14.14	22.09
Additional conversion cost for two-ply worsted yarns delivered in skeins.....	3.70	4.65	6.52	8.58	12.83
Total conversion cost of two-ply worsted yarns delivered in skeins.....	10.65	13.52	17.44	22.72	34.92

It will be seen at once that the additional conversion cost beyond the single yarn for each count is more than 50 per cent of the conversion cost in the single state, and that an added duty is needed on yarn so advanced in processes and costs as compared with the rate on single yarn.

COMPARISON OF AMERICAN AND ENGLISH CONVERSION COSTS.

Let us, however, consider the question from a different point of view and compare the American conversion cost, the English conversion cost and the duty on the same, as proposed by the Underwood bill. Taking the American cost from the preceding table and assuming the English costs are one-half the American, we have:

	Counts.				
	15	20	30	40	60
American conversion cost.....	10.65	13.52	17.44	22.72	34.92
English conversion cost.....	5.33	6.76	8.72	11.36	17.46
Duty on same as proposed by H. R. 3321.....	1.07	1.35	1.74	2.27	3.49
English cost plus duty.....	6.40	8.11	10.46	13.63	20.95
Excess of American cost above English cost plus duty proposed.....	4.25	5.41	6.98	9.09	13.97

The above table shows that if the flat rate of 20 per cent ad valorem proposed in H. R. 3321 is right for single yarns it can not be right for two-ply yarns, and that, as a matter of fact, the domestic manufacturer would be seriously handicapped by such a flat rate, and the greater the conversion cost the more serious his situation would be.

I believe that these tables show clearly the need of additional and graded rates if all spinners are to be put on a fair and equitable basis. The constantly increasing conversion cost as the numbers

grow finer, and the fact that this conversion cost increases twice as fast in this country as in England, make plain the necessity for a difference in the rate to take care of this increasing difference in conversion costs.

Permit me also to call to your attention the fact that the rate of 20 per cent in the bill before you involves a reduction from the act of 1894 of 33½ per cent on yarns valued at not more than 40 cents per pound and a reduction of 50 per cent on yarns valued at more than 40 cents per pound. It would seem self-evident that such a reduction would mean disaster, if not ruin, and is far beyond what should be reasonably necessary to stimulate increased efficiency in home manufacture. Destruction is certainly not stimulation.

WORSTED CLOTHS, ETC.

The same principle of relatively greater increase in conversion costs applies equally to the cost of finished cloth or other goods; but I shall content myself with stating most emphatically that even the adoption of the rates of the act of 1894 will surely result in the American manufacturers being forced to give up the manufacture of many classes of goods, thereby leaving the market for such goods exclusively to the foreigner. This will inevitably be true as to light-weight fabrics, in which the cost of conversion is so much higher relatively than the cost of material as to require a rate of duty in excess of 50 per cent. To illustrate this, I beg leave to call to your attention an actual specific cloth which has recently come to my knowledge.

A fabric weighing 1½ ounces to the square yard has been imported into this country in large quantities under existing rates. The American and foreign costs are as follows:

	Foreign.	American.
	Cents.	Cents.
Price per running yard.....	14.17	29.8
Add for importing expenses.....	.992	
	15.162	
Add duty, 35 per cent of 14.17 cents.....	4.959	
Duty-paid foreign cost.....	20.121	

This is an example of a real and not an imaginary cloth. It represents an extreme case, however, in being a cloth in which the conversion cost is relatively very high, and one which can not probably be made in this country to advantage. I do not, therefore, put it before your committee with the slightest idea of suggesting it as a basis for fixing a rate of duty, but merely for the purpose of showing that a reduction of rates beyond those fixed in the act of 1894 is unnecessary in order to permit the importation of foreign goods which can not be made in this country except at too great a relative disadvantage. It also illustrates the impossibility of the home manufacturer competing with the foreigner under the rates established in 1894 and still less under the rates proposed in H. R. 3321 on goods in which the conversion cost is relatively high.

You will perhaps understand the extreme difficulty of obtaining authentic information as to the details of foreign costs which are so

jealously guarded. I have endeavored to furnish you with such information as I have been able to. The most available source for obtaining authentic information as to foreign imports is the declarations of value by importers to our customs department.

Hoping to obtain information as to goods which are actually being imported which might enable me to furnish to your committee some comparison between the costs of such fabrics and similar ones of home manufacture, I obtained a letter to the Secretary of the Treasury from the chairman of your subcommittee on wool manufactures. The Secretary of the Treasury stated that the prices of such goods were confidential under an administrative ruling of his department (which, it is fair to say, had been made by his predecessors), so that I have been unable to obtain them. In my opinion a law should be enacted whereby such information may be available for use through the Bureau of Manufactures or some other department of our Government, in like manner as it has been deemed fair and equitable to have that bureau collect data as to costs and prices of domestic manufactures. Your committee has sent out a sheet of "Interrogatories propounded to manufacturers" requesting the most intimate detailed information as to their manufactures, to be given under oath and to be printed in such manner as to become to all intents and purposes a public document; and also requesting information as to foreign costs of similar articles. Permit me to suggest that considerable information as to foreign manufactures can be obtained from the source suggested, and no reason suggests itself to me why such information should not be used as well as that obtained from our own home manufacturers.

In conclusion, let me reaffirm my oral recommendation to you through your subcommittee that the rates of the Wilson Act of 1894 be reenacted. While I believe those rates to be too low, particularly on goods weighing under 4 ounces, as shown by the increase in importations in such light weight goods under that Act, yet I am willing as stated to you orally, to take my share of the risks which will result therefrom. Conditions were unfavorable for the enactment of the Wilson bill and are more favorable now. How much more favorable, no one can tell until the new rates are actually in operation.

WILLIAM WHITMAN.

COMMONWEALTH OF MASSACHUSETTS,
Suffolk, ss:

BOSTON, June 4, 1918.

Then personally appeared William Whitman known to me and known to me to be the person who subscribed the foregoing statement and made oath that the said statement by him subscribed was true to the best of his knowledge and belief.

Before me,

C. EATON PIERCE, *Notary Public.*

THOMAS O. MARVIN, SECRETARY HOME MARKET CLUB, BOSTON, MASS.

WAGES IN ENGLAND AND THE UNITED STATES.

Comparative list of wages paid in Bradford, England, and United States on Mar. 1, 1913, in mills owned by Joseph Henn & Sons Co., spinners, and manufacturers of mohair and alpaca, and making identically the same classes of goods on the same kind of machinery running at the same speed in both countries.

[The hours of labor in England are 53½ and in the United States 56 per week. We have taken 1 half-penny to equal 1 cent.]

	Bradford wages.	Greystone wages.	Approximate percentage of persons employed in each department.
Wool sorting room: Sorters, for 240 pounds.....	\$2.40	\$4.37	Per cent. 3½
Combing room:			
Combers and carders (males), per week.....	4.68	8.60	10
Combers and carders (females), per week.....	3.36	7.50	
Fixers, per week.....	8.16	\$18.25-19.35	
Drawing room:			
Females, per week.....	3.00	7.50	7½
Twisters (females), per week.....	2.92	7.50	
Warpers (females), per week.....	3.48	8.60	
Spinning room:			
Number of spindles (spinners)—			
Short spools, 160 per week.....	2.28	5.35	25½
Long spools, 160 per week.....	2.40	6.45	
Short spools, 240 per week.....	2.76	6.45	
Long spools, 240 per week.....	2.88	7.50	
Short spools, 320 per week.....	3.24	7.50	
Long spools, 320 per week.....	3.56	8.60	
Doffers.....	2.28	5.35	
Weaving room (per piece of 56 yards of warp):			
Number of picks per inch in cloth—			
50.....	.48	1.49	28
60.....	.58	1.61	
70.....	.68	2.11	
80.....	.78	2.41	
90.....	.88	2.71	
100.....	.98	3.01	
Loom fixers (per week).....	8.64	17.20	5
Perchers (per week).....	6.24	13.00	
Menders (per week).....	3.84	10.75-11.30	
Power plant (per week):			
Firemen.....	6.00	12.50	7½
Watchmen.....	6.00	15.00	
Engine tenters.....	6.72	13.50-15.00	
Greasers.....	5.04	12.50	
Elevator attendants.....	\$3.84-4.32	9.65	
Mechanics.....	7.92-8.40	16.10-17.20	
Blacksmith.....	7.92	17.20	
Carpenters.....	6.72-8.16	16.10-17.20	
Yarn scouring, beaming, etc. (per week).....	4.56	10.00	
Apprentices (per week):				4½
First year.....	1.92	6.50	
Second year.....	2.40	7.50	
Third year.....	2.88	9.00	
Fourth year.....	3.36	10.50	

Comparative costs of mohair and alpaca cloths manufactured in the United States and in England.

	Qualities.												
	1	3	31	33	84	93	97	386	488	545	549	879	880
Cost per yard of cloth made in United States under the new Underwood bill of 20 per cent ad valorem duty on raw mohair and alpaca.....	28.0	32.5	36.5	42.7	69.2	46.9	76.2	37.0	33.7	39.0	45.0	31.2	39.7
Cost of imported cloths under the new Underwood bill paying a duty of 40 per cent ad valorem. Advantage to importer over United States manufacturer, per cent.....	12.5	12.9	11.5	12.4	13.4	12.2	11.8	14.6	12.8	12.6	10.7	12.5	10.6
Cost of cloths made in United States under free raw mohair and alpaca.....	27.0	31.1	35.5	41.0	65.9	45.5	74.8	35.3	31.6	37.5	42.8	30.0	37.1
Cost of imported cloths paying 35 per cent duty ad valorem as per new Underwood bill.....	23.7	27.3	31.2	36.1	57.8	39.7	66.6	30.5	28.4	31.0	38.8	26.4	34.3
Advantage to importer over United States manufacturer, per cent.....	12.2	12.2	12.1	12.0	12.3	12.7	11.0	13.6	10.1	12.0	9.3	12.0	7.5
Cost of imported cloths paying 50 per cent duty ad valorem.....	26.2	30.2	34.6	40.0	64.1	44.0	73.9	33.9	31.4	36.5	43.0	29.2	38.0
Cost of imported cloths paying 55 per cent duty ad valorem.....	27.0	31.2	35.7	41.3	66.2	45.4	76.3	34.9	32.5	37.7	44.4	30.1	39.2
Cost of imported cloths paying 60 per cent duty ad valorem.....	27.9	32.2	36.8	42.6	68.3	46.9	78.7	36.0	33.4	38.9	45.8	31.0	40.5
Percentage of duties paid on imported cloths under the Payne-Aldrich bill..... per cent..	99.0	87.3	83.3	79.6	56.5	103.0	83.2	83.8	91.1	93.1	77.8	88.8	80.0

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS, 683 ATLANTIC AVENUE, BOSTON, MASS., BY JOHN P. WOOD, PRESIDENT, AND WINTHROP L. MARVIN, SECRETARY.

BOSTON, Mass., May 9, 1913.

HON. WILLIAM J. STONE,
Committee on Finance,
Subcommittee on the Woolen Schedule,
United States Senate, Washington, D. C.

DEAR SIR: We wish to enter our earnest protest against the woolen schedule of the Underwood tariff bill, for the following reasons:

First. The proposed rates of duty are, on the whole, inadequate, and their adoption would be a menace not only to the prosperity but to the existence of the woolen manufacturers in the United States.

Second. The proposed duties on the products of manufacture at their different stages from tops to finished cloth do not give proper consideration to the relative differences in the costs and values of those different products.

Third. The provision of a single ad valorem rate each for tops, yarns, cloths, and dress goods is a perilous expedient, calculated to destroy important parts of the industry and to deprive the Government of proper revenue. A tariff made up wholly on the ad valorem basis is contrary to the practice of the modern world, and has always been deprecated by most of the wisest of American statesmen.

Fourth. The duty proposed on finished goods—35 per cent ad valorem—is far below the 40 and 50 per cent of the Gorman-Wilson tariff law of 1894, which proved disastrous to this as to other Ameri-

can industries. Since 1894 wages in American woolen mills have advanced from 30 to 40 per cent. There has been no corresponding increase in the competing mills of Europe.

Fifth. Not only are weekly earnings from two to four times as great in this industry in America as they are abroad, but the actual cost of spinning a pound of yarn or weaving a yard of cloth is at least twice as great here as it is in Europe—this is the explicit statement of the recent Tariff Board. Moreover, because of the higher general wages in this country, the cost of the buildings and machinery of a woolen mill is about 50 per cent larger than in Great Britain.

Sixth. Differences so great as these in the cost of manufacture can not be covered by a duty of 35 per cent, which would in actual practice amount to less than 30 per cent, because of undervaluations of imported merchandise.

Seventh. We recognize that the Democratic Party is pledged to a downward revision of the tariff, but we respectfully urge that it has never been pledged to such extreme changes as are embodied in the pending bill. The serious crippling of a great national industry and the destruction of parts of it are certainly not desired nor expected by the American people.

We respectfully ask that your committee will so modify the woolen schedule of this bill that it may accord with your platform promises and the assurance of the President, that in the process of readjustment of our tariff laws no legitimate American industry shall be injured.

Par. 296.—WOOLEN YARNS.

ABBOT WORSTED CO., GRANITEVILLE, MASS., BY JOHN C. ABBOT,
ASSISTANT TREASURER.

GRANITEVILLE, MASS., April 23, 1913.

HON. FURNIFOLD McL. SIMMONS,
Chairman, Washington, D. C.

DEAR SIR: We wish to call your attention to the great injustice we firmly believe will be done to us provided Schedule K of the proposed Underwood tariff bill goes into effect. We are manufacturers of carpet and camel's-hair yarns under this schedule, and would say that, in our opinion, unless the duties are raised on manufactured goods under this heading it will work untold injury to our industry.

We have carefully gone into figures, which we believe are right, and find from samples of English carpet yarns which have been submitted that these yarns can be imported under this proposed bill cheaper than we can manufacture them. To substantiate this would say that the Government allows for 1 pound of yarn in a carpet 3 pounds of the greasy wool (this ratio has been fixed as a standard for export business and is, we think, a correct standard), which, of course, on the basis of a 4-cent duty per pound under the present bill, means a reduction of 12 cents for the 3 pounds. Taking this off of the present price of yarn and comparing with English prices which have been given to us, we find the price in favor of the English yarn by a cent or two per pound. We might follow this through on the carpets and find that these also show that they would be imported cheaper than we can manufacture them.

We are firm in our belief, therefore, that such a bill is going to invite most serious competition, and would ask that the duties be increased by 5 to 10 per cent, this increase to apply right through the line from paragraph 300 to 316, inclusive.

We would also like to bring to your attention the paragraph covering camel's-hair press cloth, which is most serious for us, inasmuch as under paragraph 435 it is free, and camel's-hair yarn, from which it is made, comes under the heading of paragraph 300, which makes the yarn dutiable 20 per cent. If the yarns are to be taxed, the manufactured goods out of these yarns certainly should be taxed also, and we would ask that this press cloth be put back under Schedule K as it was formerly and carry with it a duty of 35 per cent. Unless this is done it is inevitable the press-cloth business will be absolutely ruined, as, naturally, it can be shipped in from the other side cheaper than it can be manufactured here.

We realize you have all the statistics on hand with reference to these two lines of business, so we are not going into that, but would simply ask that, in all fairness to our industry, you endeavor to give us duties high enough to at least allow us a fighting chance to compete against foreign trade.

Par. 296.—WOOLEN YARNS.

W. STURSBURG, SCHELL & CO., EVERETT BUILDING, 45 EAST SEVENTEENTH STREET, NEW YORK, N. Y., BY W. STURSBURG, PRESIDENT.

New York, April 28, 1913.

HON. CHARLES F. JOHNSON,
Committee on Finance, United States Senate,
Washington, D. C.

DEAR SIR: We wish to enter our respectful protest against the proposed flat rates of duty in Schedule K, House bill H. R. 10, clause 300, yarns, 20 per cent; clause 301, etc., all manufactured piece goods, 35 per cent, as unscientific and unjust.

While accepting the administration's dictum of free wool, but placing of a flat rate of duty on all yarns and cloths, etc., of every quality is a hit in the dark, and a positive injury to the greater part of the domestic woolen and worsted industry, and an absolute disregard of the tariff plank of the Democratic platform, and of the repeated public assurances of the President that no business would be injured. These flat rates are not competitive; they are practically prohibitive, as the results will show if enacted into a law.

We hereby appeal to the matured wisdom, enlightened statesmanship, and the patriotism of yourself as a member of the Committee on Finance to remedy this glaring injustice.

We take the liberty to present for your consideration and that of your committee a schedule which is practically the same as presented to your committee in a comprehensive brief by one of the best informed and most experienced woolen and worsted manufacturers in the United States, Mr. Julius Forstmann, of Passaic, N. J.

The rates are properly balanced and adjusted according to the purchasing power of the consumer, differentiating between necessities and luxuries and increasing revenue on the latter.

Furthermore, we deem it essential and just to our industry that free wool should take effect September 1, 1913, and on manufactured piece goods on January 1, 1914; all of which is respectfully submitted.

	Proposed rates.	New Under-wood bill.
Greasy wool, washed wool, scoured wool, nolls, waste, rags, shoddy, top waste, etc.	Free.....	Free.
Tops.....	15 per cent..	15 per cent.
Yarns, woolen, single or twisted, gray, bleached or colored:		
Not over 33 cut.....	20 per cent..	
Over 33 cut.....	23 per cent..	20 per cent.
Rovings.....	20 per cent..	15 per cent.
Yarns, worsted, gray, bleached or colored:		
Not over 15's.....	25 per cent..	20 per cent.
15's to 30's.....	30 per cent..	
30's to 45's.....	35 per cent..	
45's to 60's.....	40 per cent..	
60's to 75's.....	45 per cent..	
Over 75's.....	50 per cent..	
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.		
Cloths and dress goods:		
Foreign value—		
Not over 50 cents per pound.....	45 per cent..	
50 to 70 cents per pound.....	50 per cent..	
70 to 90 cents per pound.....	55 per cent..	
Over 90 cents per pound.....	60 per cent..	

Par. 297.—KNIT GOODS.

RADCLIFFE BROS., SHELTON, CONN., BY W. W. RADCLIFFE, PRESIDENT.

SHELTON, CONN., *May 12, 1913.*

The CHAIRMAN OF THE FINANCE COMMITTEE,
United States Senate, Washington, D. C.

DEAR SIR: We notice that the contemplated duty on cotton hosiery is 40 and 50 per cent, while on woolen knit hosiery and underwear the duty is 35 per cent.

The hosiery and underwear such as we manufacture goes under the name of woolen, while the percentage of cotton in it is very large, and we can not see where it is a fair deal that we should have protection of only 35 per cent and the cotton people are protected from 40 to 50 per cent. We can not see how we are going to compete with our foreign manufacturers who pay less than one-half the wages that we do with a duty of only 35 per cent. We think we should certainly be entitled to as high a duty as there is on cotton hosiery.

Hoping you will see the inequality and try to arrange to have this equalized.

THE WINSTED HOSIERY CO., WINSTED, CONN., BY E. B. GAYLORD, TREASURER.

WINSTED, CONN., *May 12, 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: We understand that the Underwood tariff bill is before your committee for consideration. We have many things which we would like to say about the injustice of this proposed tariff as

regards our line of business. We will not, however, weary you with arguments, but would like to make just this one point at this time.

The manufacturers of cotton hosiery are given in this bill a protection of 40 and 50 per cent. The woolen manufacturers of knit hosiery are given only 35 per cent. In both instances the raw material is to be free. There is no justice in this discrimination, and in order to live the manufacturers of wool hosiery and half hose should have 40 per cent duty on the cheaper grades and 50 per cent on the better grades. There is no argument against this proposition, and we hope you will see the justice of it and make a change in the bill to correspond.

WILLIAM CLOW & SON (INC.), LACONIA, N. H.

LACONIA, N. H., *May 12, 1913.*

Hon. F. McL. SIMMONS,
*Chairman Finance Committee,
 United States Senate, Washington, D. C.*

DEAR SIR: Being manufacturers of woolen and worsted hosiery, wish to call to your attention the inequality of the duty on woolen goods and cotton goods manufactures. We should have the same protection that the cotton manufacturers have. One very important thing which we wish to call to your attention is the woolen cloth manufacturers, who have a great advantage over us in the way of labor. Their cost of labor is certainly 20 per cent less than ours. We trust your committee will correct this inequality. We should have 15 per cent more duty on woolen and worsted hosiery in order to be on an equal basis with woolen cloth and cotton hosiery manufacturers. Should we be forced to cut wages in order to keep our plant running, it would be utterly impossible for us to keep help. Without question it will without this equalization prove a hardship for all of the woolen hosiery manufacturers throughout the country, and we feel positive that it will create a great many failures and shut-downs. We respectfully ask your intelligent consideration in the matter of this equalization.

Par. 297.—SWEATER AND KNIT GOODS.

SWEATER AND FANCY KNIT GOODS MANUFACTURERS' ASSOCIATION,
 OF NEW YORK, PER HAROLD R. HOWE, SECRETARY, 320 BROADWAY.

NEW YORK, *April 14, 1913.*

To the honorable Senators and Representatives of the United States:

HONORABLE SIR: On behalf of the sweater and fancy goods industry of this State, and in conjunction with the manufacturers of the United States, we present herewith a memorandum on section 297, Schedule K, of the Underwood bill, as it affects the knit goods industry, for which we ask your kind consideration.

Yours, very truly,

SWEATER & FANCY KNIT GOODS
 MANUFACTURERS' ASSOCIATION,
 HAROLD R. HOWE, *Secretary.*

MEMORANDUM ON SWEATER AND FANCY KNIT GOODS INDUSTRY.

This memorandum is submitted on behalf of the sweater and fancy knit goods manufacturers of the State of New York, although the facts set forth are equally applicable to the industry throughout the United States, and its object is to present to the honorable Senators and Members of the House of Representatives the application of the wool tariff to this rapidly growing industry so that in the downward revision to which the present party in power is pledged a rate should not be fixed which would "cripple" or arrest the natural development of this industry.

GROWTH OF SWEATER AND FANCY KNIT GOODS INDUSTRY IN THE UNITED STATES.

In the decade between 1899 and 1909 the development of the sweater and fancy knit goods industry, as shown by the Tariff Board's report, was considerably greater than the development in the knitted hosiery and underwear branches of the knit-goods industry.

Comparison of development of branches of knit-goods industry.

	1899	1909	Per cent increase.
Hosiery production (Table 123, p. 159, Tariff Board Report).....	\$27,420,029	\$68,721,825	150.63
Knit underwear production (Table 124, p. 160, Tariff Board Report).	49,367,411	84,446,353	71.06
Fancy knit goods and sweaters (Table 125, p. 161, Tariff Board Report).....	8,745,275	32,945,689	276.73

For general development of knit-goods industry see Table 211, page 236, Tariff Board Report.

The State of New York ranks first in the order of the value of product in all branches of this industry, and in the production of sweaters and fancy knit goods, Illinois, Pennsylvania, and Ohio rank after New York. (Tariff Board Report, p. 237.)

A PROTECTIVE TARIFF IS NECESSARY FOR THE EXISTENCE AND DEVELOPMENT OF THIS INDUSTRY.

The higher cost of labor and the larger fixed and overhead expenses of the American manufacturers in this industry make it imperative that they be protected from competition with manufacturers of foreign countries where the cost of production is so very much cheaper and the trade conditions so very much more beneficial to the manufacturers.

This protective rate of duty should, of course, be in addition to the compensatory rate which equalizes the foreign and domestic cost of the raw material of the industry, i. e., wool and worsted yarns.

While it is understood that the present rate fixed by the tariff act of 1909 will not be allowed to stand, yet such rate should be fixed as will afford the necessary protection to this industry.

RATE OF TARIFF SUGGESTED ON KNIT GOODS.

From a calculation based upon the difference in the cost of production in the United States and abroad, the following rate is respectfully submitted as the rate which will afford to this industry the necessary protection and at the same time permit domestic manufacturers to compete with the foreign product.

Upon a basis of a yarn duty of 20 per cent the duty on knit goods should be 50 per cent.¹

Not only is the American manufacturer subjected to higher costs but is additionally burdened by conditions of trade unknown to the foreign manufacturers.

The knit goods manufacturer has but one season, and in addition is compelled by the custom of the trade to extend credit to his customers for a large part of the year. This results in a smaller volume of business for a given amount of capital than in the textile industry in general.

¹ The Tariff Board's Report, pp. 911 to 919, giving the cost of the manufacturing of knit goods, shows that the stock, yarn, trimmings, etc., entering into the manufacture of these articles of clothing comprise an average of 55 per cent of the value of the manufacturers' product, and that 45 per cent represents the cost of conversion. This cost, it can be fairly stated, is double the cost abroad.

NO MONOPOLY IN THIS INDUSTRY.

Attention is called to the fact that in this industry there are no trusts or monopolies; that competition is free and open; and that the protective tariff in this industry has not resulted in arbitrary price fixing but in healthful development.

SEPARATE CLASSIFICATION REQUESTED FOR THE INDUSTRY.

At the present time this industry is classified with wool wearing apparel in section 382 of the tariff act (section 304 of the Underwood bill). In view of the fact that the cost and process of manufacturing knitted garments is different than that of garments of woven material (see Tariff Board's report, pp. 158-162), a separate classification would be most advisable.

Respectfully submitted.

HAROLD ROGERS HOWE,
Secretary Sucker and Fancy Knit Goods Manufacturers Association
of the State of New York.

Par. 297.—FELT.

**STROOCK FELT MILLS, NEWBURGH, N. Y., BY LOUIS B. STROOCK,
PRESIDENT.**

NEWBURGH, N. Y., *May 27, 1913.*

HON. CHARLES F. JOHNSON,
*Finance Committee, United States Senate,
Washington, D. C.*

DEAR SIR: The undersigned respectfully calls to your attention the following:

That it is now engaged in the manufacture of felts of various kinds and grades; that its mill is located at Newburgh, in the State of New York.

That felt is manufactured of wool in combination with cotton or animal hair, such as the goat, camel, alpaca, or cattle. Its processes of manufacture are different than those employed in the manufacture of cloth and plushes and other like piece goods, in that the goods are not woven but are felted; that is, that the raw materials after having been duly prepared by means of machines known as "crossers," are distributed in thin layers one on top of the other, running crosswise at various angles, and when the required thickness is obtained the product thus obtained is submitted to what is known as the hardening process, so as to make a firm fabric of the required strength, thickness, and cohesiveness.

It is necessary that wool in some form and to some extent shall form a component part of the material in order that the tentacles or branches upon the wool fiber (such tenacles or branches not being present in the cotton or other animal fiber, other than wool) shall wrap themselves around the other nonbranched fibers, and by means of such wrapping or clinging, create a condition by which all of the fibers shall be bound together and make a merchantable article; without such wool fibers the product would have no greater cohesiveness or strength than ordinary cotton batting.

Referring to Schedule K of H. R. 3321, now under consideration by your committee, we call your attention to subdivision 310 thereof:

Dreggets and blockings, printed, colored, or otherwise. 20 per centum ad valorem.

In the report accompanying said bill, on page 236 thereof, is found the following table:

	Wilson, 1896.	Dingley, 1905.	Payne, 1910.	Tariff, 1912.	Estimated, H. R. 3321.
Imports:					
Quantity (square yards).....	1,592	5,992	35,538	18,812	.....
Value.....	\$778	\$1,554	\$91,587	\$14,694	\$40,000
Average unit.....	\$0.480	\$0.644	\$0.817	\$0.781	
Duties.....	\$234	\$2,360	\$20,273	\$10,016	\$8,000
Rate.....	30 per cent.	22c. per sq. yd., 40 per cent.	22c. per sq. yd., 40 per cent.	22c. per sq. yd., 40 per cent.	
Equivalent ad valorem (per cent.).....	30.00	74.20	66.28	68.17	20.00

So far as investigation goes, and from the foregoing, it would appear that druggets and bockings are used in extremely limited quantities in this country; in fact, that goods to the value of \$36,538 were imported in 1910, that being the largest quantity shown upon this table.

From the order in which the item in question is recited, it is very evident that it was intended to refer to goods having the nature of carpets.

We have been led to believe that some of the goods imported and attempted to be entered as druggets consisted really of a green felt, upon which there was printed in black a figure or design, and that these goods, merely printed felts, are used largely for covers to the barrel organs used by street organ grinders, and therefore these latter goods should be included in subdivision 313 of the above bill, and section 310 should be amended by inserting after the word "bockings" the phrase "to be used for carpeting or floor coverings only."

We respectfully call your attention to subdivision 361, same bill, as follows:

Gun wads of all descriptions, 10 per centum ad valorem.

At page 281 of the report accompanying the bill the following tabulation appears:

	Wilson, 1896.	Dingley, 1905.	Payne, 1910.	Tariff, 1912.	Estimated, H. R. 3321.
Imports:					
Value.....	\$1,457.00	\$701.00	\$728.00	\$1,592.00	\$2,500.00
Duties.....	\$145.70	\$140.20	\$145.60	\$318.40	\$250.00
Rate.....	per cent. 10.00	20.00	20.00	20.00	10.00

As gun wads are to a very large extent made of felt, the manufacturers of felt that is used for gun wads are placed at a disadvantage by reason of subdivision 313, Schedule K; such felt must necessarily pay a duty of 35 per cent ad valorem, whereas if the felt is cut up into gun wads the importer of the gun wads will pay but 10 per cent under subdivision 361.

We therefore respectfully suggest that subdivision 361 should be amended by inserting after the word "wads" the words, "other than those made of felt or wool."

We also respectfully call your attention to subdivision 489, same bill-- "Felts, adhesive, for sheathing vessels."

Under the foregoing the item in question is included in the free list. In the report accompanying the above mentioned bill, at page 342, appears the following table:

Paragraph 342 (report to accompany H. R. 3321) is as follows:

	Wilson, 1896.	Dingley, 1905.	Payne, 1910.	Tariff, 1912.
Imports: Value.....	\$24,881.00	\$32,342.50	\$31,952.00	\$26,422.00
Rate.....	Free.	Free.	Free.	Free.

The use of the word "felts" in connection with the above item is a misnomer, as the merchandise is really not felt, and by reason of such misnomer we are led to believe that some years ago there was attempted to be brought into this port and invoiced as merchandise included under the last-mentioned classification felts to be used for the soles of felt shoes.

All of which is respectfully submitted.

Par. 300.—HOSIERY.

COOPER, WELLS & CO., ST. JOSEPH, MICH., BY A. B. MOFFATT,
SECRETARY.

ST. JOSEPH, MICH., May 12, 1913.

HON. CHARLES S. THOMAS,
Finance Committee, Washington, D. C.

DEAR SIR: We manufacture hosiery, both woolen and cotton, for the retail trade, and are intensely interested in the outcome of the Underwood bill.

We understand that as it passed the House the duty on wool hosiery will be 35 per cent and on cotton hosiery 50 per cent. As raw wool and cotton are both on the free list, we can not understand why this difference should be made.

A reduction of 35 cents a dozen on cotton hosiery costing \$1 in Germany and retailing in this country for 25 cents a pair is bad enough, but to cut from 44 cents a pound plus 60 per cent down to 35 per cent straight is a great deal worse.

The hosiery business, as you know, is not in the hands of a trust, but is subject to competition at home as well as from abroad. There are, roughly speaking, 1,000 mills making hosiery in this country, practically all competing with each other for the same trade. Under such conditions exorbitant profits could not be made, even with a prohibitive tariff, but when the protection against the cheap labor of Europe is taken away the manufacturer is not only crippled, but millions of dollars are sent out of this country to impoverish Americans and enrich our foreign neighbors.

One hundred and fifty thousand people with their families are now depending on the \$50,000,000 they get in yearly wages from the 1,000

hosiery mills, which keeps them in comfortable living, and you can see that this money must be kept in constant circulation.

And when all this damage is done to an industry carried on in a legitimate way and thousands of people are thrown out of employment to live (not only themselves, but their families) on charity or starve, is there any compensation? All we can see will be in added profits to already wealthy importers, and perhaps the dealer will get a small share of the 35 cents a dozen, or 3 cents a pair difference on cotton hosiery, but he, as you know, will continue to charge 25 cents a pair and the poor consumer will get no benefit.

Believing that you see the inconsistency of the whole thing, we hope that you will realize as well the seriousness of the situation and use your influence in getting a duty that will at least put the American hosiery manufacturer on a fair competitive basis with cheaply made foreign goods.

SULLOWAY MILLS, FRANKLIN, N. H., BY A. W. SULLOWAY.

FRANKLIN, N. H., *May 10, 1913.*

Hon. CHARLES S. THOMAS,

United States Senate, Washington, D. C.

DEAR SENATOR: Agreeable to the promise which I made you in Washington last Wednesday, I am writing to call your attention to the inequalities in the rates between hosiery and cloth in Schedule K in the Underwood bill.

As you know, the bill now provides for a 35 per cent ad valorem rate on both classes of goods. Now, the percentage of labor cost of hosiery is a great deal more than on cloth and wearing apparel, which is generally understood, and I have looked into the matter carefully and I find that there is at least 15 per cent difference. Consequently I feel we should have a correspondingly higher duty on hosiery in order to be on an equitable basis with the cloth manufacturers.

This was recognized in the Wilson bill of 1894, when the duty was placed at 40 per cent on cloth and wearing apparel and 50 per cent on hosiery. (See pars. 281 and 285.)

Moreover, the Underwood bill as it now stands provides for a duty of 50 per cent on all cotton hosiery valued at more than 70 cents per dozen. As you will see, this is 15 per cent more than the duty on woolen and worsted hosiery, on which the labor cost is admittedly more.

The duty on woolen and worsted hosiery should be advanced 15 per cent in order that the manufacturers of this class of goods may be on an equal footing with the manufacturers of cloth and cotton hosiery.

I have tried to give you a fair idea of the situation, and I trust that the committee will see the injustice as it now stands.

Par. 300.—KNIT GLOVES, ETC.

M. FRIEDLANDER KNITTING CO., MILWAUKEE, WIS., BY A. J. FRIEDLANDER, SECRETARY AND TREASURER.

MILWAUKEE, WIS., May 15, 1913.

Senator F. McL. SIMMONS,

Chairman Finance Committee, Washington, D. C.

DEAR SIR: We have on various occasions during the past five weeks submitted briefs and statements regarding our particular line of business to the Ways and Means Committee of the House of Representatives, calling their attention to the fact that the proposed rate of duty on knit gloves and mittens in the new Wilson-Underwood tariff bill would mean absolute destruction to our particular line of business, but as you well know, little heed was paid to our communications, as this bill was passed in the House by a big majority.

We hardly think that any of the Members of either the House of Representatives or the United States Senate literally want to kill any legitimate American industry, and are therefore placing our faith in the Finance Committee of the Senate, to at least give us a rate of duty that will allow us to compete with foreign manufacturers, and are therefore sending you this brief, setting forth the condition of our business, for your attention.

In the first place, no doubt you have received hundreds of communications from different manufacturers in the various lines of textiles, setting forth to you the absolute inadequateness of a 35 per cent duty, as proposed in the Wilson-Underwood tariff bill. Now, we wish to call your attention to the fact that if all these different lines, such as underwear, hosiery, sweaters, shawls, toques, clothing, etc., are unable to compete under a 35 per cent duty, our line of business would be completely wiped out.

All the above-mentioned articles are made on machinery that is practically automatic and their percentage of labor is consequently brought down to a minimum. Our line, knit gloves and mittens, is manufactured on machines on which the work is entirely up to the operator and our percentage of labor represents the maximum, more than in any other line of textile manufacture. Now, we want you to understand that we do not mean to say that other lines are able to get along with the duty of 35 per cent as proposed in the new bill, as from figures and facts that have been produced you can see that a 35 per cent duty is entirely inadequate for all lines of textile manufacture, but such being the case for the lines mentioned above, you can readily see that to our industry it means annihilation.

Take, for instance, sweaters, shawls, toques, hosiery, etc. These goods are mostly produced on round or circular automatic machines, on which work one girl can run at least six to eight machines, producing quite a quantity of merchandise, and naturally bring down the the first cost of manufacturing to the minimum. In our line all goods are made on flat machines, one girl operating only one machine. These machines are not automatic and show very little improvement over the same kind of machine made 15 to 20 years ago; the entire work is up to the operator and the production very small, and naturally our first cost of manufacture is brought up to the maximum. As far as going into detailed cost of manufacturing such lines, we will

not attempt to do so, as these lines are entirely out of our field, for we are confining ourselves exclusively to the manufacture of knit gloves and mittens; but we wish to present a few facts to you which will show you how absolutely unjust it is to us and all textile manufacturers to combine all the different knitting industries, with the weaving and clothing industries, under one head in one schedule, as the knitting industry is absolutely foreign from the weaving and clothing industry and should be treated accordingly.

In addition to the slow production and high cost of manufacture on our certain line of merchandise, we also want you to take into consideration what hard work it is for us to procure labor that is in any way efficient. As far as getting experienced operators to take the place of any girls we lose through marriage and other causes that are prevalent among employers of female labor, we wish to state that we have the hardest kind of work to procure girls who are willing to learn our particular branch of business.

As stated before, our production is so slow, and so much depends entirely upon the operator as to how long it takes until she becomes experienced in this line of manufacture, that it takes a girl from six to eight weeks to get any kind of an idea as to how to run our machines. During all this time we are forced to pay these girls without getting any returns in order to keep them, and from that time on it depends entirely upon the operator as to how long it takes before she becomes experienced. In order to produce an operator who can make the better class of work that we put on the market, it takes almost six to eight months' hard work of teaching and instructing. Under these conditions we are consequently facing the hardest kind of a proposition in the labor question, and our cost of instructing green girls and making experienced knitters out of same is a good deal more than in other lines of textile manufacture in which automatic machinery is used. This fact also helps to increase our cost of production, and makes our percentage of labor larger than in a good many other lines.

We are one of about 20 to 25 mills in this country making a line of knit gloves and mittens, and we are practically the only mill of these 25 who have confined themselves exclusively to this line of production. We employ in the neighborhood of from five to six hundred girls, giving them clean, healthful occupation; and under the blessing of a protective tariff, which we have enjoyed for the last 16 years, we have been able to sell our goods at such a price that we could afford to pay our girls good salaries, so that at the present time our average in our knitting room for 53 hours' work amounts to \$9 a week.

Our line of merchandise is very peculiar in the fact that it has resolved itself into a 25 and 50 cent proposition. To our minds, the consumer will reap no benefit from the radical reduction proposed in the new tariff bill, for if the big American jobber and big retailer can import foreign goods cheaper than American goods under the new tariff the difference in price at which he will be able to buy these goods will not go to the consumer, but simply into the pockets of the big importer and retailer, and the American consumer will still be paying 25 and 50 cents a pair for wool gloves and mittens, the only difference being that they will be buying foreign goods, and possibly fifteen to twenty thousand American wage earners will be thrown out of employment and a legitimate industry annihilated.

It is a known fact and one which we can prove by records that the big importing houses to-day are able, even with the existing tariff of 44 cents a pound and 60 per cent ad valorem, to import a good many European gloves cheaper than they can be produced in American factories. With this condition existing to-day, what will happen when the proposed tariff of 35 per cent ad valorem is put into force?

We find by statistics that even to-day with the duty of 44 cents a pound and 60 per cent ad valorem on our line of goods that practically 85 per cent of the lighter weight misses' and children's knit and fabric gloves worn in this country are imported, and the only salvation for the American manufacturer at the present time is the 44 cents a pound specific duty. It is impossible for the foreigner to undersell us on the better grade of ladies' and children's gloves and on most lines of men's and boys' gloves on account of the weight of these better grades of gloves and on account of the 44 cents a pound specific duty imposed upon same. We are at least able to compete with them on these few items. If it were not for this 44-cent specific duty, we doubt whether the 60 per cent ad valorem which is enforced to-day would be enough to allow us to successfully compete with the foreigners on the heavier class of gloves and mittens that are worn in this country. Considering these facts, we want you to stop and consider what the results will be when the flat rate of 35 per cent ad valorem duty goes into effect. It is needless for us to call your attention to the fact that instead of only 85 per cent of the ladies' and children's light-weight knitted and fabric gloves that are worn in this country, being imported as under the present tariff, under the new tariff bill possibly 85 to 90 per cent of all knitted and fabric gloves, whether misses', children's, boys', ladies', or men's, worn in this country will be imported and the American manufacturer forced to close down his mills.

We have tried everything within our power during the last 16 years to better conditions among our working people, and, as stated before, with the aid of a protective tariff, have been able to bring up our wages to a respectable average.

Under the influence of the new bill when it goes into effect there will be only two things left for us to do, either reduce our wages and all our general expenses to such an extent that we will be able to compete with the cheap foreign labor, which the European manufacturer is able to procure, or else close up our plant entirely.

It is needless for us to add that the profit in our line of goods is very small, and our entire production is sold on a very close basis. A record of the glove and mitten manufacturers in this country will show that very few of them have made enormous profits during the last 20 years, as most of them that we know are still in business, working hard for a living for themselves and for their employees, and none of them as far as we can see have ever been able to retire on the money they have made during the last 20 years.

Comparing the labor in our plants to that in European factories it is a known fact and one which we can prove in part 4, section 2, of the report on Schedule K of ex-President Taft's expert accountants of the Tariff Board, who investigated a good many textile plants throughout the country, that our labor cost was from 150 to 300 per cent more than that in European factories, and also the fact that all our other expenses, such as rent, light, selling, overhead and general expenses, are a good deal heavier than those of foreign mills, and as

labor alone constitutes all the way from 60 to 75 per cent of the cost of manufacture in our particular line of merchandise, you will see how utterly useless a 35 per cent duty on our line of gloves and mittens will be to us.

In regard to putting all lines of knitted goods into one schedule with clothing and weaving products, we wish to state that in addition to granting our industry such a rate of duty as will permit us to compete with the foreign manufacturer, that our product should be listed under a separate paragraph from ready-made clothing, which it is at present, under paragraph 382, because both our raw material and our conversion cost is entirely different from that of the clothing manufacturer.

We get much closer to the consumer by eliminating the several profits of the cloth jobbers and the cloth-selling agencies. Our raw material is woolen and worsted yarns, which we convert into the desired fabric, and upon which we have another conversion process, to manufacture this knitted fabric into gloves and mittens, while the raw material of the clothing manufacturer is cloth which he gets ready-made.

We have tried in this brief which we are submitting to you to give you a general idea of our line of manufacture and to show you how inadequate a 35 per cent duty is to allow us to compete with the European manufacturer in our line of merchandise, and also to show you the injustice of putting us in the same schedule with the clothing and weaving manufacturers.

Should you desire any further or more specific information regarding the cost of manufacturing, the cost of doing business, or any information whatever regarding our certain line of business, would be pleased to hear from you, and assure you that we would answer any questions which you may ask to the best of our ability.

We feel sure that there are no Members in either the House of Representatives or the United States Senate who are our enemies, and feel that all of them are only willing to do what is fair and just, to protect any American industry against destruction, and for this reason have taken the liberty of writing you this letter.

We trust you will give same your very careful consideration and do everything within your power to give us a rate of duty in the new tariff bill which will at least allow us to compete with foreign manufacturers, under conditions existing at the present time.

We thank you in advance for any attention you may give this communication.

Par. 300.—CLOTHING.

TARIFF COMMITTEE CLOAK, SUIT, AND SKIRT MANUFACTURERS' ASSOCIATION OF NEW YORK, BY E. J. WILE, CHAIRMAN, ARTHUR D. WOLF, JOSEPH H. COHEN, L. E. ROSENFELD, EX OFFICIO.

THE REVISION OF THE TARIFF ON WOMEN'S READY-MADE CLOTHING.

MAY —, 1913.

The tariff bill now before Congress proposes radical changes in the duties on women's ready-made clothing. These are of far-reaching consequences for the industry. The manufacture of women's cloth-

ing and the cost of production is essentially dependent on labor. Moreover, the industry is carried on with higher wages and conditions more favorable to the workers than any similar American industry. In consequence of its higher labor cost, a radical reduction of the tariff exposes the production of women's clothing to serious foreign competition. This competition on the part of European producers is further facilitated by the fact that Europe still sets the fashion for women's wear. Preference is shown by the consumer for European styles and fabrics.

The domestic market has hitherto been left to the American manufacturers, and under stress of the keenest competition they have built up one of our largest national industries. The bill now before Congress involves radical change, reducing the duty on ready-made clothing by more than one-half.

We are convinced that the rate proposed does not take account of differences in the labor cost and in conditions of production here and abroad. We are furthermore convinced that the duty named is not consonant with the policy of the present tariff reform, as evidenced in the rate on cloth, an allied trade dependent for its welfare in no small degree on the women's clothing industry. Believing that it is the purpose of Congress not to discriminate against the clothing industry, but to deal equitably with all branches of trade affected by the tariff, this association, made up of the leading producers of women's clothing, submit herewith a statement on the wages and conditions for our industry in the United States and in competing countries. We are confident that on due consideration of the facts here brought to the attention of Congress, a revision of the rates will be made to meet the needs of American labor, and to conform with the interests of the American consumer of women's ready-made wearing apparel.

The importance of women's clothing in our industrial life is evident from the extent of the industry. In 1909, according to the last census, it employed over 150,000 wage earners, more than 4,500 establishments were engaged in it, and the output was valued at more than one-third of a billion dollars (\$385,000,000). The industry is furthermore of vital significance to the State and city of New York. In New York alone 3,000 establishments and more than 110,000 employees are dependent on women's clothing. One-sixth of the entire labor force engaged in manufactures in the city find employment in this trade. The value of New York's output of women's wear amounts to 13 per cent of its total manufactures. It is by far the leading occupation of New York, and the welfare of the city and its industrial population is thus largely bound up with the fortunes of the women's clothing industry.

The manufacture of women's skirts, cloaks, and suits is attended by peculiar difficulties. The industry is particularly exposed to foreign competition, owing to popular preference for European styles, fabrics, and makes. Women's clothing is subject to frequent and extreme changes in styles. Garments are not standardized, and failure to forecast popular taste often spells not merely the loss of the season's profits, but absolute ruin. The industry is seasonal, calling for periods of intense exertion, followed by intervals of idleness or slackened activity. All these factors introduce the element of risk into the manufacturer's operations and add to production costs.

The industry is dependent to a far greater degree than any of the woolen trades, upon skilled labor. Machinery is of slight importance as compared with labor, and the scope for unskilled workers is limited. The dependence of the industry on skilled labor has brought about working conditions far more favorable as regards wages, hours, and sanitary surroundings than in any similar industry in the country.

In New York, where nearly three-fourths of the industry is located, the manufacture of women's clothing is carried on under a protocol, or agreement, between the employers and the unions. Under this contract, minimum rates and maximum hours are established. Home work is forbidden and sanitary shops are guaranteed. The lowest wages paid under this agreement is \$10 for women employed as finishers. Cutters are assured \$25 per week, pressers \$18 to \$21. Operators and tailors are paid proportionately high rates based on a scale that will afford them earnings of \$20 or more. Hours are limited to 50 per week. The New York Department of Labor reports the average rate for organized workers in the garment trades as \$3.33 per day, equivalent to \$20 per week, for men, and \$1.66 per day, or \$10 per week, for women.¹ For women's clothing, operating as it does under the protocol, these averages would be exceeded.

With this situation in the American industry must be contrasted conditions in Germany, our largest competitor for women's apparel, and also the situation in England. In Germany women's clothing is still manufactured under the old sweating system. Instead of factories on a large scale, contractors are employed and the work is largely done in the homes of employees. From official sources we take the minimum rates named in collective bargaining agreements between employers and employees.² For establishments employing the majority of the men at work under these contracts, the rates are between 35 and 55 pfennig; that is, between 9 cents and 14 cents per hour for skilled labor. The week rates reported range from \$5 to \$7.50. The predominant hours are from 58 to 60. For women the rates for unskilled labor are reported as between 15 and 20 pfennig per hour, equivalent to about \$2.25 to \$3 per week. For skilled female labor the usual rates would be from \$3.75 to \$5 per week. Contrasting the rates for Germany with the figures reported by the New York Department of Labor, \$20 for men and \$10 for women, it is clear that the American labor cost and the expense of converting cloth into women's wearing apparel is more than two and one-half times as great as in Germany.

For Austria the rates named for tailors on women's suits are \$6.09 to \$7.31 per week in Vienna, where wages are highest. Women receive from \$3.05 to \$3.65 per week.³ Rates for France concern us less, for while Paris sets the fashions, competition is most active from Germany. Moreover, it is generally understood that wages are lower than in Germany.

In England, according to the latest available data, the average rate for men in the clothing trades is about \$7.75 per week. A few engaged as cutters and fitters in dressmaking establishments receive \$12.30, a figure that must be compared with \$25 for similar em-

¹ New York Department of Labor Bulletin No. 51 (June, 1912), pp. 221-225.

² Die Tarifverträge im Jahre 1911. 5. Sonderheft zum Reichs-Arbeitsblatte, Berlin, 1912, pp. 60, 62, et seq.

³ U. S. Bureau of Labor Bulletin, May 1910, pp. 335-336.

ployees here. The average full-time earnings for women, 18 years and over, in the clothing trades, is between \$3 and \$3.75 per week.¹

A survey of European wages demonstrates clearly that the rate of compensation in the United States is at least two and a half times as great as wages abroad.

The important question is, therefore, how large a factor is the conversion cost in the total cost of producing women's clothing. For this there are official data at hand. The investigation of the industry by the Tariff Board² showed that, on the basis of actual cost to the manufacturer, with no allowance for return on investment or profit, and omitting certain general expenses, the material cost on women's skirts was about 55 per cent, leaving 45 per cent for conversion. On cheaper grades of coats and suits, the material cost was found to be 65 per cent, leaving 35 per cent for conversion. On better grades, the relative proportions were 55 per cent for material and 45 per cent for conversion. Since the time to which these figures apply, wage rates have gone up very materially, owing to the adoption of the protocol. The figures for material cost are based on cloth protected by a duty varying from 95 per cent to 150 per cent. Under the proposed rate of 35 per cent on cloth, the cost of the material used in making women's clothing will be much cheapened, and in consequence the importance of the labor and conversion cost increased. It is, therefore, conservative to assume that, under the proposed rate for cloth, the conversion cost for the industry as a whole will be 50 per cent and the material cost 50 per cent.

For that part of the industry which is engaged in making the finest grades of women's garments, those most directly in competition with imported wearing apparel, the labor cost is even now greater than the material cost, and with reduced cloth duties the conversion cost will amount to fully two-thirds of the total cost.

A simple calculation will show the relative position of the foreign and American producers of women's clothing in competition for the American market. For illustration, we take a suit costing \$15 to produce in the United States and typical of garments extensively worn by women of the American middle-class. With 50 per cent material cost and cloth protected by a duty of 35 per cent, the cost of the material is \$7.50 in the United States and \$5.55 abroad. As American wages are between two and a half and three times the wages paid abroad, the cost of conversion in the United States is \$7.50, as against a foreign conversion cost of \$3 or less. The cost to the German manufacturer would be \$8.55, or \$6.50 less than the American cost. After paying a duty of 35 per cent, amounting to \$2.99, the total cost of the German garment in the United States would still be approximately \$3.50 less than the American cost of production. This calculation may be seen more clearly from the table below:

Item.	Cost in United States.	Cost abroad.
Material with 35 per cent duty.....	\$7.50	\$5.55
Conversion cost (150 per cent in excess of European cost).....	7.50	3.00
Total cost.....	15.00	8.55
Duty on foreign suit at 35 per cent.....		3.00
Total cost of foreign suit.....		11.55

¹ Board of Trade: Earnings and Hours of Labor in the Clothing Trades, 1906 (Cd. 4311) pp. xiv and xv. U. S. Bureau of Labor Bulletin, Vol. XX (1910), pp. 191-193.

² Report of Tariff Board—Wool and Manufactures of Wool, Vol. III, pt. 4, p. 900.

From this illustration it will be clear that a rate of 35 per cent on women's coats and suits is a duty in favor of the foreign as against the domestic producer. Of the entire duty levied on the foreign-made garment, amounting to \$3, two-thirds, or \$2, is merely compensation for the duty on the cloth in the garment. Only one-third, or \$1, applies to the difference in conversion cost. This amount is less than one-fourth of the difference between the European and American expense of converting the material into wearing apparel.

We can not understand the basis on which the duty on women's clothing was determined. Comparison with the rate on cloth reveals a peculiar difference, if not discrimination, in the treatment of the clothier. The cloth manufacturer is allowed to bring in his raw material free of duty. He is then accorded 35 per cent on cloth, to cover differences in conversion here and abroad. To the cloak and suit manufacturer, cloth is merely the raw material of his trade. By a parity of reasoning, he is equally entitled to a duty covering the large margin between the American and European cost of manufacturing clothing. A study of the two industries will fail to disclose any difference which justifies the discrimination in treatment. The relative costs for material and conversion are approximately the same for the two industries. Wage rates in women's clothing are higher and hours are shorter. The difference in wages here and abroad is fully as great, if not greater. The manufacturer of women's clothing must likewise contend against a long-established preference for foreign fabrics, foreign styles, and foreign makes. The American manufacturer, operating his establishment along the lines of a modern factory system, with high wages and short working hours, must contend with the European system of making up garments in the homes of employees—a system abandoned here in accordance with the demands of the community for fair dealing and humanity in the treatment of labor.

We feel confident that an examination of conditions of labor and production here and abroad will convince Congress that the just interests of American labor and the American industry would be sacrificed under a duty of 35 per cent on cloaks and suits. Taking the industry as a whole, there is need of a duty on ready-made wearing apparel of at least 15 per cent above the rate on cloth. In asking for this margin, full account is taken of all factors favoring the home producer, the expense of importation, and acquaintance with local conditions. This differential is necessary, if the American manufacturer is to compete with the European clothier, enjoying the advantage of cheaper labor, and a lower conversion cost, and popular preference for foreign styles and foreign garments.

Even with a rate of duty of 50 per cent on ready-made women's wear, we sacrifice the interests of manufacturers who specialize in the production of the highest grade of women's garments. Their labor cost will prevent them from competing with the European producer. Unless account is taken of existing differences in wages for the United States and foreign countries and a rate for ready-made clothing framed accordingly, a serious blow will be dealt to all the woolen trades. The duty on cloth will be of little value to the American woolen industry if foreign-made clothing is imported on a large scale, and great hardship will result to the vast body of American labor dependent on the garment trades.

In conclusion, we ask that, in fairness to the industry and in view of its seasonal character, the new duties on cloth and wearing apparel be made effective December 1. This date will enable the manufacturer to end his fall and winter season with least disturbance and to make his preparations for the spring season under the new conditions. This date will also permit the retailer to dispose of the largest part of his fall and winter stock without the loss which would result from price reductions if lowered duties become operative in the midst of the season.

[Extracts from the protocol of an agreement entered into the 21 of September, 1910, between the Cloak, Suit, and Skirt Manufacturers' Protective Association and the International Ladies' Garment Workers' Union.]

Fourth. No work shall be given to or taken to employees to be performed at their homes.

Tenth. The following schedule of the standard minimum weekly scale of wages shall be observed:

Machine cutters.....	\$25	Part pressers.....	\$13
Regular cutters.....	25	Reefer pressers.....	18
Canvas cutters.....	12	Reefer underpressers.....	14
Skirt cutters.....	21	Sample makers.....	22
Jacket pressers.....	21	Sample-skirt makers.....	22
Underpressers.....	18	Skirt basters.....	14
Skirt pressers.....	19	Skirt finishers.....	10
Skirt underpressers.....	15		

Buttonhole makers, class A, a minimum of \$1.20 per 100 buttonholes.

Class B, a minimum of 80 cents per 100 buttonholes.

The weekly hours of labor shall consist of 50 hours in 6 working days, to wit: Nine hours on all days except the sixth day, which shall consist of 5 hours only.

Eleventh. No overtime work shall be permitted between the 15th day of November and the 15th day of January, or during the months of June and July, except upon samples.

Thirteenth. For overtime work all week workers shall receive double the usual pay.

Fourteenth. Each member of the manufacturers is to maintain a union shop, a union shop being understood to refer to a shop where union standards as to working conditions, hours of labor, and rates of wages as herein stipulated prevail and where, when hiring help, union men are preferred.

Fifteenth. The parties hereby establish a joint board of sanitary control, to consist of seven members, composed of two nominees of the manufacturers, two nominees of the unions, and three who are to represent the public.

Said board is empowered to establish standards of sanitary conditions, to which the manufacturers and unions shall be committed.

NATIONAL ASSOCIATION OF CLOTHIERS, 13 ASTOR PLACE, NEW YORK, N. Y., BY WILLIAM R. CORWINE, SECRETARY.

NEW YORK, N. Y., May 9, 1913.

HON. F. M. SIMMONS,

United States Senate,

Chairman Finance Committee, Washington, D. C.

MY DEAR SIR: I inclose herein copy of a letter addressed by William Goldman, president of the National Association of Clothiers and chairman of the tariff committee of our association, to Senators Stone, Thomas, and James, forming the subcommittee of the Finance Committee considering Schedule K and other schedules of the proposed new tariff. This letter deals entirely with Schedule K and the effect of the proposed new rates upon the clothing industry. The letter is self-explanatory.

The communication referred to follows:

[Copy of letter addressed by William Goldman, president of the National Association of Clothiers and chairman of the tariff committee of that association, to Senators William J. Stone, Charles S. Thomas, and Ollie M. James, the three members of the Finance Committee of the Senate to whom was referred the consideration of Schedule K of the proposed new tariff.]

In your personal interview with the tariff committee of the National Association of Clothiers on Monday, April 28, you kindly suggested that we submit in writing the facts bearing on Schedule K in relation to the clothing industry. Accordingly we are addressing you and sending at the same time copies of this letter to your colleagues on the subcommittee appointed to consider Schedule K, Senators Stone and Thomas, and also to Senator Simmons, chairman of the Finance Committee.

The National Association of Clothiers represents organizations of clothing manufacturers in the cities engaged in producing men's ready-made garments. As shown by the last census, the yearly output of men's and boys' clothing is in excess of \$500,000,000. The manufacture of clothing is extensively carried on in New York, Boston, Syracuse, Rochester, Buffalo, Detroit, Milwaukee, Chicago, St. Louis, Cincinnati, Baltimore, and Philadelphia. Our association has in its membership over 90 per cent of the leading manufacturers in the trade.

The ready-made clothing industry has undergone remarkable development during the last 20 years. At the time of the Wilson bill ready-made garments produced in factories were cheap in construction and required little labor in making. Better grades were left to the merchant tailor. The field for ready-made clothing did not at that time invite foreign competition. Owing to the vast improvements made in the last two decades, high standards have been developed in the making of clothing, the amount of labor expended on garments has increased very materially, with the result that labor cost of producing ready-made clothing to-day forms a far greater percentage of the total cost. With foreign producers modeling after American styles and methods and enjoying far lower labor costs, it becomes important that the new tariff be not so shaped as to place the domestic manufacturer at a serious disadvantage in competition.

We frankly admit that the domestic manufacturer has a considerable advantage over the foreigner, through his accessibility to the retailer, and we are willing to make liberal allowances in our calculations for all factors that favor the home producer. The facts, however, are that under a 35 per cent rate on clothing, and a duty of 35 per cent on the raw material of the trade, cloth and linings, the domestic manufacturer is put at a tremendous disadvantage. The proposed duty threatens the transfer of a great portion of the American clothing industry to foreign countries, for it will either turn over our market to European clothiers or compel American manufacturers to make up abroad much of the clothing which they sell here.

The situation of the American clothier under a 35 per cent duty can be shown most clearly by contrasting it with the position of the manufacturer of woolens under the same rate for cloth. Wool has been placed on the free list. This means that the manufacturer of cloth receives net protection to the extent of 35 per cent. Cloth is the clothier's raw material. In a duty of 35 per cent on clothing, two-thirds of the duty is levied in order to compensate the clothier for the tariff on his raw material, his cloth and linings. The net protection on clothing is only 13 per cent, or about one-third of the protection accorded to woolens.

Permit me to elucidate this point. When the Ways and Means Committee determined upon a 35 per cent rate on cloth, they were undoubtedly convinced that this rate would bring about large importations of woolens and place our domestic manufacturers of cloth on a basis of free competition with foreign producers of woolens. Obviously the manufacturer of clothing abroad can buy his cloth for 35 per cent less than the price at which it will be sold in America. In the process of converting this cloth into clothing, the foreign clothier finds that he can obtain his labor at considerably less than half of the American price for similar labor. His cost of production for a suit of clothes abroad is such that even after paying 35 per cent duty on it, and in addition 5 per cent to cover the expenses of transportation and the like, he can still bring it into the United States at fully 15 per cent below the cost of production in the United States.

The reason is clear. A duty of 35 per cent on the labor that enters into the garment will not equalize domestic and foreign costs when wages abroad are less than one-half of American wages.

Some illuminating facts have recently developed in connection with the cost of the foreign conversion of cloth into clothing. These are in connection with a strike which was threatened in the Leeds clothing industry. Leeds is the clothing center of England. The strike was averted by an agreement entered into between the Wholesale Clothiers' Association and the Clothiers Operatives' Union fixing the wage scale.

The rate for skilled cutters, fitters, tailors, and passers is 8½ pence, or about 16½ cents, per hour for 49½ hours work per week; for knife cutters 8½ pence, or 17½ cents, per hour; for pressers piece rates at the rate of 8½ pence, or 17½ cents, per hour; for measure cutters, 9½ pence, or 19 cents, per hour; for females of 19 years of age and three years' experience, 4 pence, or about 8 cents, per hour.

The corresponding rates for experienced male operatives in this country range from 37½ cents to 50 cents per hour, while the disparity between the rate for female workers in England and in this country is even greater.

Collective bargaining agreements between employers and employees in Germany and Austria indicate wages in those countries to be even lower than they are in England.

From the foregoing it will be seen that the American labor cost is considerably more than 125 per cent greater than it is abroad, and therefore that our figuring on the basis of 125 per cent increased percentage of cost here is extremely conservative.

The quotations of the English rates show wages as at present in the greatest clothing manufacturing center of England, and therefore serve better for comparison than wage figures given in reports dating back several years.

To illustrate more concretely the operation of a uniform duty of 35 per cent on cloth and on clothing, let us take as illustration a suit of clothes that costs \$10 to produce in the United States—the type of garment that has the widest sale. The materials are cloth and linings and trimmings. The conversion cost covers cutting, tailoring, and overhead expenses that go with manufacturing. Five dollars, or one-half of the total cost, is expended on material, and the other \$5 is spent on conversion. These ratios represent fair averages for the two elements of cost; they are arrived at from the report on clothing made by the Tariff Board, and we know this to be correct for our industry.

The comparative cost for the suit here and abroad is shown in this table:

	In the United States.	Abroad.
Material.....	\$5.00	\$ 70
Conversion.....	5.00	2.22
Total.....	10.00	5.92
Duty of 35 per cent.....		2.07
Total.....		7.99
Freight, 3 per cent.....		.24
Customs brokerage.....		.16
Total cost.....		8.39

Clearly with a difference of \$1.60 under a duty of 35 per cent on a \$10 suit, or more than twice the profits of the most successful manufacturers, we can not hope to compete. If the difference were only 5 per cent, or even 7½ per cent, we believe we might still hold our market. With a margin so great in favor of the European producer, not only the clothing industry is threatened, but likewise the manufacture of woollens, for importations of foreign clothing means the use of foreign cloths, and just so much business taken from the American woolen industry.

We ask you to apply to the foreign cost a rate of 50 per cent. Adding a duty of 50 per cent on the foreign cost of \$5.92, and also 40 cents to cover charges for importation expenses, will still enable the foreigner to bring over a suit of clothes costing \$10 to produce here for \$9.28. We figure that with a tariff of 50 per cent foreign clothing will be brought into active competition with American clothing. To accomplish this end, but not to cripple American industry, is, we believe, the purpose of the Ways and Means Committee and the announced desire of President Wilson.

We have from the outset been insistent on the downward revision of Schedule K. In a large measure it is due to our efforts and the publicity initiated by the National Association of Clothiers that the public has been aroused to the necessity of proper revision in the rates of this schedule.

More than 5,500 firms are engaged in the manufacture of men's and boys' clothing. Competition is keener here than in perhaps any other industry. In no branch of it has there ever been the slightest suggestion of combination. Monopoly or control is utterly impossible in an industry of this kind.

We ask for no more than what we know to be essential for the continuance of an industry that has grown to large proportions and which, if not checked, has still tremendous possibilities for development.

Our plea for reconsideration of the rate set for clothing is based solely on the fact that—unwittingly, we believe—the Ways and Means Committee has established a glaring discrimination between the rate of duty allowed to the cloth manufacturer and that accorded to the producer of clothing. They have set for clothing a rate which will place American manufacturers at a distinct and serious disadvantage as compared with foreign competitors.

The manufacture of clothing is dependent on men and not on machinery. Our plants are sewing machines and pressing irons. In a very short time it is possible to organize establishments abroad for the manufacture of clothing for the American market. Is it wise or patriotic to turn over the American trade to foreign rivals, or to compel our large American manufacturers to establish plants abroad operated by foreign labor in order to compete successfully for the American market under a duty of 35 per cent?

The members of the tariff committee will be glad to appear in person before you or any members of the Finance Committee who may desire to take up this question. We shall hold ourselves ready to respond to your call at any time while legislation is pending.

I regret I have not been able to make this letter shorter, but the complicated nature of the industry makes it impossible to cover the subject briefly. In view of the importance of the problem I trust you will pardon this lengthy explanation.

THE CLOAK, SUIT & SKIRT MANUFACTURERS' PROTECTIVE ASSOCIATION, 200 FIFTH AVENUE, NEW YORK, N. Y. BY E. J. WILE, CHAIRMAN TARIFF COMMITTEE.

NEW YORK, May 3, 1913.

Senator F. M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: In behalf of the Cloak, Suit & Skirt Manufacturers Association, we are writing to you asking for reconsideration of the rate established by the Ways and Means Committee of the House on women's wearing apparel. A copy of this letter is also sent to your colleagues on the subcommittee appointed to consider Schedule K.

We protest against the rate of 35 per cent named in the bill now pending in the House. We are convinced that, under this rate, competition on the part of the American manufacturer of cloaks and suits for the American market is rendered well-nigh impossible.

In New York City alone, where three-fourths of the industry is located, 3,000 establishments and 110,000 employees are dependent on the production of women's ready-made clothing. The cloak and suit industry, as you are doubtless aware, is there carried on under a protocol—a contract between the manufacturers and the union—assuring to our employees higher wages and shorter hours than in any similar industry in the United States.

In Germany, and in Europe generally, the manufacture of women's clothing is still carried on under the old sweating system, and the work is largely done in the homes of the workers. Official reports show that the wages paid in our industry are between two and a half and three times the rate of compensation to similar employees in European countries.

The labor cost is the most important element in the production of women's garments. With the American cost of conversion—more than two and one-half times as great as the European cost—we can not hope to compete with foreign manufacturers under a duty of 35 per cent. Such a duty, even with the additional expense of importation, would enable the foreign manufacturer to introduce into this

market European garments at between 20 and 25 per cent below the cost of manufacture here. With Europe still setting the fashion for women's garments and the consumer's preference for foreign fabrics and styles, the home producer can not hope to overcome this handicap. He would be obliged to leave our domestic market to foreign rivals or embark upon a system of manufacturing abroad, with cheaper foreign labor, the product intended for American consumers.

We beg to call your attention, further, to the evident discrimination made, unintentionally, we believe, against the clothing industry in establishing a uniform rate of 35 per cent on cloth and on wearing apparel. The manufacturer of cloth is permitted to import his raw material free of duty. The tariff of 35 per cent imposed on the finished product serves to offset differences in the cost of production here and abroad. The position of the manufacturer of women's garments under a rate of 35 per cent is wholly different. His raw material—woolens—is subject to a duty of 35 per cent, the same rate as levied on the finished product—wearing apparel. Of the total duty imposed on the imported garment, as analysis will show, two-thirds is compensation for the tariff on cloth; only one-third of the duty is available to compensate for the difference between the American and foreign cost of conversion. For the type of garments which are produced on the largest scale the amount of duty levied would be less than one-fourth of the difference between the foreign and domestic conversion cost. Under a 35 per cent rate the manufacturer of woolens receives protection to the extent of 35 per cent. The producer of women's clothing, under the same rate, receives, in effect, but one-third of the nominal duty, or about 12 per cent.

The conditions of the women's garment industry in America require a rate of at least 15 per cent above the duty on cloth, to offset the inequalities between the domestic and foreign production costs and to permit competition on fair terms in the American market. Even this duty will not accord the same measure of protection to the manufacturer of women's garments as is enjoyed by the producer of cloth under a rate of 35 per cent.

The discrimination against the manufacturer of women's wear in the bill now before Congress was surely not intended. Our industry is carried on with higher wages and shorter hours. The importance of our conversion cost is substantially the same as in the woolen industry and the difference between European and American wages and cost of conversion is no less, if not, indeed, greater. Under the circumstances, we are convinced that, on consideration of the facts, a rate will be adopted that will deal as fairly with the garment industries as with the woolen trades.

We are sending, under separate cover, a fuller statement of our case in the full reliance that you will give it careful attention. We are confident that, on reconsideration of the duty named, a rate will be adopted which will be just both to the American manufacturer and the American consumer, and which will make possible the continuance of an industry now occupying 4,500 establishments, and on which 150,000 wage earners are dependent.

The tariff committee of our association earnestly request an opportunity for a hearing before your committee. We shall hold ourselves subject to your call, to appear before your committee or its members and to explain fully the conditions of our industry in relation to foreign competition and the tariff.

**NATIONAL CLOAK, SUIT & SKIRT MANUFACTURERS' ASSOCIATION,
310-311 NEW ENGLAND BUILDING.***CLEVELAND, April 25, 1913.***Senator FURNIFOLD McL. SIMMONS,**
Washington, D. C.

DEAR SIR: The National Cloak, Suit & Skirt Manufacturers' Association, composed of manufacturers in the United States of women's and children's outer garments, respectfully submit the following for your thoughtful consideration in reference to the pending tariff bill.

Our business is that of making garments from what are known in trade parlance as "piece goods," or cloth in the bolt.

The present rates of duties on women's and children's outer garments were laid at a time when this industry in this country was in its infancy. The development of the industry does not now require, nor has it needed for some years, rates as high as those existing at present for adequate protection.

With the proposal to place wool on the free list, we are not directly concerned except in so far as it will lower the price of the cloth manufactured out of it, and thus lessen the manufacturing cost of our products, and consequently the ultimate cost to the consumer.

The proposed duty of 35 per cent on woolen cloths in like manner does not call for comment from us.—Woolen cloth being the largest single item of raw material used in our industry, our purchases will naturally gravitate to the cheapest sources of supply, either domestic or foreign.

But it is not, in our estimation, either consistent or fair, that the same rate of duty, namely, 35 per cent, be laid on the finished clothing when it is borne in mind that there enters into finished clothing the cost of labor, and that the difference in the cost of labor in our industry here and abroad is greatly in excess of 35 per cent. Yet, if this rate of duty on finished clothing is adopted, 35 per cent will be the measure of protection on the labor. We do not believe that it can be the intention of Congress to depreciate the prevailing standard of wages, yet that will be the inevitable result if the duty on finished clothing is placed at 35 per cent.

Another feature of the proposed tariff bill to which we invite your attention is the provision that the new rates are to become effective immediately on the passing of the bill.

This provision alone is fraught with serious consequences, not only to our industry but to that large class whom our industry serves, namely, the retail merchants of this country.

We are now engaged upon the production of women's and children's outer garments for the coming fall and winter. The materials entering into these garments have been purchased and contracted for on basis of the present tariff. The sale of these garments to the retail merchants is now in progress, and deliveries will be made to them during midsummer. A change of rates in the next few weeks or months will seriously affect values of materials and finished goods in the hands of manufacturers and retailers. The time consumed in designing, fashioning, and manufacturing garments necessitates commitments and contracts months in advance of actual requirements, and a sudden change of rates in the middle of the year will inflict serious loss on manufacturers and retailers alike.

It requires months of time to develop and manufacture piece goods, and more time to design and fashion garments. The entire industry had reason to believe that a new tariff bill would be enacted, but the manufacturers also felt reasonably certain that Congress would investigate as to the time different schedules should go into effect, so as to occasion a minimum of loss to the industry and the people affected by it.

In common with the rest of the country, we hold the confident belief that Congress and the President of the United States desire to put the new tariff into effect with the least disturbance to and hardship on business.

We therefore respectfully urge upon your favorable consideration: First, that the duty on finished clothing be made at least 10 to 15 per cent higher than on woolen cloth; second, that the new rates on finished clothing shall go into effect not earlier than December 1, 1913, nor later than January 1, 1914; third, that the new rates on woolen cloth shall go into effect on December 1, 1913; fourth, that the change in the rates of raw wool shall go into effect on September 1, 1913.

The following firms comprise the membership of the National Cloak, Suit, & Skirt Manufacturers' Association:

Ash-Madden-Rae Co. and Arbetman Bros. & Blair, Chicago, Ill.; Bischof Sterne & Stein, Cincinnati, Ohio; Alexander Black Cloak Co., Toledo, Ohio; The H. Black Co., Cleveland, Ohio; Chicago Novelty Cloak Co., Chicago, Ill.; Cincinnati Cloak & Suit Co., Cincinnati, Ohio; Cohen-Friedlander & Martin Co., Toledo, Ohio; Cohn-Goodman Co., Cleveland, Ohio; James E. Farrell & Co., Chicago, Ill.; Fried, Keller & Kohn Co., Cleveland, Ohio; E. M. Glick & Co., Chicago, Ill.; Greenhut Cloak Co., Cleveland, Ohio; B. Haas & Son, Cincinnati, Ohio; Handmacher & Wolf, Chicago, Ill.; Jeffras Co., Cincinnati, Ohio; Keplinger-Kelly-Homer Co., S. Korach & Co., Lattin-Bloomfield Co., L. Leitner & Co., McBarron-Carder-Frolking Co., and McQueen & Bonda, Cleveland, Ohio; Meyer-Reighards, Higgins Manufacturing Co., Quincy, Ill.; Novelty Cloak & Skirt Co., Cleveland, Ohio; Percival B. Palmer & Co., Chicago, Ill.; Perfection Cloak & Suit Co., Cincinnati, Ohio; Perfection Manufacturing Co., Cedar Rapids, Iowa; Prince Wolf Co. and Printz-Biederman Co., Cleveland, Ohio; Queen Manufacturing Co., Cincinnati, Ohio; Reskie & Kirshbaum and Nat. Ribback & Co., Chicago, Ill.; Schwartz, Huebschman & Forney, Cleveland, Ohio; Shoninger Heinsheimer Co. and F. Siegel & Bros. (Inc.), Chicago, Ill.; M. T. Silver & Co., E. Sperling & Co., and Sunshine Cloak & Suit Co., Cleveland, Ohio.

**CLOTH EXAMINERS AND SPONGERS' UNION OF GREATER NEW YORK
N. Y., BY ADOLPH LOWENTHAL, TREASURER, AND GEORGE MAURICE,
SECRETARY.**

NEW YORK, April 29, 1913.

HON. FURNIFOLD McL. SIMMONS,
*Chairman of Finance Committee,
United States Senate, Washington, D. C.*

DEAR SIR: We the undersigned, duly elected executive officers of Cloth Examiners and Spongers' Union of Greater New York, with a membership of 350 men, each of whom is a citizen of the United States, have been instructed by the unanimous vote of our organi-

zation to protest to you against the proposed reduction of the duty on manufactured clothing to 35 per cent ad valorem. The result of such reduction would be to vastly increase the importation of "ready-to-wear" clothing, and by so doing would throw large numbers of our men out of employment and undoubtedly reduce the wages of those remaining at work. Our wages, as well as the wages of cutters, tailors, and pressers, is more than 100 per cent greater than the wages of like workers in England and a still larger percentage over those in Germany, the two countries which would be our chief competitors.

Our wages are as follows: For cloth examiners, a minimum of \$25 per week, and of cloth spongers, \$20 per week, certainly low enough when the necessary experience is considered and that most important fact that the requirement of our occupation is such that few men over 50 years of age have the perfect eyesight needed as an examiner of cloth, while the occupation of cloth sponger working over a steam apparatus is a particularly unhealthy one, as the large number of cases of tuberculosis in our trade, especially the latter branch, will testify.

We therefore trust that when this part of Schedule K comes before your honorable body a duty of not less than 50 per cent ad valorem will be placed on manufactured clothing both for men and women.

We are satisfied that it is the intention of your honorable body to conserve the interests of American workmen, but if the duty is placed at 35 per cent ad valorem the interest of all workers in the clothing trade will suffer, as at a reduced wage, which is inevitable with a 35 per cent duty, our purchasing power becomes less. The ready-made clothing industry is one of the largest in the United States, and the future prosperity of the workers therein depends upon whether they shall make the clothing of this country and thereby enhance the prosperity of the Nation, or whether under the low duty as proposed the clothing of America shall be made in large part by workers of other countries, and therefore lessen our opportunities and the prosperity of all.

We again request that a duty of not less than 50 per cent ad valorem be imposed on ready-to-wear clothing, which is the very least under which our welfare may be preserved.

Par. 300.—WOOL HATS.

HENRY R. MILLER CO. ET AL., READING, PA.

READING, PA., May 17, 1913.

Hon. F. McL. SIMMONS,
Chairman Finance Committee,
Senate Chamber, Washington, D. C.

DEAR SIR: We desire to record our protest against paragraph 300 of Schedule K of the proposed new tariff act (which replaces paragraph 382 of the present schedule), the effect of which is to reduce the tariff duty on wool hats and wool hat bodies, finished or partly so, from a specific duty of 44 cents a pound and 60 per cent ad valorem to a flat ad valorem duty of 35 per cent.

Under the present tariff, which was equivalent in the fiscal year of 1912 to 82.44 per cent ad valorem (report of Department of Commerce and Labor, No. 15, p. 61), the number of wool hats entered for consumption during the year ending June 30, 1912, more than trebled the number entered for consumption during the previous fiscal year.

The following statement of importations is taken from the Reports of Commerce and Navigation and the Department of Commerce and Labor, showing the following importations of wool hats from 1907 up to and including the fiscal year 1912:

1907 (9,616 pounds).....	\$15,900
1908 (32,592 pounds).....	51,363
1909 (28,923 pounds).....	49,439
1910 (19,557 pounds).....	33,305
1911 (19,630 pounds).....	47,145
1912 (87,675 pounds).....	171,923

The foreign manufacturer, by reason of his cheaper labor, notwithstanding the present duty, is able to compete in this market with the product of our own mills.

The specific duty of 44 cents per pound on the wool hats imported during the fiscal year ending June 30, 1912, was equivalent to 22.44 per cent ad valorem. (Report of Department of Commerce and Labor.)

The free-wool provision of the pending tariff act would offset this equivalent and justify a reduction of the tariff on wool hats to a 60 per cent ad valorem basis, but it is proposed, without any corresponding offset or equivalent, to cut this duty to 35 per cent ad valorem.

The industry can not survive this reduction.

Approximately 41 per cent of the factory cost of the typical wool hat is made up of direct and indirect labor cost. The division of factory cost is approximately as follows:

	Per cent.
Wool.....	30
Trimmings (band and sweat).....	29
Direct labor.....	26
Indirect labor, including packing, boxing, casing and other factory costs.....	15

The work upon the wool hat is largely handwork. 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, which would not be tolerated in this country.

The hours of labor in Italy, Germany, and England, in the hat industry, are much longer than in this country, and child labor is prevalent, especially in Italy, where the largest wool-hat factories in 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 the age and sex and hours of labor.

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.

Under existing conditions the American manufacturer has been confined to the American market, whereas the foreign manufacturer has freely competed in the markets of the world.

Climatic conditions in this country make a very short season for the sale of wool hats, with the consequence that to maintain a plant and organization on any basis it has been necessary and is the custom

to accumulate between seasons a considerable stock in process of manufacture, hat bodies partly finished, left only to be modeled or blocked or finished and trimmed to meet the requirements of a succeeding season.

It would impose an unreasonable hardship and injustice upon manufacturers to have the tariff law go into immediate effect without an opportunity to dispose of this surplus accumulation and to readjust factory operations to the new tariff conditions.

The wool-hat industry in this country is conducted by individuals, firms, or corporations, none of which 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.

We urge, therefore, that you will use your best efforts to obtain the modification of paragraph 300 to provide for the 50 per cent ad valorem duty, and that in any event, in good faith and fair treatment to American manufacturers, the time in which the new tariff is to take effect shall allow at least a period of six months for clearances and readjustment.

(Communications identical with the above were filed by the Dutchess Hat Works, Fishkill on the Hudson, N. Y., by R. S. Tompkins, president, dated May 13, 1913; Emmons Bros. Co., New York, N. Y., by M. Emmons, president, dated May 17, 1913; Mackey Hat Co., Adamstown, Pa., dated May 21, 1913; Merrimac Hat Co., Amesbury, Mass., by Geo. W. Emerson, dated May 19, 1913; and Joseph Wild & Co., New York, N. Y., by John H. Berresford, dated May 16, 1913.)

Par. 300.—KNITTED WEARING APPAREL.

LOUIS NEUMAN, SECRETARY OF THE CLEVELAND KNITTING MILLS CO., CLEVELAND, OHIO, FOR THE MANUFACTURERS OF KNITTED WEARING APPAREL.

CLEVELAND, OHIO, *May 26, 1913.*

Hon. WILLIAM J. STONE,

Chairman Senate Finance Subcommittee.

GENTLEMEN: We desire to enter our earnest protest against the enactment of the tariff rates proposed in the Underwood bill (H. R. 3321), because of the serious effect they would have on our branch of the woolen industry.

Our products are known as fancy knit goods, and include such knitted wearing apparel as sweater coats, bathing suits, scarfs, shawls, caps, gloves, and mittens, the tariff rates on which are embraced in paragraph 300, Schedule K.

During the decade between 1899 and 1909 our industry made rapid strides in this country, increasing in volume from \$10,000,000 to \$36,000,000 in annual business, and in equipping most of the knitting mills with modern power-driven machinery.

The entire knitting industry, according to the last United States census reports, gave employment to 130,000 persons, in 1,374 estab-

ishments, which had \$163,641,000 capital invested. The wearing-apparel branch represents a majority of the volume of business transacted, relating to Schedule K, and will, therefore, be the one most affected by this schedule. In a directory of the knit-goods trade for the year 1912 there are listed, exclusive of hosiery and underwear, about 800 separate firms manufacturing knitted wearing apparel. Of these, 470 firms make sweater coats, 293 make shawls and novelties, and 160 firms make gloves and mittens.

In order that this industry may be enabled to continue to exist, it must have sufficient rate of duty to at least place it on a competitive basis with the foreign manufacturers. It is probably unnecessary to bring to your attention the fact that our costs for direct labor range from 150 to 300 per cent higher than the foreign manufacturers' in similar lines, and that our overhead charges, such as rent, insurance, light, and power are also proportionately higher.

Imports in 1896, under act of 1894, with free raw wool and duty of 50 per cent on manufactured goods, were \$2,500,000, against total production in this country at that time of \$8,000,000. Under the Wilson tariff law imports of shawls, which are now an important item of manufacture with us, were over five times as much as the domestic production, and of all knitted wearing apparel the imports equaled 46.3 per cent of the domestic output.

The following tables taken from official statistics will demonstrate to what extent the imports decreased under the present tariff, while the domestic manufacture increased, thereby affording opportunity for about 700 firms to engage in the manufacture of this branch of the woolen industry and at the same time helping the country through giving employment to American labor.

Fiscal year.	Amount of imports.	Ad valorem rate of duty.	Amount of duty paid.	Value of imports.	Per cent of imports to production.	Amount of production in United States.	Per cent of increase in production.	Total consumption.
IMPORTS AND PRODUCTION OF SHAWLS.								
		<i>Per cent.</i>						
1896.....	\$446,762	40.0	\$178,411	\$625,171	54.4	\$115,467	.....	\$740,640
1899.....	51,568	108.6	56,020	107,588	32.7	329,720	185.0	436,308
1900.....	31,783	94.7	30,094	61,867	7.0	879,000	167.0	949,867
IMPORTS AND PRODUCTION OF KNITTED WEARING APPAREL.								
1896.....	2,429,494	50.0	1,204,777	3,704,271	46.3	8,000,000	.....	11,704,271
1899.....	708,401	93.8	671,784	1,380,185	12.8	10,025,947	25.0	11,405,232
1900.....	412,887	95.8	385,015	807,002	2.4	35,029,000	250.0	35,836,902

If the rates now proposed should go into effect the imports will surely be over one-half of the entire domestic consumption, because only such goods in which the labor cost is a small portion of the entire manufacturing cost will be able to compete with the foreign goods.

We advocate a specific compensatory duty, plus the ad valorem rates, because this is the most equitable method to pursue. In case of straight ad valorem rates the likelihood of undervaluation is very great, and would be hard to detect on account of the frequent fluctuations in the market values of knit goods. Their effect will

also be to further increase prices at times of scarcity and a rising market, but to depress them when supplies are overabundant and business becomes poor.

Should you finally decide to admit wool free of duty, and levy only an ad valorem rate of 20 per cent on woolen yarn, our recommendation is that you substitute the following in place of paragraph 300:

No. 300. 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, and not especially provided for in this section, composed wholly or in chief value of wool—

If valued at no more than 40 cents per pound, 30 per cent ad valorem.

If valued at more than 40 cents per pound, and not more than 70 cents per pound, 40 per cent ad valorem.

If valued at more than 70 cents per pound, and not more than \$1 per pound, 50 per cent ad valorem.

If valued at more than \$1 per pound, 60 per cent ad valorem.

The rate of 35 per cent, as proposed in the Underwood bill, will not afford sufficient protection to offset the difference between the cost of production in this country and Europe, excepting on such low grades of goods on which the proportion of labor cost may be a small part of the entire mill cost. We fear that this will result in injury to us and our employees, and that in consequence we may be forced to cease manufacturing these goods entirely.

In framing this tariff bill the Ways and Means Committee seems to have taken in consideration a certain amount of protection in fixing the rates of duty on the material for each process after the wool has been advanced from its raw state until it came to the making of the fabrics, but did not concede anything to the wearing apparel made from these fabrics.

The various stages of manufacture required in the process of converting wool into wearing apparel are, roughly speaking, (a) converting raw wool into tops; (b) converting tops into yarn; (c) converting yarn into fabric; (d) converting fabric into wearing apparel.

The rate of duty on tops is set at 15 per cent, on yarn at 20 per cent, on fabric at 35 per cent, and on wearing apparel the same rate of 35 per cent, each process carrying a higher rate of duty than the preceding one, excepting on wearing apparel. This is surely unjust to the manufacturers in this industry as well as to the thousands of employees who are dependent for their livelihood on this business.

All the protection which the manufacturer of wearing apparel actually has is the difference between the duty on the cost of his material and the duty on the import price of the finished goods.

We quote below the general scale of wages paid in Germany, which is our principal competitor, as compared with the wages which we pay, to show that we do not figure too great a difference in our cost of conversion as against the foreign-made goods.

Wages per week.

	Germany.	United States.
Knitter, experienced (male).....	\$6.00-10.00	\$18.00-24.00
Knitter helper (male).....	3.00- 5.00	10.00- 15.00
Finishers and winders (female).....	2.00- 4.50	6.00- 15.00
Apprentices.....	2.00	6.00

The German manufacturers have a further advantage in that a great number of their operatives own their own machines and make up the merchandise at their homes, thereby decreasing the cost for plant and factory expense to the manufacturers. Also in that during the first three years of employment their employees serve as apprentices and receive but a very slight remuneration.

The following example will illustrate the cost of certain sweater coats made in Germany, the duty to be paid, the cost to the importer and to the manufacturer, if the same were made in this country, based on free wool and 20 per cent duty on woolen yarns.

	Cost to German manufacturer.	Duty, 35 per cent.	Cost to United States importer.	Cost to United States manufacturer.
Cost of material—yarn.....	\$12.41			\$14.89
Cost of conversion.....	3.00			7.50
Total cost.....	15.41	\$5.39	\$20.80	22.39

This does not take into consideration any protection on profit, nor on cost of selling and distribution. The added duty over that to be paid on the material, woolen yarn, is only \$1.05, whereas the difference in cost of conversion amounts to \$4.50. On this basis the importer can easily undersell the American manufacturer, who must not only pay more for his material, but must also pay around 150 per cent more for wages and labor, in converting this material into wearing apparel. This difference in cost is borne out by the investigation of the Tariff Board, from whose report the above illustration is taken as a typical average. (See report, p. 921.) To place such an article on a competitive basis a duty of over 45 per cent will be required.

You can find detailed cost accounts of our products in part 4, section 2, in the report of the Tariff Board on Schedule K. Their expert accountants investigated the costs of manufacturing fancy knit goods in various mills throughout the United States, and their findings will substantiate our statements.

There are many articles made in which the proportion of labor cost is much greater than that quoted above. Such goods should have greater rates of duty. There are also many items in which the proportion of labor cost is less, and such goods can stand lower rates of duty. The principle of having different rates apply on various grades of quality was recognized by the Ways and Means Committee in fixing rates of other schedules, and to be consistent they should have applied this principle to Schedule K as well.

In grading the rates of duty according to quality or different values per pound, the poor man will be enabled to buy his wearing apparel at lowest prices, while the goods of higher value, in which the labor cost is a larger element, by carrying higher rates, will place the burden of revenue on those who are better able to carry it. Besides this, a large portion of the finer grades of our products are used for athletic and sporting purposes, such as football sweaters, hunting coats, golf gloves, bathing suits, and hockey caps. These articles are not necessities and should be classed among luxuries, on which the policy has been to levy higher rates of duty.

In a report on efficiency of American labor as compared with that in Great Britain, the Department of Commerce has compiled a report indicating that it takes 144 wage earners to produce \$100,000 added value to knit goods as against 312 wage earners in Great Britain. The report further states that the 144 American knitters earn in wages \$49,800, while the 312 British workmen earn \$58,300. On this basis each American workingman has earned \$345 against the British workingman's \$186, or almost twice as much. While the difference in wages is real, the difference in efficiency is only apparent because the lower standard of values prevailing in Great Britain naturally requires that a greater quantity of goods be produced for any given sum, and it takes proportionately more men to manufacture it. This, however, does not prove that the American knitters can produce more goods in a given length of time. On the contrary, our experience shows that the American knitters are not more proficient. It is hardly to be expected that they should be, not only on account of the recent development of the knitting industry in this country, but also because of the fact that knitters in Europe are settled in certain districts and are brought up from childhood on to learn the technicalities of the trade, through the trade schools and the apprenticeship systems, thus becoming in time as expert as their fathers and grandfathers before them, who most likely were in the same trade.

Many of the machines used here are imported from Europe, and the number of revolutions per minute is not greater in one place than the other.

We do not export any of this product whatever from this country, the principal exporting countries being Great Britain, Germany, France, and Italy.

Quoting from the same report of the Department of Commerce, we find that "the wages per hour of labor were 140 per cent higher in this country" than in Great Britain and that "the wages per hour in Germany average three-fourths and in France less than two-thirds of the corresponding amount received by British workingmen." Wages in Italy are even lower than in France.

Based on the scales of wages above shown and the fact that American wages account for \$498 out of each \$1,000 of added value, the following table will demonstrate in percentages the difference in costs which may be expected under the Underwood bill, also rates actually required to place our products on a competitive basis, without affording any protection on profits nor on cost of selling and distribution:

	Cost to United States manufac- turer.	Cost to British manufac- turer.	Cost to German manufac- turer.	Cost to French manufac- turer.	Cost to Italian manufac- turer.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Material cost—yarn.....	68.75	55.62	55.62	55.62	55.62
Conversion cost.....	33.25	13.85	10.39	9.23	8.31
Total manufacturing cost.....	100.00	69.47	66.01	64.85	63.93
Duty to be paid at 35 per cent.....		24.21	23.10	22.70	22.35
Total cost to importer.....		93.68	89.11	87.55	86.31
Rate of duty actually required to equal 100 per cent, or cost to United States man- ufacturer.....		43.93	51.48	54.11	56.26

In setting the time when the new tariff rates on Schedule K shall take effect, consideration should be given that the changes be made at such times as will minimize the harmful effects on the dealers and storekeepers throughout the country as well as on the manufacturers of the different processes. Current contracts are based on present rates of duty and a change in midseason will mean a tremendous loss to be borne by everyone concerned in the business.

There are certain seasons of the year when woolen textile goods are in process in much larger quantities than at other times, and the least disturbance in values will be created by having the new rates take effect between seasons, which means about the end of the year on wearing apparel and two months earlier on raw material.

Our branch of the woolen industry should not be offered as the "sacrificial lamb" to the clamor against Schedule K. On the contrary it should be encouraged, because the business is conducted on legitimate lines, energetic competition holds down prices, and there are no trusts nor any large corporations who can control the output. Furthermore, in the process of manufacturing we first knit our own fabrics and then convert them into the knitted wearing apparel, thus getting closer to the consumer by eliminating the middlemen dealing in fabrics.

Our industry has afforded opportunity, which was not controlled by any trust, for 800 individual firms to embark in the business, all of them of moderate capitalization, not one of them having as much as a million dollars stock.

The volume of business is spread among so many manufacturers that they themselves keep prices down by keen competition, and this should be a further reason for your consideration in encouraging the industry through adequate tariff rates.

SUPPLEMENTARY BRIEF.

MAY 27, 1913.

Hon. W. J. STONE,
Senate Finance Committee, Washington, D. C.

SIR: Agreeably to your suggestion, we herein submit the following as supplementary to our brief relating to knitted wearing apparel, Schedule K, paragraph No. 300.

We respectfully urge that in the event it is finally decided to admit wool free of duty and to levy an ad valorem rate of 20 per cent on woolen yarn, you provide a separate paragraph for our product from that on clothing, as follows:

Par. 300a. Knitted clothing, ready made, and knitted 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, and not especially provided for in this section, composed wholly or in chief value of wool:

If valued at no more than 40 cents per pound, 30 per cent ad valorem.

If valued at more than 40 cents per pound and not more than 70 cents per pound, 40 per cent ad valorem.

If valued at more than 70 cents per pound and not more than \$1 per pound, 50 per cent ad valorem.

If valued at more than \$1 per pound, 60 per cent ad valorem.

We ask for a separate clause covering knitted wearing apparel, as distinct from other clothing, because of the following reasons:

The nature of the industries is entirely unlike.

The manufacturer of clothing buys his cloth ready made, while we use yarn for our raw material, and after making our own fabrics have another conversion cost in order to cut and finish the articles of wearing apparel to the required size and style.

The manufacturer of clothing turns his capital over several times a year, on account of the light, medium, and heavy weight clothes used at different periods in the year, while we can turn our capital but once, because the goods we produce are used almost exclusively in cold weather.

On account of the clothing manufacturers' short seasons there are frequent changes in style and fashion, so that dealers in this country would not risk placing import orders for future delivery.

In our product there are many articles, such as babies' sacques, babies' leggings, bathing suits, sweater coats, shawls, gloves, and mittens which are used without change of style year after year, so the dealer will not hesitate to place import orders. Just as happened under the Wilson law of 1894, when, despite the fact that higher rates than now proposed were in force, the imports increased abnormally, although domestic manufacturers were out of work and seeking orders to keep their mills going. In other words, we are not protected against importations by the "style factor," as are the makers of men's and women's clothing, suits and cloaks.

The average ad valorem equivalent rate on such knitted wearing apparel as was imported has been about 95 per cent for the past few years, while it was around 75 per cent on other wearing apparel, due to the higher average value per pound.

The Underwood rates now proposed would therefore cut the actual tariff from 95 per cent down to 35 per cent on knitted wearing apparel, while they would reduce other clothing from 75 per cent down to 35 per cent.

We would be getting a much larger reduction and we are less able to stand it.

At the time the rates were on a highly protective basis it was not essential as it will be now for us to have a separate paragraph.

The rates herein proposed will place our industry on a strictly competitive basis with the foreign manufacturers, but they may not apply equally as well on woven clothing.

Our industry, although it has afforded opportunity for about 800 individual firms to embark in the business, is confused with other lines. In the tariff bill it is included with clothing, and in the Department of Commerce census reports it is included with hosiery and knit goods. This tends to create a great deal of confusion as to the extent and standing of the industry, and a separate clause for knitted wearing apparel under Schedule K will help to prevent further misunderstanding of this kind.

MAX LOWENTHAL & SONS, ROCHESTER, N. Y.

ROCHESTER, N. Y., May 24, 1913.

Hon. F. McL. SIMMONS,

United States Senate, Washington, D. C.

DEAR SIR: Deeply interested in the tariff reform policy of the Democratic Party as a citizen who has long advocated it and as a manufacturer whose business is to be affected, allow me to point out

two clauses in the Underwood tariff bill inconsistent with each other and sure to work harm to domestic industries if adopted. Reference is made to those in Schedule K which provide a 20 per cent duty on yarns and 35 per cent on knit goods made of them.

These provisions if enacted into law will impose a distinct handicap upon the American knitter as against his foreign competitor, whereas an equal start at the least must have been intended by the framers of the bill. The inequity inherent in this discrimination could not have been realized and it is the object of this communication to point it out.

The knitter must repay the spinner the 20 per cent duty which has been added to the selling price of yarn, his raw material. Thus he is handicapped at the start. The 35 per cent on knit goods, then, is only 15 per cent protection to the American knitter who, since he must pay the above-mentioned 20 per cent on yarns, is in reality at a 5 per cent disadvantage with his foreign rival, which, together with the very materially lower European labor cost (marks or francs being paid where we pay dollars), would make American competition on all-wool knit goods impossible.

Convinced that the Ways and Means Committee of the House of Representatives intended to frame a tariff measure with due regard to all its effects, it is evident upon above showing that in the instance under consideration that intention has not been adequately carried out. Such incidental protection as is inherent in even a revenue tariff inures to the benefit of the spinner, whereas the American knitter is not even left on a footing of equality with his foreign rival. Here is the inconsistency in the treatment of two branches of one industry working out into unfairness as to the knitter, who, of the two, is in greater need of protection. He expends a larger percentage of wages on his product than does the spinner, and having but one sale season per year to the spinner's two, has a greater interest charge to carry.

In view of the above the contention is that with a 20 per cent duty on yarns a 35 per cent rate on knit goods is inadequate, the minimum of safety being 45 per cent.

A brief on this subject submitted by the undersigned to the House of Representatives presented alternative propositions—if 20 per cent on raw wool, then 40 on yarns, 60 per cent on knit goods; if wool on the free list, then 25 per cent on yarns, 50 per cent on knit goods.

Congress, in its discretion, named a rate 5 per cent below that asked for on a free-wool basis, and doing the same on knit goods by fixing a 45 per cent rate would restore parity and do justice to all concerned.

Canada's duty on knit fabrics is at the rate here asked for, 45 per cent, with free wool (except certain specified sorts) and gives 12½ per cent preferential to its parent country, Great Britain. The tariff bill in its present form is in effect a 5 per cent preferential rate to all Europe as against an important home industry—most surely an unintended oversight, calling for correction. If left unchanged the result must be to invite our trans-Atlantic competitors to furnish the American public with the better all-wool knit goods, forcing the home producer to seek his profit by increasing mixtures of cotton and other substitutes for wool—a most undesirable outcome alike for producer and user of such fabrics.

Under existing law knit goods were subject to 60 per cent ad valorem and a compensatory wool duty in addition, totaling on certain grades up to 100 per cent. The duty asked for, 45 per cent, by the shifting of the incidence of taxation, becomes only 25 per cent in competition with the foreigner who does not pay a 20 per cent duty in the cost price of yarns. Therefore, 45 per cent, in reality 25 per cent as far as there is any protection to the American knitter, is certainly a substantial reduction from rates heretofore prevailing and a carrying out of the promise of the Democratic Party and the mandate given to it by the American people.

Pars. 302-312.—CARPETS.

J. KENNARD & SONS CARPET CO. (address not given).

APRIL 17, 1913.

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

DEAR SIR: As jobbers and retailers of carpetings and rugs we are very much interested in the new tariff bill now before Congress, especially in sections 306 to 313, inclusive, of Schedule K. We desire to respectfully call your attention to an omission, which we think your committee intended to incorporate, or maybe the omission to which we refer did not suggest itself to your committee because the members thereof are not personally familiar with the details and technicalities of this particular class of merchandise.

It is plainly evident that the intent of the committee is to reduce materially the existing tariff on practically all classes of carpets and rugs, except orientals and other expensive grades, which may be considered as luxuries, and this intent is carried out admirably in the bill, in so far as it relates to carpets by the roll; but section 313, as now written, in our opinion, destroys, to a great extent, the idea of the committee, inasmuch as it places a much higher duty on the lower grades of rugs woven in one piece than on the identical grades when made up in rolls. We respectfully suggest that section 313, if written as follows, would carry out the intent of the committee:

SEC. 313. Carpets of every description woven whole for rooms the value of which exceeds 30 cents per square foot, 50 per centum ad valorem; 30 cents per square foot and under the same duty shall be assessed as that which applies to the same or similar grades of carpets.

We make this suggestion for the reason that in the last few years the manufacturers of carpetings have replaced their narrow looms, to a very large extent, with wide looms and are, therefore, able to make carpets in a solid piece for rooms, which heretofore they were unable to do. For example, we are able to purchase in this country at the present time a tapestry Brussels carpet woven whole for rooms, say, 9 by 12 feet, at as low a price as \$8. There are other grades, including Axminsters and velvets, ranging from this price up to \$20, manufactured very largely both in this country and abroad.

These grades are sold very largely throughout the entire country, so that persons of moderate means are able to purchase a rug of good

appearance and fair quality for their rooms at quite a moderate price. Should the proposed duty of 50 per centum remain as it now appears in the bill it would absolutely prohibit any competition between foreign and American manufacturers and would prevent the importation of any of the lower and medium grades.

We are in accord with the committee in its desire to reduce the tariff and are therefore emboldened to make this suggestion, which we trust will be received and considered by your honorable body.

We suggest a dividing line of 30 cents per square foot, so that all of the finer grades of carpets woven whole for rooms would pay the 50 per centum ad valorem (these are generally purchased by people of more or less wealth and could well take this rate of duty), and the lower grades of carpets woven whole for rooms can be imported on the same basis as carpets of the same grade by the roll.

Our experience in the carpet business in St. Louis covers a period of nearly 60 years, and we therefore feel justified, from our knowledge, in making the above suggestion as to the dividing line.

In submitting this communication for your consideration, and in order that you may know the character of our firm, we respectfully refer you to the honorable Speaker of the House, either of the Senators representing our State, or any of the three Representatives from our city, with all of whom the writer has a personal acquaintance.

Par. 314.—ANGORA GOAT SKINS.

STONE, TIMLOW & CO. (INC.), BOSTON, MASS., BY ALBERT H. STONE,
PRESIDENT.

Boston, April 29, 1913.

Hon. FURNIFOLD McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: We wish to call your attention to paragraph 314, page 77, in H. R. 3321, new proposed tariff bill, and to point out to you the injustice of this duty on Angora goat skins that are brought here to be unhaired and used for leather purposes.

Treasury Decisions 15699 and 22831 rule that Cape Angora goat skins should be brought in free, and we have built up a very large raw skin and leather business on this product. It seems to us most inconsistent that the Ways and Means Committee of the House have seen fit to put a duty on this particular article, and we wish you would use your good offices in having it changed when the matter comes up before your committee in the Senate.

We at the present time employ upward of 200 hands in our factories, and unless this paragraph is changed and Angora goat skins, intended to be unhaired and used for leather purposes, brought in free it will be impossible for us to continue this business. The proposed new bill makes all kinds of goat skins and sheepskins free, so you can readily see the injustice of assessing a 20 per cent duty on Angora goat skins used for leather purposes. We think it was the intention of the committee who framed this bill to have Angora goat skins and alpaca brought in for fur purposes and tanned with the hair on dutiable, but under the wording of the new paragraph it would

include our product, and we could not, of course, compete with other kinds of goat skins and pay this high duty.

If you will look over the Treasury decisions we refer to, you will notice that the report went into considerable detail in separating Turkish and Persian blooded Angoras suitable for fur purposes and Cape Angoras which are crossed with Cape goat. We trust that you will look into this matter and realize the importance of keeping American workmen employed under the new tariff bill now being enacted.

We thank you for your attention to this very important matter, and trust we may be favored with your reply.

Par. 314.—HAIR OF THE ALPACA.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS, 683 ATLANTIC AVENUE, BOSTON, MASS., BY WINTHROP L. MARVIN, SECRETARY.

WASHINGTON, D. C., *May 22, 1913.*

Hon. CHARLES S. THOMAS,
*Subcommittee on the Woolen Schedule,
 Committee on Finance, United States Senate,
 Washington, D. C.*

DEAR SIR: In paragraph 314, Schedule K, of the proposed tariff bill, the hair of the alpaca is subject to a duty of 20 per cent ad valorem and in subsequent paragraphs tops, yarns, cloth, and other manufactures of alpaca are subject to duties ranging from 25 to 50 per cent.

On behalf of manufacturers using alpaca as a raw material, I respectfully urge that these proposed rates on manufactures are inadequate to safeguard the American industry, and that alpaca be placed upon the free list. The alpaca is native to Peru and adjacent countries, and, unlike the Angora goat, producing mohair, has never been domesticated in the United States. Our entire supply of alpaca must therefore be imported and the placing of a duty upon it inevitably increases the cost of the material without the slightest pretense of any advantage to any industry in this country.

Alpaca is used for the manufacture of coat linings and lustrous dress goods, indispensable fabrics of the masses of the people. These fabrics can by no stretch of the imagination be regarded as luxuries. Alpaca should never have been classed with mohair, as it does not sufficiently compete with that fiber. It is impossible to make plush of it, as it is so soft and silky, and it should rather have been classed with wool.

As alpaca is not produced in this country, the proposed duty of 20 per cent is an unnecessary and profitless burden, first on the American manufacturers of alpaca fabrics, and second on the millions of purchasers of alpaca goods. If revenue is desired, it would much better be derived from some article of voluntary use not produced in the United States rather than a necessary article of everyday consumption. The case for putting alpaca upon the free list is much stronger than the case for a similar treatment of wool.

Pars. 314-318.—MOHAIR, ETC.

WM. BROWN & CO. (INC.), 129 COMMERCIAL STREET, SALEM, OREG.

SALEM, OREG., May 10, 1913.

HON. GEORGE EARL CHAMBERLAIN,
United States Senate, Washington, D. C.

DEAR SIR: We inclose you herewith a short statement of the goat raisers of the United States, which sets forth this matter briefly and to the point. We are satisfied with the rate on raw mohair in the House bill of 20 per cent, but, after investigation, we find that the duties on the resultant manufactured products are too low. Unless the manufacturer can continue in business our market is gone. We will then have to ship our hair abroad on a free trade basis, with a freight handicap against us, or go out of business. Whereas sheep have decreased 15 per cent in the last 10 years, goats have increased 50 per cent, a most significant fact.

We inclose table of amended rates, which will enable the manufacturers to continue business and to buy our hair. These rates are tremendous reductions on the present law.

We kindly ask that you will use all of your powerful endeavors to get the committee in the Senate to adopt these rates.

AMENDMENT SUBMITTED BY ANGORA GOAT RAISERS OF THE UNITED STATES.

Schedule K, for paragraphs 315, 316, 317, and 318 of H. R. 3321, amend as follows:

Page 77, line 5, for "25" insert "35."

Page 77, line 7, for "30" insert "45."

Page 77, line 10, for "40" insert "55."

Page 77, line 16, for "50" insert "65."

Making paragraphs 314, 315, 316, 317, and 318 read as follows:

"314. Hair of the Angora goat, alpaca, and other like animals, and all hair on the skin of such animals, 20 per cent ad valorem.

"315. Tops made from the hair of the Angora goat, alpaca, and other like animals, 35 per cent ad valorem.

"316. Yarns made of the hair of the Angora goat, alpaca, and other like animals, 45 per cent ad valorem.

"317. Cloth and all manufactures of every description made of the hair of the Angora goat, alpaca, and other like animals, not specially provided for in this section, 55 per cent ad valorem.

"318. Plushes, velvets, and all other pile fabrics, cut or uncut, woven or knit, whether or not the pile covers the entire surface, made wholly or partly of the hair of the Angora goat, alpaca, and other like animals, and articles made wholly or in chief value of such plushes or velvets, 65 per cent ad valorem."

STATEMENT OF THE GOAT RAISERS OF THE UNITED STATES.

The Underwood bill (H. R. 3321) makes the following rate on mohair:

"Raw mohair, 20 per cent."

This duty is satisfactory under existing circumstances to the goat raisers of the United States.

We are equally interested, however, that the manufacturers of mohair products (using our raw mohair) have sufficient duty to enable them to continue manufacturing here, and thereby continue to buy American-raised mohair.

We understand that the Underwood duties on mohair tops, yarns, cloths, and plushes are too low and, unless advanced, manufacturing can not continue on its present scale here, in which case we must seek a market abroad on a free-trade lower-priced basis, with a handicap of freight to Europe against the American grower.

We wish to point out to the Finance Committee and each Senator the significant fact that in the last 10 years (1900-1910) sheep in the United States have decreased over 15 per cent in numbers, whereas in identically the same period Angora goats have increased here over 50 per cent. (See Abstract Census, 1910, pp. 332, 333.) Where we were raising 2,000,000 pounds of mohair in 1900, we are now raising 6,000,000 pounds, principally in the following States: Texas, California, New Mexico, Oregon, Nevada, Idaho, Wyoming, and Arizona.

We are informed that there are 13,000,000 pounds of raw mohair consumed in the United States, of which there is raised here 6,000,000 pounds and imported 7,000,000 pounds (even at the present high rate of duty); surely this is competitive and will be still more so with the reduction of the duty on raw mohair to 20 per cent. It is our opinion that we should not be further handicapped by removing the market which we now have for our hair among the manufacturers in this country, and this will be the result unless the duties in the House bill (H. R. 3321) on the resultant products are very materially advanced.

We are now raising 45 per cent of the quantity used here. The production in the last 10 years of Angora goat hair has increased 50 per cent. The articles made from mohair are luxuries. Why can we not be allowed to further increase the production of mohair, particularly when we have in this country thousands of acres which is adapted for that purpose and nothing else. The only three countries raising mohair are the United States, Turkey, and South Africa; both Turkey and South Africa are trying by legislative degrees to destroy the American goat industry.

We rely on you to espouse such a just cause as ours and to place sufficient duties on the resultant products of mohair to enable us to sell, as we are now doing, in increasing quantities the beautiful fiber of the American Angora goat.

Respectfully submitted by the goat raisers of the United States.

**SOUTHWEST TEXAS SHEEP AND GOAT GROWERS' ASSOCIATION, AND
EDWARDS COUNTY ANGORA GOAT ASSOCIATION.**

Hon. CHARLES A. CULBERSON.

TO OUR HONORABLE SENIOR SENATOR: We, the undersigned citizens, petition you as our representative in Congress to use your influence to save the flockmasters of Texas and the United States from financial embarrassment by amending the Underwood bill (H. R. 3321), which places wool on the free list, to carry a duty of at least 15 per cent ad valorem. The majority of sheep raisers of Texas are Democrats, and we never dreamed that our Democratic Congress would give us less than a 20 per cent ad valorem, as was passed in the previous Underwood bill. Why should the great wool industry of the United States be destroyed or irreparably crippled at one fell blow? Why should not the sheep men of America be treated with the same consideration that the Underwood bill concedes to the sugar industry by giving three years to adjust its business to the new conditions? We feel that our Senators with maturer judgment and broader statesmanship will deal more justly with our industry, which is a great revenue producer, than has been conceded by the House. We do not complain that a 35 per cent ad valorem duty has been granted to the manufacturers of woolen goods, but we do think that the Senate should grant the wool producer sufficient duty to save our cause from destruction, or at least give us sufficient time to adjust our business to the new conditions.

We plead further that the 20 per cent ad valorem duty on mohair of the Underwood bill (H. R. 3321) be sustained and passed by the Senate. The Angora goat industry is growing and promising, having increased 50 per cent in the last 10 years. In 1900 we produced 2,000,000 pounds; to-day we produce 6,000,000. There are about 13,000,000 pounds consumed in the United States, of which 55 per

cent is imported. Mohair is manufactured into articles of luxury, such as plushes for cars and pile fabrics and imitation furs, automobile and carriage tops, fine dress goods and other fabrics, such as the wealthy can afford, and it is everywhere conceded that the highest tariff duties should be on luxuries and that the rich should bear the burden of supporting the Government.

Mohair is chiefly produced in the hill country of Texas, New Mexico, Arizona, California, Oregon, Nevada, Idaho, and Wyoming, and the men engaged in the industry are enterprising and hopeful and are creating real wealth in a wasted, desolate, and rugged country which has been considered heretofore worthless. And these men are as brave and loyal American citizens as ever breathed. They are the real creators of wealth and come as near producing something really intrinsic out of nothing as any set of men who ever lived. The Governments of Turkey and South Africa have combined in issuing prohibitive decrees against the exportation of Angora goats in to the United States, attempting thus to destroy our industry, as is shown by consular reports.

The manufacturers complain that the Underwood bill (H. R. 3321) places the duty so low on the tops, yarns, cloths, plushes, velvets, and other pile fabrics that they can not continue to buy our mohair at the present prevailing price. We trust that the Senate will look carefully into the matter. We shall rely on you to espouse our cause and have placed sufficient duty on the manufactured products of mohair to enable us to sell as we are now doing in increasing quantities the beautiful fiber of the American Angora goat.

Respectfully submitted.

DEL RIO NATIONAL BANK
(And 40 others).

JOHNSTON ROBERTSON, DEL RIO, TEX., FOR EDWARDS COUNTY
ANGORA GOAT ASSOCIATION.

DEL RIO, TEX., *March 20, 1913.*

HON. CHARLES F. JOHNSON,
Washington, D. C.

DEAR SIR: That you may understand and appreciate the peculiar and critical position of at least one industry within your nation, I inclose herewith a copy of a letter from the Department of State showing the attitude of the Governments of Turkey and South Africa toward the mohair industry in the United States. To say that these Governments are discriminating against us would be stating it too mildly. It is evident their purpose in prohibiting the exportation of Angora goats is to impede the development, and if possible destroy the mohair industry in America and to establish a monopoly for themselves. That their prohibitory decrees are directed against the United States is evident from the fact that no other countries in the world engage in Angora raising except Turkey, South Africa, and the United States.

Having made these assertions, one of your Senators demanded me to produce evidence proving that these Governments are actually discriminating against us in prohibiting the exportation of Angoras.

The inclosed letter from Mr. Carr, Director of the Consular Service, should be sufficient [letter missing]. But to strengthen the evidence I also quote from the report of the Tariff Board on Schedule K (Vol. I, p. 611):

To protect its flocks from being drawn upon and to preserve to the Turkish people the Angoras in their purest state, the Turkish Government some years ago prohibited the exportation of Angoras, and later the South African Government evidently alarmed at the rapid rise of the business in the United States placed a very high export duty (£100=\$184) per head on all the Angoras exported from that country, and subsequently prohibited their export entirely.

That Congress should not, under the circumstances, defend and protect our young and promising industry from such discrimination and injustice seems impossible.

Should you, as a Senator, turn a deaf ear to our appeal and not consider our arguments, you will virtually join your enemy in stragling and destroying a promising enterprise, strengthen a foreign monopoly established by governmental decrees, and at the same time deprive your own Government of a handsome revenue, and ultimately increase the cost of this product to the American consumer.

I inclose herewith a brief submitted to the chairman of the Ways and Means Committee which sets forth clearly and briefly our desires.

Further information may be obtained from the hearings before the Ways and Means Committee on Schedule K, by myself and Mr. F. E. Kip, of New York. Our cause is unique, our wants most reasonable, and the results of our requests far-reaching—guaranteeing, as it does a large revenue to the Government, the preservation of our industry and protection to the consumer, against a foreign monopoly.

We do not ask Congress to retaliate against Turkey and South Africa, but we do ask that we be enabled to successfully compete with these countries in the production of mohair and that the American manufacturer be sufficiently protected to continue their business and buy our raw material.

Trusting you will give this matter your careful consideration and support, and wishing you good health and success,

I remain, yours, very truly,

JOHNSTON ROBERTSON,
For Edwards County Angora Goat Association.

DEPARTMENT OF STATE,
Washington.

Mr. JOHNSTON ROBERTSON,
Metropolitan Hotel, Washington, D. C.

SIR: Referring to your oral inquiry, you are informed that a dispatch of December 19, 1911, from the American consulate general at Cape Town, South Africa, reports that act No. 34 of 1908 of the Cape Colony prohibits the exportation from that colony of any Angora ram or ewe by land or sea to any place beyond its territorial limits except to a neighboring colony or State whose laws for the time being similarly prohibit the exportation therefrom of such animals under penalty not less than that provided by the act.

According to the information in the possession of the department it would also appear that no change has been effected in the Ottoman laws which prohibit the exportation of Angora goats.

I am, sir, your obedient servant,

WILBUR T. CARR,
Director of the Consular Service.
(For Mr. Bryan.)

To the WAYS AND MEANS COMMITTEE,
Washington, D. C.

Mr. CHAIRMAN: I desire to present to the committee, through you, certain data and arguments to show why mohair should have a separate classification under Schedule K, and why the present duty of 12 cents per pound should be retained.

First. Mohair should have a separate classification from wool because it is impossible under the present law for the Government to know even approximately how much mohair is imported into the United States as it enters our ports as wool, being classified as wool. The fact is, there are about 7,000,000 pounds of mohair imported into this country. This brings into the Treasury of our Government the handsome revenue of about \$840,000, but our officials have no way under the present classification of ascertaining these facts. A separate classification for mohair, and the products thereof, would clearly set forth all these facts.

Second. Mohair should have a separate classification from wool because there seems to be a great demand on the part of the American people for a reduction in the tariff on wool, and Congress deems itself pledged to reduce this tariff. But mohair should not be placed in the same category as wool for the following reasons: (1) The argument is made that the tariff on wool should be reduced because it is largely consumed by the poorer classes, and in large quantities, and is really a necessity; but this argument does not apply to mohair and the products thereof, because mohair is manufactured into articles of luxury, such as plushes for cars and pile fabrics and imitation furs, automobile and carriage tops, fine dress goods and other fabrics such as the wealthy can afford. And it is everywhere conceded that the highest tariff duties should be on luxuries and that the rich should bear the burden of supporting the Government. (2) But again it is argued that for years the production of wool under a highly protective tariff has not only failed to supply the demand of the home market, but that the industry has languished and actually decreased. But this argument does not apply to the mohair industry. It is true that mohair has enjoyed with wool the benefits of a protective tariff; but it has, on the other hand, had to contend with many difficulties.

First. A demand had to be created for the sale and use of mohair. This was done after much experimenting and the lapse of time and expenditure of much money. Then a suitable locality adapted to the Angora raising must be found, and men of energy and daring to engage in the new enterprise. Twenty-five years ago the industry was insignificant and there was little demand for its products. But the southwestern portion of the United States proved itself so well adapted to the raising of the Angora goat, and such splendid qualities of mohair produced, that manufacturers engaged themselves in experimenting with the beautiful, strong, and lustrous fiber. They invented machinery to spin and weave it into fabrics; expended millions of dollars erecting factories and educating the consumer to its uses and benefits. During the two past decades the mohair industry has grown by leaps and bounds, and the people are just now beginning to appreciate and demand its products. The industry is young, but promising, and has a great future, if but slightly fostered by governmental patronage and protection. The industry is not languishing. The men engaged in it are enterprising and hopeful, and are creating real wealth in a wasted, desolate, and rugged country, which has hitherto been considered worthless. And these men are as brave and loyal American citizens as ever breathed. They are the real creators of wealth, and come as near producing something really intrinsic out of nothing as any set of men who ever lived.

They have caused the barren, rocky hills to produce life and the deserts to bring forth fruit. Therefore, the arguments used for the reduction of the tariff on wool does not apply to mohair, and hence mohair should have a separate classification from wool and the present duty retained.

Third. Mohair should have a separate classification from wool because of the great difference in the shrinkage of the two articles. The average shrinkage of wool is about 60 per cent, while that of mohair is only about 12½ per cent. There is, therefore, about 50 per cent difference in the two commodities in favor of wool. In other words, if you place a 6-cent duty on wool, it would be just and equitable to place a 12-cent duty on mohair. Or, to state it differently, if you put a 20 per cent ad valorem duty on wool, you would not treat the wool producer or anyone else unjustly by placing a 10 per cent ad valorem duty on mohair, but, on the other hand, by failing to do so, you would be discriminating against our young and promising industry. When you take into consideration, therefore, the great difference in the shrinkage of wool and mohair, it would seem that justice would dictate a separate classification and the retention of the present duty on mohair.

Fourth. Again, we ask for a separate classification for mohair from wool because of the difference in the cost. The average sheep in the United States will shear approximately 7 pounds of wool per annum, which sells at about 18½ cents per pound in the

grease. The average Angora will shear about 3½ pounds per annum, which sells at about 32 cents per pound. It costs about 15 cents per pound to raise wool and about 3¼ cents per pound to produce mohair. So it costs more to produce mohair than it does to raise wool. The greatest difference is in the profit of the mutton sheep as against the mutton goat. There is always a steady demand for the mutton sheep at a fair profit, while the mutton goat, although as wholesome and delicious, labors under a great prejudice, and the price so fluctuates that the risk of a loss is too great to ship him to the big markets. Our best market for the mutton goat is with the local butcher. Hence the ultimate cost of producing mohair greatly exceeds the cost of wool. Therefore, we ought to have a separate classification with a higher duty.

But, again, the cost of producing mohair in the United States is greater than in Turkey and South Africa, our only competitors. Those countries, on account of a cheaper class of labor and the cheaper cost of living, can produce mohair and export it to the United States for about 25 cents per pound, but it costs the American producer 3¼ cents per pound to raise it. Hence, if we are to successfully compete with those foreign countries, we must have a duty of 12 cents per pound. Both Turkey and South Africa are discriminating against the American producer by refusing absolutely and forbidding the exportation of Angora bucks to the United States with which to purify and enrich the blood of our flocks; jealous, no doubt, of our progress in the development of the industry, and envious of the 6,000,000 pounds of mohair we produce. By prohibitory decrees, those Governments refuse to lend a helping hand, at any price, to build up our Angora flocks, thinking perhaps, by so refusing, our industry will decline, and in due time they will have a monopoly in supplying the world with mohair. But their decrees in forbidding the exportation of their pure-blooded bucks were issued too late. Fortunately we have sufficient pure-blooded Angoras in this country to continue the purification and upbuilding of our flocks indefinitely. Our fear, then, is not from Turkey and South Africa, but from our own Ways and Means Committee and Congress. If, therefore, you reduce the tariff on mohair, you not only destroy our industry, but you establish a foreign monopoly in Turkey and South Africa. Perish the thought, it seems impossible. But such are the facts. Once the Angora industry is destroyed in this country, it will be forever impossible to reestablish it again, because the Governments of Turkey and South Africa refuse absolutely to allow, at any price, the exportation of Angoras from their country. We plead with you, therefore, to weigh carefully these facts and to consider the effects upon the producer and the industry and the delivering of it to a foreign monopoly. No doubt our enterprise would linger for awhile, but it would languish, for our hopes would be shattered, and we would struggle on for a few years, then drift into something else, but with bitter recollections of a lost cause and disappointments over a promising but wrecked enterprise.

Fifth. But you reply that you must consider the interest of the consumer. Very well; let us consider this question for a moment from the viewpoint of the consumer. Let us suppose that mohair was put on the free list and there was absolutely no duty imposed. It requires about 3 pounds of mohair to make a splendid mohair suit for a man or a beautiful tailored suit for a woman, which retails for about \$25. The raw material in either suit would cost 36 cents less than it costs to-day under the present duty. Do you suppose the consumer would get the benefit of that 36 cents reduction? Not at all; but the Government would be deprived of the \$840,000 it now enjoys and the consumer would have to supply that. The mohair raiser would get 36 cents less on each goat he shears, which would mean the destruction of the industry and starvation for himself and family or the seeking of another vocation.

We, therefore, the growers of Angora goats and the producers of mohair in the United States, respectfully ask your honorable committee to retain the duty of 12 cents per pound on mohair and a corresponding duty on the products thereof, and a separate classification from wool under Schedule K.

Sixth. From the point of view of revenue, the present duty of 12 cents is the most equitable that can be devised, producing at once the maximum amount of revenue to the Government and guaranteeing the success and development of the mohair industry. The importers of the raw material testify that approximately 7,000,000 pounds of mohair are imported into the United States. Under the present law this produces a revenue of \$840,000. To reduce this duty to 20 per cent ad valorem would cut this revenue in two, jeopardize the business both of the producer and manufacturer, and would in no wise benefit the consumer.

The suggestion emanates from the manufacturers that a reduction of about 50 per cent might be made on the manufactured products of mohair without injury to their business. In fact, the manufacturers unite with us in asking you to continue the present duty on mohair (as shown by the brief submitted by Mr. Frederick E. Kip, of New York, Jan. 29), and they recommend the following schedule for the new Under-

wood bill, which is now being formulated, as satisfactory to them and equitable to all concerned, and as producing a handsome revenue to the Government.

Seventh. Proposed rates of duty for mohair and the manufactured products thereof under Schedule K:

(1) The duty on the hair of the Angora goat, alpaca, and other like animals shall be 12 cents per pound.

(2) The duty on the scoured or sorted mohair shall be one and one-half times the duty on the raw mohair (a reduction of 50 per cent).

(3) The duty on tops made from mohair shall be one and three-fourths times the duty on the mohair, and in addition thereto 15 per cent ad valorem (a reduction of 48 per cent from the present duty).

(4) The duty on yarns made of mohair shall be two times the duty on the mohair and in addition thereto, 30 per cent ad valorem (37½ per cent reduction). On yarns curled or having any knotted or kinky effect, the duty shall be two times the duty on mohair and in addition thereto 37½ per cent ad valorem (a reduction of 30 per cent from the present duty.)

(5) On all plushes, velvets and all other pile fabrics made of mohair, the duty per pound shall be two and one-half times the duty on mohair, and in addition thereto 55 per cent ad valorem (a reduction of 30 to 25 per cent).

We, the producers, therefore, join the manufacturers, spinners, and weavers of mohair fabrics in requesting the above provisions under Schedule K of the Underwood bill about to be formulated and presented to Congress. We do this because all mohair produced in the United States is consumed by our own manufactories. It would be useless for us to produce mohair, even under a highly protective tariff, unless the manufacturers can also continue the operation of their factories with some assurance of success, and buy our products. The benefits of our request, if granted, would be mutual, not only to the Government in providing a handsome revenue on articles of luxury and that are highly competitive; but also the manufacturers who have expended millions of dollars erecting factories, and enterprising energy and inventive genius in creating and installing machinery especially adapted to spinning and weaving mohair fabrics; but especially the benefits would come to the mohair grower who has occupied a hitherto unprofitable field, expended large sums of money fencing, building sheds, and erecting homes, in the hope and expectation of enjoying prosperity in the young enterprise of Angora goat husbandry, and the request if granted will not impose a heavy burden on the consumer.

In view of all the above facts and arguments, we humbly petition your honorable committee to consider carefully our cause and weigh the arguments presented, and if consistent with your duty to your country, and does no violence to your conscience and no injustice to your fellow countrymen, grant our request.

Respectfully submitted.

EDWARDS COUNTY ANGORA GOAT ASSOCIATION
JOHNSTON ROBERTSON.

OZARK MILLS, GASTONIA, N. C.; ELIZABETH MILLS, CHARLOTTE, N. C.;
MODENA MILLS, GASTONIA, N. C.; TRENTON COTTON MILLS, GAS-
TONIA, N. C.; BY W. T. RANKIN, PRESIDENT, GASTONIA, N. C.

GASTONIA, N. C., May 8, 1913.

Hon. F. M. SIMMONS,

United States Senate, Washington, D. C.

DEAR SIR: One of the large industries using quantities of cotton yarns is the plush, velvet, and pile-fabric industry. There is one concern that we deal with very largely that buys, in cotton yarns, 3,350,000 pounds. The cotton taken to produce these yarns would be approximately 4,000,000 pounds, and four-fifths of this cotton is purchased from the southern mills in the States of North Carolina, South Carolina, Georgia, and Mississippi.

These mills manufacture silk, mohair, and wool plushes. In every one of their cloths the pile or face is either silk, mohair, or wool, but all the back warp and the filling is of cotton, so that whether they use mohair or silk face they always use our cotton for both. This mill, although a large one, is only one of many in this industry.

Mohair duties.—In mohair the Underwood bill gives 20 per cent on the raw hair, but on tops, yarns, cloths, and plushes they cut the differential duties to less than half what is granted on wool products, which is absolutely ruinous and without any reason, as these mohair products are strictly luxuries.

We therefore inclose an amendment to Schedule K and would ask you to kindly use your best endeavors with the Finance Committee to get the rates proposed in this amendment for paragraphs 315, 316, 317, and 318 of the Underwood bill adopted.

Inclosed also find a statement regarding mohair, which shows that the differential rates on mohair products are less than half what they are on wool. Mr. Underwood and some of the Committee on Ways and Means are cognizant of this discrepancy and have stated that they will approve any correction thereof made by the Finance Committee, so that there should not be much difficulty in getting the Finance Committee to materially advance the rates on the mohair products and to give those contained in the inclosed amendment.

Silk plushes.—The rates on silk plushes have been made ad valorem instead of specific. So many goods in plushes are made "seconds" that no part of the industry, neither the importers, the manufacturers, nor the customhouse appraising officials themselves, have requested anything but the retention of specific duties thereon.

We inclose you amendment for the silk schedule, marked "1," which we would also thank you to try and get adopted relative to paragraphs 319, 320, and 322. The tables 2 and 3 show the difference between the Underwood ad valorem rate, the Payne law, and the proposed manufacturers' schedule.

To cut off our outlet to this pile-fabric industry would be a very serious matter for us, and we therefore hope you will use your best endeavors to get these reasonable rates adopted by the Finance Committee.

These are suggestions from one of our valued customers. Of course, anything that affects them will affect us. We beg to thank you in advance for giving this careful consideration.

[Inclosure.]

AMENDMENT.

Schedule K, for paragraphs 315, 316, 317, and 318 of H. R. 3321, amend as follows: Page 77, line 5, for "25" insert "35"; line 7, for "30" insert "45"; line 10, for "40" insert "55"; line 16, for "50" insert "65."

Making paragraphs 314, 315, 316, 317, and 318 read as follows:

"314. Hair of the Angora goat, alpaca, and other like animals, and all hair on the skin of such animals, 20 per cent ad valorem.

"315. Tops made from the hair of the Angora goat, alpaca, and other like animals, 35 per cent ad valorem.

"316. Yarns made of the hair of the Angora goat, alpaca, and other like animals, 45 per cent ad valorem.

"317. Cloth and all manufactures of every description made of the hair of the Angora goat, alpaca, and other like animals, not specially provided for in this section, 55 per cent ad valorem.

"318. Plushes, velvets, and all other pile fabrics, cut or uncut, woven or knit, whether or not the pile covers the entire surface, made wholly or partly of the hair of the Angora goat, alpaca, and other like animals, and articles made wholly or in chief value of such plushes or velvets, 65 per cent ad valorem."

MASSACHUSETTS MOHAIR PLUSH CO., BOSTON, MASS., BY HENRY W. BLISS, TREASURER.

BOSTON, MASS., *May 16, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: Referring to Underwood bill, page 77, of H. R. 3321, paragraphs 314-318: Mohair, 20 per cent: top, 25 per cent: yarn, 30 per cent: cloth, 40 per cent: plush, 50 per cent.

After paying a duty of 20 per cent on raw mohair it is impossible to manufacture mohair yarns in this country at a price to compete with foreign-spun yarns with a duty of only 30 per cent.

Mohair duty of 20 per cent would be of no effect to the growers in the United States, because with only a differential rate of 10 per cent on yarns no yarns can be made here, but all yarn used in the manufacture of cloths and plushes can be imported at a lower price than they can be spun here plus the duty on raw mohair.

The labor cost of spinning mohair is greater than the labor cost of spinning wool. Wool is free, with 20 per cent duty on yarns. It is evident that free mohair and 20 per cent on yarns, as in the wool schedule, would be better than the proposed arrangement.

So far as can be estimated by figures, if any grades of mohair cloths and plushes can be made here under the Underwood bill the cheapest way to manufacture them will be to import the yarn and weave them here.

Reasons have been presented why a duty of 20 per cent should be placed on raw mohair, but if this duty is placed on mohair the duties on the manufactures of mohair must be higher than the above schedule to be in proportion and to allow of even competition with imported goods.

Anything that you can do to correct this inequality would be very much appreciated by the industry.

**SALT'S TEXTILE MANUFACTURING CO., BRIDGEPORT, CONN., BY
FREDERIC E. KIP, PRESIDENT.**

It is either right to have plushes higher than cloths or it is wrong. But there can be absolutely no justification in having duties higher than cloths by 10 to 12½ per cent on cotton plushes, on flax plushes, and on mohair plushes and then have wool plushes just the same duty as cloths.

Such an inconsistency can not be justified from any standpoint whatsoever. Therefore, if you would be fair and do justice, a separate paragraph (after par. 297) should be given to wool plushes, the same as in all other textiles. There is not a single textile schedule excepting wool that does not have its plush paragraph.

With the excessively high rates on Schedule K of the Payne-Aldrich bill a separate paragraph for plushes was not required, as manufacturers were glad to take the high cloth duties and have them apply to plushes. As the labor expense in plushes is tremendously higher than on cloths, under the Underwood low wool rates unless a separate paragraph for plushes is created it will work great injustice to the weavers and knitters of wool plushes.

The reason plushes cost so much higher than cloths is: Plushes in plain weaves have three warps (viz, top back warp, bottom back warp, and pile warp), whereas cloths deal with one warp only.

On account of extra stoppage of the loom due to congestion of the three warps, the extra expertness required in weaving, and other handicaps in plushes, the labor cost of plushes as against cloths—in every textile industry—is 40 to 50 per cent higher on plushes.

It is for this reason that every textile schedule (excepting wool) has a separate paragraph for plushes, and the duties on the plushes are 10 to 12½ per cent higher than on the cloths.

Underwood bill (H. R. 3321).	Cloths.	Plushes.	Plushes higher by—
	Percent.	Percent.	Percent.
Schedule L, cottons, p. 63, par. 257, and p. 68, par. 262.....	27½	40	12½
Schedule J, flax, p. 35, par. 262, and p. 74, par. 289.....	35	45	10
Schedule K, mohair, p. 78, par. 317, and p. 79, par. 318.....	40	50	10

†Finest.

Wool plushes should carry a rate of at least 10 per cent higher duty than wool cloths.

Page 76, after line 4 (bill H. R. 3321), insert:

297A. Plushes, velvets, and all other pile fabrics, cut or uncut, woven or knit, whether or not the pile covers the entire surface, made wholly or in chief value of wool, and articles made wholly or in chief value of such plushes, velvets, and other pile fabrics, — — — per cent ad valorem.

Mr. Frederic E. Kip, president Salt's Textile Manufacturing Co., Bridgeport, Conn., also filed the following:

The hair of the Angora goat is made dutiable at 20 per cent in the Underwood bill. Resultant products of mohair: Tops, yarns, cloths, and plushes are accorded about one-half the differential or competitive rate that is accorded to wool.

This is not right, equitable, or just.

If it is, then black is white.

Mohair is a luxury. Besides, mohair costs more than wool to make into yarns, cloths, and plushes and should be accorded the same differential rates as wool, plus 5 per cent for this extra cost of manufacturing.

The reason why mohair products cost more to manufacture than wool products is on account of the wiry, brittle character of mohair. It is more difficult to handle. The electricity gets in it in spinning and large quantities of it go to waste in this process. It requires more expert labor also in manufacturing the mohair yarns into cloths and plushes, and a rate of 5 per cent additional duty over the differential rates on wool on tops, yarns, cloths, and plushes would only equalize the extra cost expense in manufacturing these mohair products.

Wool is cut to the quick.

But how about the resultant products of mohair, which are given about half the differential accorded to wool?

Such inequalities should be corrected.

The Underwood bill (H. R. 3321) makes rates on mohair and resultant products as follows: Raw mohair, 20 per cent; tops, 25 per cent; yarns, 30 per cent; cloths, 40 per cent; plushes and pile fabrics, 50 per cent.

These rates on tops, yarns, cloths, and plushes are too low and unless materially advanced spell ruin to the mohair spinning and weaving industry.

Rates required are: Raw mohair, 20 per cent; tops, 35 per cent; yarns, 45 per cent; cloths, 55 per cent; plushes and pile fabrics, 65 per cent.

Mohair fabrics are luxuries in the highest sense, viz: Plushes for railroad car seats, plushes in large variety in imitation of genuine furs, cloths for automobile tops, high priced men's suits, and ladies' dresses.

Being exclusively luxuries same should pay their share of revenue to the Government.

The establishment of the mohair industry in the United States, including the raising of the Angora goat here, has been very laboriously achieved.

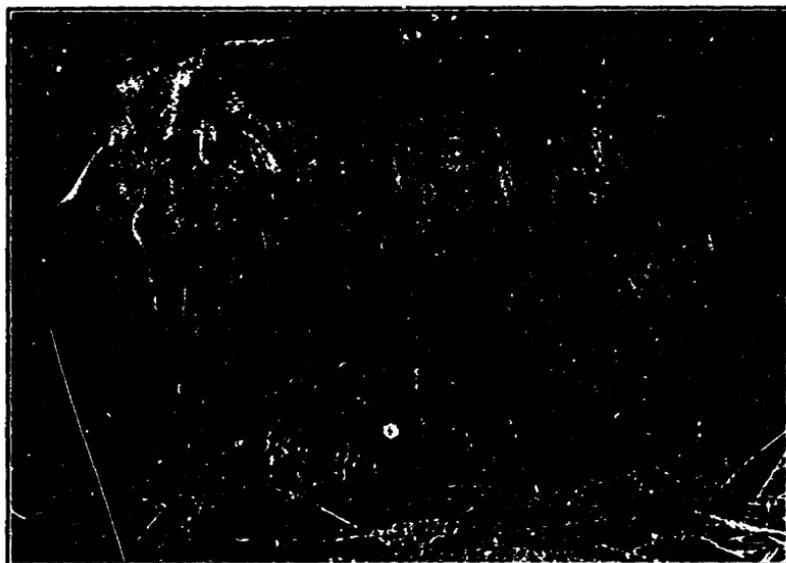
The Governments of Turkey and South Africa prohibited by edicts all exportation of Angora goats, under any conditions, in order to check and if possible destroy the American industry. This, together with the fact that mohair fabrics are not at all a necessity like wool but are mainly dependent upon the caprice of fashion for their use, puts mohair in the same category as silk.

Raw silk is free; raw mohair, 20 per cent. Silk piece goods, 45 per cent; mohair piece goods, 40 per cent. Plushes and pile fabrics, 50 per cent; mohair and pile fabrics, 50 per cent.

In silk, differential rate between raw material and cloth, 45 per cent; plushes, 50 per cent.

In mohair, differential rate between raw material and cloth, 20 per cent; plushes, 30 per cent.

The proposed schedule makes differential rate between raw material and cloth, 35 per cent; plushes, 45 per cent.



Oregon (U. S.) prize Angora goat, "Kuropatkin."

The production of mohair cloth and plushes in the United States is to-day very large. This mohair industry has grown in leaps and bounds in the past six to eight years to the great benefit of the American goat raiser. Sheep in the United States in the past 10 years have decreased in number 15 per cent, whereas the Angora goat has increased in numbers here in the same period over 50 per cent. (See pp. 332 and 333, Abstract of the Census, 1910.)

The following table shows discrimination against mohair in comparison with wool in the Underwood bill (H. R. 3321), also gives equivalent ad valorem duties of the Payne bill (1909), and Wilson bill (1894).

	Raw material.	Tops.	Differ- ential rate.	Yarns.	Differ- ential rate.	Cloths.	Differ- ential rate.	Plushes and pile fabrics.
		<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
Underwood House bill.	Wool, free.....	15	15	20	20	35	35	.....
Wilson bill, 1894.....	Mohair, 20 per cent Wool and mohair, free.	25	5	30	10	40	20	50
Payne bill, 1909.....	Wool and mohair, 44 per cent.	20	.....	40	.....	50	.....	.....
		88	.....	79	.....	91	.....	110

Cloths and plushes are too low and should be materially advanced, but even if cloths and plushes could be made here, it is apparent that the mohair duty of 20 per cent would be of no effect to the mohair grower, because with only a differential rate of duty of 5 per cent on tops and 10 per cent on yarns no tops or yarns would be made here, but every pound used to manufacture cloths and plushes in the United States would be imported.

We therefore give you herewith absolutely the lowest rates of duties which will enable the mohair industry to continue in the United States and to buy the hair from the mohair raiser here.

Raw material.	Tops.	Yarns.	Cloths.	Plushes and pile fabrics.	Remarks.
	Per cent.	Per cent.	Per cent.	Per cent.	
If mohair 20 per cent.....	35	45	55	65	Rates A.
If mohair free.....	20	35	45	55	Rates B.



Sheep in the Scottish highlands.

We, as manufacturers and very large importers of raw mohair, urge and request the retention of the Underwood duty of 20 per cent on raw mohair, with rates A on the resultant products.

If, however, mohair should be made free, then the rates B on resultant products must be given to enable the industry to continue and to buy hair from the American grower.

As wiping out this industry in the United States would raise the price to the American consumer by removing from the field the competition of American-grown mohair, and as mohair and its products are strictly articles of luxury and the rates A or B are less than similar luxuries in silks, we can see no justification in granting less rates and destroying this industry, particularly when prices to the consumer here in a very short time are bound to advance over present figures.

TABLE A.

Comparative list of wages paid in Bradford, England, and the United States, on March 1, 1913, by a firm of combers, spinners, and manufacturers of mohair and alpaca, of identically the same qualities and classes of goods on the same machinery, running at the same speed in both countries. The hours of labor in England are 55½ and in the United States 51 per week. One-half penny considered equal to 1 cent.

Class of help.	Bradford wages.	United States wages.
Mohair sorters, per 240 pounds material.....	\$2.40	\$4.37
Combers and carders, per week.....	1.68	8.60
Combers and carders, fixers, per week.....	8.16	19.35
Spinning room, long spools, per week.....	3.36	8.60
Weaving room, per piece of 56 yards:		
Number of picks per inch of cloth—		
50.....	.48	1.49
60.....	.58	1.81
70.....	.68	2.11
80.....	.78	2.41
90.....	.88	2.71
100.....	.98	3.01
Loom fixers, per week.....	8.64	17.20
Perchers, per week.....	6.24	13.00
Menders, per week.....	3.84	11.39
Power plant:		
Firemen, per week.....	6.00	12.50
Watchmen, per week.....	6.00	15.00
Engine tenders, per week.....	6.72	15.00
Fitters, per week.....	5.01	12.50
Blacksmiths, per week.....	7.92	17.20
Carpenters, per week.....	8.16	17.20

Comparative costs of mohair and alpaca cloths manufactured in United States and in England.

	Qualities.												
	1	3	31	33	81	93	97	386	488	545	549	879	880
Cost per yard of cloth made in United States under the new Underwood bill of 20 per cent ad valorem duty on raw mohair and alpaca.....cents..	28.0	32.5	36.5	42.7	60.2	46.9	78.2	37.0	33.7	39.0	45.0	31.2	39.7
Cost of imported cloths under the new Underwood bill paying a duty of 40 per cent ad valorem.....cents..	21.5	28.3	32.3	37.4	50.9	41.1	69.0	31.6	29.4	31.1	40.2	27.3	35.5
Advantage to importer over United States manufacturer.....per cent..	12.5	12.9	11.5	12.4	13.4	12.2	11.8	11.6	12.8	12.6	10.7	12.5	10.6
With a duty of 60 per cent the cost of foreign-made mohair cloths landed in the United States would be.....cents..	27.9	32.2	36.8	42.6	68.3	46.9	73.7	36.0	33.4	38.9	45.8	31.0	40.5

SANFORD MILLS, SANFORD, ME., AND OTHERS.

SANFORD, ME., *May 14, 1913.*

Hon. F. M. SIMMONS,

Chairman, United States Senate, Washington, D. C.

DEAR SIR: The committee of mohair spinners and weavers have presented facts to you regarding this industry, a short review of which is contained in the printed statement herewith inclosed.

The present rates in the Underwood bill are: Raw mohair, 20 per cent; mohair tops, 25 per cent; yarns, 30 per cent; cloths, 40 per cent; plushes, 50 per cent.

Boiled down, it simply means this: That with raw mohair at 20 per cent, unless the present rates of the Underwood bill are made as follows, mohair tops, 35 per cent; yarns, 45 per cent; cloths, 55 per cent; plushes, 65 per cent (or, if mohair is free, mohair tops, 20 per cent; yarns, 35 per cent; cloths, 45 per cent; plushes, 55 per cent), this industry will be wiped out, as the labor expense to reduce mohair fibers to cloths and plushes is greater than on any other textile materials owing to the peculiar nature of the mohair itself, and in wiping out this industry you wipe out also the American goat grower, who has established the raising of the Angora goats here under tremendous difficulties and in the face of decrees and edicts of Turkey and South Africa.

The production of the Angora goat has increased in 10 years over 55 per cent, and will still further increase if the industry in the United States is allowed to continue its present rapid growth.

We inclose you herewith amendment for the mohair paragraphs in the pending bill.

As mohair is strictly a luxury and should bear its share of the production of revenue to the Government, and as any less rates will wipe out the industry and the grower, we trust that you will not only vote for this amendment but use your best endeavors to have your fellow members on the Finance Committee adopt same.

[Inclosure.]

TABLE OF RATES.

Amendment submitted by Angora goat raisers of the United States.

Schedule K, for paragraphs 314, 315, 316, 317, and 318 of H. R. 3321, amend as follows:

Page 77, line 5, for "25" insert "35"; line 7, for "30" insert "45"; line 10, for "40" insert "55"; line 16, for "50" insert "65."

Making paragraphs 314, 315, 316, 317, and 318 read as follows:

"314. Hair of the Angora goat, alpaca, and other like animals, and all hair on the skin of such animals, 20 per cent ad valorem.

"315. Tops made from the hair of the Angora goat, alpaca, and other like animals, 35 per cent ad valorem.

"316. Yarns made of the hair of the Angora goat, alpaca, and other like animals, 45 per cent ad valorem.

"317. Cloth and all manufactures of every description made of the hair of the Angora goat, alpaca, and other like animals, not specially provided for in this section, 55 per cent ad valorem.

"318. Plushes, velvets, and all other pile fabrics, cut or uncut, woven or knit, whether or not the pile covers the entire surface, made wholly or partly of the hair of the Angora goat, alpaca, and other like animals, and articles made wholly or in chief value of such plushes or velvets, 65 per cent ad valorem."

THE GOAT RAISERS OF THE UNITED STATES.

MAY 10, 1913.

Hon. F. M. SIMMONS,

United States Senate, Washington, D. C.

DEAR SIR: Inclosed find short statement of the goat raisers, which sets forth briefly and to the point the matter relative to mohair and products made thereof.

We are satisfied with the rate on raw mohair as made by the Underwood House bill, namely, 20 per cent. We are advised, however, that the duties on the resultant products are inadequate to continue manufacturing here yarns, cloths, and plushes. Unless the manufacturer can continue in business our market here is gone, and we will have to ship our hair abroad and find a market there on a free-trade basis, with a freight handicap against us, or go out of the mohair business. Mohair goats have increased in numbers from 1900 to 1910 over 50 per cent.

Inclosed find table of amended rates which will enable manufacturers buying our hair to continue in business.

We call your special attention to the fact that mohair is a luxury, same as silk. As such should pay revenue duty. Proposed rates are lower than silk rates.

There is absolutely no justification, no demand, and no purpose to be served by wiping out this industry, as the present House rates will do. Kindly bear in mind that if the manufacturers suspend business it will probably be impossible for us to exist.

We ask of you as a member of the Finance Committee to kindly investigate this matter thoroughly, as it is to us of most vital interest.

G. J. Moisan; Geo. Brown & Sons, Eagle Point, Oreg.; J. C. Marquam, Marquam, Oreg.; O. C. Sether, Glendale, Oreg.; W. S. Hurst, Hubbard, Oreg.; Geo. W. Jackson & Sons; F. E. Libby; E. E. Monson; C. L. Crider; Plunkett & Thompson.

[Inclosures.]

STATEMENT OF THE GOAT RAISERS OF THE UNITED STATES.

The Underwood bill (H. R. 3321) makes the following rate on mohair: Raw mohair, 20 per cent.

This duty is satisfactory under existing circumstances to the goat raisers of the United States.

We are equally interested, however, that the manufacturers of mohair products (using our raw mohair) have sufficient duty to enable them to continue manufacturing here, and thereby continue to buy American-raised mohair.

We understand that the Underwood duties on mohair tops, yarns, cloths, and plushes are too low and unless advanced manufacturing can not continue on its present scale here, in which case we must seek a market abroad on a free-trade, lower-priced basis, with a handicap of freight to Europe against the American grower.

We wish to point out to the Finance Committee and each Senator the significant fact that in the last 10 years (1900-1910) sheep in the United States have decreased over 15 per cent in numbers, whereas in identically the same period Angora goats have increased here over 50 per cent. (See Abstract Census, 1910, pp. 332, 333.) Where we were raising 2,000,000 pounds of mohair in 1900, we are now raising 6,000,000 pounds, principally in the following States: Texas, California, New Mexico, Oregon, Nevada, Idaho, Wyoming, and Arizona.

We are informed that there are 13,000,000 pounds of raw mohair consumed in the United States, of which there is raised here 6,000,000 pounds and imported 7,000,000 pounds (even at the present high rate of duty). Surely this is competitive, and will be

still more so with the reduction of the duty on raw mohair to 20 per cent. It is our opinion that we should not be further handicapped by removing the market which we now have for our hair among the manufacturers in this country, and this will be the result unless the duties in the House bill (H. R. 3321) on the resultant products are very materially advanced.

We are now raising 45 per cent of the quantity used here. The production in the last 10 years of Angora goat hair has increased 50 per cent. The articles made from mohair are luxuries. Why can we not be allowed to further increase the production of mohair, particularly when we have in this country thousands of acres which is adapted for that purpose and nothing else? The only three countries raising mohair are the United States, Turkey, and South Africa; both Turkey and South Africa are trying, by legislative decrees, to destroy the American goat industry.

We rely on you to espouse such a just cause as ours and to place sufficient duties on the resultant products of mohair to enable us to sell, as we are now doing, in increasing quantities the beautiful fiber of the American Angora goat.

Respectfully submitted by the goat raisers of the United States.

AMENDMENTS SUBMITTED BY ANGORA-GOAT RAISERS OF THE UNITED STATES.

Schedule K, for paragraphs 315, 316, 317, and 318, of H. R. 3321 amend as follows: Page 77, line 5, for "25" insert "35"; line 7, for "30" insert "45"; line 10, for "40" insert "55"; line 16, for "50" insert "65," making paragraphs 314, 315, 316, 317, and 318 read as follows:

"314. Hair of the Angora goat, alpaca, and other like animals, and all hair on the skin of such animals, 20 per centum ad valorem.

"315. Tops made from the hair of the Angora goat, alpaca, and other like animals, 35 per centum ad valorem.

"316. Yarns made of the hair of the Angora goat, alpaca, and other like animals, 45 per centum ad valorem.

"317. Cloth and all manufactures of every description made of the hair of the Angora goat, alpaca, and other like animals, not specially provided for in this section, 55 per centum ad valorem.

"318. Plushes, velvets, and all other pile fabrics, cut or uncut, woven or knit, whether or not the pile covers the entire surface, made wholly or partly of the hair of the Angora goat, alpaca, and other like animals, and articles made wholly or in chief value of such plushes or velvets, 65 per centum ad valorem."

Par. 318.—PLUSHES.

STROOCK PLUSH CO., BY LOUIS S. STROOCK, PRESIDENT.

APPLICATION TO HAVE VELOURS, PLUSHES (OTHER THAN THOSE REFERRED TO IN SCHEDULE K, SUBDIVISION 318), AND IMITATIONS OF FURS SPECIFICALLY ENUMERATED AND CLASSIFIED WITHIN SCHEDULE K OF THE TARIFF LAW, H. R. 3321.

The COMMITTEE ON FINANCE,

Senate of the United States.

GENTLEMEN: The domestic manufacturers of the merchandise referred to in the caption hereof respectfully call to the attention of your committee:

I. The merchandise involved is velours, plushes (other than those referred to in Schedule K, subdivision 318, H. R. 3321), pile fabrics, and imitations of furs, composed wholly or in part of the hair of the camel, goat, or other animals, and wool or vegetable fiber.

II. The merchandise under H. R. 3321 is neither specifically nor specially enumerated or classified and should be specially provided for in the same manner as under the existing (Payne-Aldrich) act, being subdivision 443 thereof.

III. Certain foreign manufacturers of the merchandise in question are now seeking to have the imported goods designated as coming within the provisions of section 6 of the present (Payne-Aldrich) act or subdivision 396, Schedule X, of H. R. 3321.

IV. The change proposed is as follows: To insert as subdivision 318a, Schedule K, the following:

Plushes and woven fabrics (except crinoline cloth and hair seating) and manufactures thereof composed of the hair of the camel, goat, or any animal, combined with wool, vegetable fiber, or silk, shall be classified and dutiable as manufactures of wool.

V. In order to avoid disputes between the Government and importers it is necessary that the goods in question should be specifically classified, if not specifically enumerated.

Because of such omission in previous acts considerable litigation has arisen in connection with the goods in question, and in substantiation thereof we respectfully refer you to the case of Arthur, Collector, against Fox (108 U. S., 125); F. Rosenstern & Co. v. U. S. (171 F. R., 71); in both of which cases goods identical with those in question were under discussion, and the court in each case held that the goods should be classified within the wool schedule.

The merchandise in question was classified under the McKinley Act (the tariff and administrative acts of 1890) as follows:

396. On clothing, ready-made, and articles of wearing apparel of every description made up or manufactured wholly or in part, not woven and not specifically provided for in this act, felts not woven and not specially provided for in this act, and plushes and other pile fabrics, all of the foregoing composed wholly or in part of wool, worsted, hair of the camel, goat, alpaca, or other animals, the duty per pound shall be four and one-half times the duty imposed by this act on a pound of unwashed wool of the first class, and in addition thereto 60 per cent ad valorem.

Further, under the Dingley bill, as amended by the House, the paragraph in question read as follows:

284. On clothing, ready-made, and articles of wearing apparel of every description made up or manufactured wholly or in part, not specially provided for in this act, felts not woven and not specially provided for in this act, and plushes and other pile fabrics, all the foregoing composed wholly or in part of woolen, worsted, hair of the camel, goat, alpaca, or other animals, including those having India rubber as a component material, 45 per cent ad valorem.

And under the amendments thereto proposed by the Senate Finance Committee the foregoing paragraph of said bill was amended so as to read as follows:

284. On clothing, ready-made, and articles of wearing apparel of every description made up or manufactured wholly or in part, not specially provided for in this act, felts not woven and not specially provided for in this act, and plushes and other pile fabrics and imitations of fur, all the foregoing composed wholly or in part of wool, worsted, the hair of the camel, goat, alpaca, or other animals, including those having India rubber as a component material, 40 per cent ad valorem.

Notwithstanding the very considerable litigation that has been had in regard to this subject and the classification thereof, the foreign manufacturers in anticipation of the passage of the proposed bill (H. R. 3321) in its present form, are already soliciting the sale of such merchandise, to be effective after the passage of the proposed act, at prices very much less than what the same can be produced by the domestic manufacturers, and in order to seek to have the goods classified under subdivision 396, Schedule X, H. R. 3321, are claiming that the goods are manufactured of calf's hair and cotton, or cattle hair and cotton, notwithstanding the findings of the court in

the Rosenstern case above referred to and notwithstanding that such goods can not be manufactured without introducing therein some wool, as particularly hereinafter explained.

The domestic manufacturers of the merchandise in question ask that these goods shall not remain as they now are under the proposed act without classification or enumeration, but that they should, as they were under the McKinley Act (the tariff and administrative acts of 1890), and also under the proposed House amendments and Finance Committee amendments to the Dingley Act, and also under the Payne-Aldrich Act, be specifically and especially enumerated and classified.

The goods in question are sometimes designated as plushes, sometimes as velours, sometimes as imitations of fur, sometimes as sealskin, and sometimes as "seal fantastic."

"Plush" has been defined by the Century Dictionary as a—

Cloth of silk or cotton and sometimes of wool (especially of camel's or goat's hair) having a softer and longer nap than that of velvet. Plush is especially used for upholstery, women's cloaks, expensive liveries, men's silk hats, and since 1870 as a ground for embroidery in house decoration for curtains and the like.

"Velour" is defined by the Century Dictionary as follows:

Same as velure, a textile fabric having a thick, soft nap.

The merchandise in question, for the reasons stated is not included within the provisions of subdivision 318, Schedule K, H. R. 3321, and it is the contention of your petitioners that said merchandise should be included within the provisions of section 297, Schedule K, H. R. 3321, and that there should be no possibility of such merchandise being brought under the provisions of section 396, Schedule X, H. R. 3321.

It is the contention of your petitioners that under the decisions of the court in *Arthur v. Fox*, supra, and *Rosenstern & Co. v. U. S.*, supra, that under a proper construction of section 397, Schedule X, H. R. 3321, the merchandise in question should come under the provisions of subdivision 297, Schedule K, H. R. 3321, for all of the reasons hereinbefore or hereinafter stated. The subject should not be left in doubt nor subject to judicial construction to determine under what particular section or subdivision the goods in question shall be classified, but the same should be specifically enumerated as hereinbefore suggested.

VI. The imported merchandise and the domestic merchandise is used for all purposes for which furs are used, and also for cloaks, cloaking, and hats, gloves, lap robes, and carriage and sleigh seats and backs, and caps and women's wearing apparel and jackets, and also by the millinery trade.

Both the domestic and the imported goods are manufactured of calf hair, cotton, and wool, or they may be made of hair and wool and mohair noils with a cotton warp, or they may be manufactured of calf hair and wool or some long carrying fiber of the wool or goat species, generally mohair noils.

Both the imported and the domestic merchandise are made upon the same character of machines and machinery.

The domestic manufacturers of the merchandise in question, because of the nature or character of the goods, are compelled to purchase in the foreign market some of the ingredients with which to manufacture the goods, because such ingredients are not produced in the

domestic markets and are thus compelled to pay duty upon such raw materials.

It requires no statistics nor argument to convince you that the cost of labor in this country is very much higher than the cost of the same labor in foreign countries.

Therefore, since the domestic manufacturer must use the same character and kind of machines and machinery and must also use the same kinds of raw materials as does the foreign manufacturer and must pay more for his labor than does the foreign manufacturer, unless the manufactured imported merchandise is specifically placed within the same schedule and on the same basis as are the raw materials, the domestic manufacturer is not properly protected in his capital and industry.

To slightly amplify the reasons, it is respectfully called to the attention of your committee that the merchandise in question can not be made without the introduction of either wool or noils or some by-product of wool, because in order to manufacture the merchandise in question the ingredients, other than the cotton warp, must be first spun into a long twisted thread, and this thread is then woven on and through and over the cotton warp, thus producing a flat piece of goods without any pile upon it; these flat goods are then dyed and shrunk and submitted to various other processes. The most important process to which they are thereafter put is that of being run through a machine which has teasles or instruments with sharp prongs in it to grasp the spun thread, pull it out, and thus produce the pile.

The characteristic difference between the woolen fiber and the hair fiber is that the former has slender tentacles or branches growing along the length thereof, whereas the latter is a straight fiber without tentacles or branches. These tentacles or branches are absolutely necessary to the solidity or cohesiveness of the textile in order to hold it together and keep it from falling apart, which would be the result if there was no wool in the textile, and without wool it is contended that the textile would be an uncommercial, unstable product without the tension or cohesive strength of even cotton batting.

In the making of the above-mentioned twisted thread the tentacles or branches on the wool fiber surround and grasp the other ingredients and thus bind them together, whereas without these branches the thread would not hold together for lack of some binding force or substance, and therefore it is contended that the merchandise in question can not be made without the introduction therein of some wool.

It is also called to your attention that the lower the grade of the wool the less prominent or prolific are these tentacles or branches, and the higher the grade of the hair, whether calf hair or cow hair, the more nearly the fibers will resemble the lower or lowest grade of wool fibers.

Because of the processes of manufacture above briefly outlined the tentacles or branches of the wool fiber are lost sight of and are less distinguishable from hair because these tentacles or branches are, to a greater or less extent, destroyed or removed, and therefore become less distinguishable under the microscope.

The only means of distinguishing the hair fibers from the wool fibers after the processes of manufacture have been completed is the

human eye; there is no known analytical or chemical process for distinguishing under all circumstances hair fibers from wool fibers, and the microscope can not be relied on to examine these fibers after the manufacturing processes have been completed for the reasons above stated; the experienced trained human eye can distinguish wool fibers from hair fibers after the same have gone through the manufacturing processes by separating the yarn or spun thread into its original component fibers. The difficulty last above recited leaves the subject matter in an unsatisfactory state because one eye may detect the presence of wool or hair, or both, whereas another human eye may be unable, unconsciously or through prejudice, to distinguish the difference or to be able to separate each of the fibers into its proper class.

Because the tests for determining the ingredients of the merchandise in question can not be accurately determined by either mechanical or chemical or other exact scientific process, they must be dependent upon the eye of the experienced manufacturer or examiner, and the question as to the amount of duty to be paid upon imported goods may thus be made one of fact or credibility in each instance, whereas the amount of duty to be paid should be specifically and accurately determined or enumerated just as is the duty which the domestic manufacturers are compelled to pay upon the raw materials accurately and specifically designated or enumerated.

The domestic merchandise and the imported merchandise are used for the same purpose and are manufactured of the same material and have the same qualities and texture, and because the cost of labor entering into the manufacture of the domestic merchandise is unquestionably and undeniably higher than that entering into the manufacture of the imported goods and because the domestic goods are composed in whole or in part of imported raw materials, upon which the duty has been levied and paid, and because no mechanical or chemical or scientific process is now known which will accurately determine and segregate the component parts of the manufactured article, and because the foreign manufacturers have sought and are now seeking to import into this country the merchandise under a rate of duty that will not permit the domestic manufacturer to compete with the foreign manufacturers, and because of the confusion as to the correct classification of the merchandise in question, it is respectfully submitted that all of the difficulties can be obviated and the rights and capital and industry of the domestic manufacturer (and through him domestic labor), properly safeguarded by specifically enumerating (as was done in the McKinley Tariff Act and in the Payne-Aldrich Act and in various previous acts) the merchandise in question by the insertion of the above-suggested subdivision 318a. or by inserting in subdivision 318 of the present proposed act after the word "alpaca" the words "goat, camel," and by striking out the word "like" before the word "animals," and after the word "animals" inserting the words "and vegetable fiber."

All of which is respectfully submitted.

APPENDIX.

After the foregoing went to press we have learned that the manufacturers of the merchandise in Germany (that being the country in which most, if not all, of the foreign goods of the kind in question are made) have combined to form a trust or monopoly for the sale and distribution of these goods in countries other than Germany, under the style of "Verband der Deutschen Sealskin Fabrikanten" which translated, means "union or combination of the German sealskin manufacturers," and which monopoly fixes the selling price, quantities, qualities, and credit terms, and all other details of each transaction. So that the domestic manufacturer is embarrassed in seeking to compete with these foreigners, not alone by all of the conditions mentioned in the foregoing, but also by being compelled to compete with a "trust" or "monopoly."

Par. 318.—PLUSH, VELVET, AND PILE FABRIC.

THE E. A. SMITH MANUFACTURING CO., CHARLOTTE, N. C., BY E. A. SMITH, PRESIDENT AND TREASURER.

CHARLOTTE, N. C., *May 6, 1913.*

Hon. F. M. SIMMONS,

United States Senate, Washington, D. C.

DEAR SIR: One of the large industries using quantities of cotton yarns is the plush, velvet, and pile fabric. There is one concern that uses cotton yarns to the extent of over 3,000,000 pounds per annum and about 80 per cent of this quantity of yarn is made by southern mills.

These mills manufacture silk, mohair, and wool plushes. In every one of their cloths the pile or face is either silk, mohair, or wool, but all the back warp and the filling is of cotton, so that whether they use mohair or silk face they always use our cotton for both. This mill, although a large one, is only one of many in this industry.

Mohair duties.—In mohair the Underwood bill gives 20 per cent on the raw hair, but on tops, yarns, cloths, and plushes they cut the differential duties to less than half what is granted on wool products, which is absolutely ruinous, and without any reason, as these mohair products are strictly luxuries.

We therefore inclose an amendment to schedule K, and would ask you to kindly use your best endeavors with the Finance Committee to get the rates proposed in this amendment for paragraphs 315, 316, 317, and 318 of the Underwood bill adopted.

Inclosed also find a statement regarding mohair, which shows that the differential rates on mohair products are less than half what they are on wool. Mr. Underwood and some of the Committee on Ways and Means are cognizant of this discrepancy and have stated that they will approve any correction thereof made by the Finance Committee, so that there should not be much difficulty in getting the Finance Committee to materially advance the rates on the mohair products, and to give those contained in the inclosed amendment.

Silk plushes.—The rates on silk plushes have been made ad valorem instead of specific. So many goods in plushes are made "seconds" that no part of the industry, neither the importers, the manufacturers, nor the customhouse appraising officials themselves, have requested anything but the retention of specific duties thereon.

We inclose you amendment for the silk schedule marked "1," which we would also thank you to try and get adopted, relative to

paragraphs 319, 320, and 322. The tables 2 and 3 show the difference between the Underwood ad valorem rate, the Payne law, and the proposed manufacturers' schedule.

To cut off our outlet to this pile fabric industry would be a very serious matter for us, and we therefore hope you will use your best endeavors to get these reasonable rates adopted by the Finance Committee.

Pars. 314, 318.—TAPESTRIES.

THE ORINOKA MILLS, NEW YORK, N. Y., AND OTHERS.

New York, April 30, 1913.

The SENATE FINANCE COMMITTEE.

GENTLEMEN: On January 23 last, the undersigned domestic manufacturers of upholstery fabrics presented to the Ways and Means Committee a brief protesting against any reduction in the duty on goods covered by paragraph 326 of the tariff act of 1909. This brief was prepared with every precaution to insure the accuracy of the facts and figures therein contained and you will find it published on page 3615 of the hearings before the Committee on Ways and Means on Schedule I. With this brief there was presented a sample of French tapestry. The name of the manufacturer, the price, and discount in France were given and the actual landed cost at the port of New York in detail. The cost of making the same fabric in the United States was also given in detail, with every item entering into its cost. These figures, as far as we know, have never been disputed, although if any false statement had been made it could have been easily disproved. We claim we have proved that even with the duty at 50 per cent goods can be landed at a less price than they could be made for in this country, and therefore the present duty is not prohibitive or excessive, but only competitive.

In the testimony given by Mr. Theo. F. Miller, published on page 3609, at page 3613, attention was called to the statement of the Tariff Board report on Schedule I, page 128, as follows:

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 \$1,723,907. For the corresponding period the imports were only \$235,138 or approximately 5 per cent.

This was an entirely erroneous comparison, as the \$4,723,907 referred to the production of upholstery fabrics other than those covered by paragraph 326 of the present act as well as those therein covered, while the amount of \$235,138 imports referred solely to goods covered by paragraph 326; and there is a large importation of upholstery fabrics not covered by paragraph 326, such as Jacquard figured goods weighing 6 ounces or less to the yard, reps, fancy weaves, plain weaves, printed cretonnes, etc. This seeming monopoly on domestic goods was referred to at length in the brief of the upholstery manufacturers, referred to above, and its inaccuracy is further proven by the figures furnished in the Daily Consular and Trade Reports, issued by the Bureau of Manufactures, Department of Commerce and Labor, which shows that in the year in question (1910) there were shipped to the United States from France, Germany, and Belgium tapestries and

upholstered goods to the value of \$1,159,060. These figures do not include any shipments of such goods from England, Italy, or countries other than those specified because the consuls in those countries in their reports bunched upholstery fabrics with other various textiles shipped.

The statistics show that instead of there being any block caused by the 50 per cent rate on the importation of goods covered by paragraph 326 there has been a large increase in importations since 1909.

Furthermore these fabrics are essentially luxuries, and the percentage of labor cost of producing them as well as the initial cost for designs and Jacquard cards is very much higher than the labor cost involved in the production of plushes, velvets, corduroys, and other pile fabrics; and yet the bill as proposed gives the latter in paragraph 262 a 40 per cent ad valorem duty and in paragraph 263 a 35 per cent duty to the former. This is neither logical nor is it just.

We would also call your attention to the brief and statement submitted by Mr. William M. Blake to the Ways and Means Committee on the classification of wool tapestries. (Please see p. 4402 of the hearings before the Committee on Ways and Means on Schedule K.) The paragraph asked for there should certainly be admitted. In view of free wool perhaps the rate asked for was too high, but it should be at least 60 per cent.

A careful estimate of the value of tapestries and other jacquard figured upholstery goods (not including plushes or other pile fabrics), made wholly or partly of wool, woven in the United States during the year 1912 is about \$125,000. During the same period there were imported manufactures, wholly or partly of wool n. s. p. f., valued at over 70 cents a pound, worth \$296,294.91. We can not find out officially what part of this sum represents tapestries, but we feel quite sure the value of same exceeded the domestic production.

If you so desire, we could furnish you a list of names of the principal importers of wool upholstery goods.

We again urge you to create a special paragraph in the wool schedule for tapestries and other jacquard figured upholstery goods similar to paragraph 326 of the act of 1909, covering such goods made of cotton, to read as follows: "Tapestries and other jacquard figured upholstery goods, composed wholly or in part of wool, in the piece or otherwise, 60 per cent ad valorem."

In the new bill mohair plushes (par. 318) are given a duty of 50 per cent. These goods are used for car-seat coverings, while wool tapestries go to the homes of the wealthy, and the labor involved in the making is much more costly.

(The above communication was signed by the following: A. Theo Abbott & Co., Philadelphia, Pa.; The Arbeco Mills, Philadelphia, Pa.; Baldwin Manufacturing 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 Manufacturing Co., Philadelphia, Pa.; W. S. Deibert Co., Elk Mills, Md.; Robert Lewis Co., Bridesburg, Pa.; John Moore Sons & Co., Philadelphia, Pa.; Moss Rose Manufacturing 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.)

GENERAL.

TALBOT MILLS (FREDERIC S. CLARK, PRESIDENT), NORTH BILLERICA, MASS., ET AL.

DATE WHEN LAW SHOULD BECOME EFFECTIVE.

Let January 1 be named as the time when any new tariff bill shall become operative, except that a date at least two months earlier be given for wool and other raw materials.

The business of the country is being paralyzed by uncertainty and suspense.

Why should not Congress make such a declaration and afford instant relief? Manufacturers and merchants can not take orders on uncertain values.

Let the fall season be undisturbed and time allowed for preparation and adjustment. The beginning of a new year is the natural and most generally convenient time for new rates to take effect.

We earnestly and urgently ask that Congress will take quick action and remove trade embarrassments which must daily become more acute.

Submitted by the following manufacturers of woolen goods:

Talbot Mills, Frederic S. Clark, president, North Billerica, Mass.; Faulkner Manufacturing Co., George M. Preston, president, North Billerica, Mass.; Worumbo Manufacturing Co., Galen C. Moses, treasurer, Lisbon Falls, Me.; Falls City Woolen Mills, R. L. Whitney, president, Louisville, Ky.; Charlottesville Woolen Mills, R. P. Valentine, president, Charlottesville, Va.; Strong, Hewat & Co., North Adams, Mass.; Millbrook Woolen Mills, Holliston, Mass.; French River Textile Co., Mechanicsville, Conn.; Hall Bros., Delavan C. Smith, agents, Norwich, Conn.; Herring Bros., New York; John W. Brich & Son, New York; A. T. Skerry Co., Millville, Pa.; Walter & De Lamater, New York; Vreeland & Wilson, New York; Clinton Woolen Manufacturing Co., New York; Charles M. Eakle, New York; Smith Woolen Co., E. S. Wiencke, agent, New York; Frank E. Carpenter, 229 Fourth Avenue, New York; North Adams Manufacturing Co., James F. Fisher, president, North Adams, Mass.; Crown Mills, and Chester Moses, Marcellus, N. Y.; Georges River Mills, Warren, Me.; Devonshire Mills, Goffs Fall, N. H.; the Allen-Lane Co., New York; Fern Rock Woolen Mills, J. F. Innerarity, Philadelphia, Pa.; Glen Woolen Mills, A. S. Bray, Norwich, Conn.; Cox & Schreiber, New York; Neale Maas & Co., 215 Fourth Avenue, New York; Sawyer Regan & Co., Dalton, Mass.; S. H. & O. B. Newhouse, New York; Stevens, Sanford & Jordan, New York; Pawcatuck Woolen Mills, W. J. Battley, president, Westely, R. I.; Stillwater Worsted Co., Austin T. Levy, treasurer, New York; Stroud & Crawford, New York; W. H. Duval & Co., New York; Continental Worsted Co., E. H. Heidelberg, agent, New York; J. W. Smith Woolen Co., G. L. Rosen-

berg, sales agent, New York; M. H. Meinhard & Co., New York; Empire Worsted Mills, Jamestown, N. Y.; Namquit Worsted Co., New York; Dunmore Worsted Co., New York; L. Lubinstein & Co., New York; Mystic Manufacturing Co.; Eli Gledhill, treasurer, Mystic, Conn.; Neesen & Shude, New York; Adams Woolen Co., A. H. Fiker, agent, New York; Leomister Worsted Co., A. Sterzelbach & Sons, agents, New York; Fred L. Sayles Co., New York; A. L. Sayles & Sons, New York; Sayles & Jenks Manufacturing Co., New York; Scotia Worsted Mills, A. Howard Hopping, vice president, New York; Charles Porter & Son, Philadelphia, Pa.; the Beebe-Webber Co., H. J. Beebe, jr., president, Holyoke, Mass.; Norristown Woolen Co., A. P. Hunter, president and treasurer, Norristown, Pa.; Hawthorne Worsted Mills, New York; John King & Son (Inc.), Philadelphia, Pa.; Folwell Bros. & Co. (Inc.), Philadelphia, Pa.; Andrews Mills Co., A. Veluard, Philadelphia, Pa.; Brown Knitting Co., Philadelphia, Pa.; Geo. S. Cox & Bro. (Inc.), Philadelphia, Pa.; Querns Bros., Philadelphia, Pa.; Brown Aberle Co., Philadelphia, Pa.; Bunting & Heritage, Philadelphia, Pa.; William Wood & Co., Philadelphia, Pa.; Alex. Erskine, Philadelphia, Pa.; F. A. Boehman & Co. (Inc.), Philadelphia, Pa.; Westmoreland Manufacturing Co., Thomas Whitehead, Philadelphia, Pa.; Girard Worsted Co., Philadelphia, Pa.; Wilkinson & Son, Philadelphia, Pa.; Greaves Bros., Philadelphia, Pa.; Saxonia Dress Goods Mills, Fred Eik, vice president, Philadelphia, Pa.; Wright Textile Co., Philadelphia, Pa.; Germania Worsted Mills, Stoeckel, agent, Philadelphia, Pa.; Louis Walther Manufacturing Co. (Inc.), Philadelphia, Pa.; Brighton Worsted Co., D. F. Greenawalt, treasurer, Philadelphia, Pa.; Shelbourne Mills, Pfaelzer Fleisher & Co., Philadelphia, Pa.; Bradford Mills, John & James Dobson, George L. Posenberg, sales agent, New York; F. Decker, New York; W. Pheloosen, New York; Peace Dale Manufacturing Co., Peace Dale, R. I.; Colwell Worsted Mills, Providence, R. I.; Continental Worsted Mills, Providence, R. I.; Crawford Woolen Co., Terhune Nearing Co., agents, New York; American Association of Woolen & Worsted Manufacturers, H. E. Peabody, secretary, New York; Geo. C. Hetzel Co., Geo. C. Hetzel, president, Chester, Pa.; Aberfoyle Manufacturing Co., W. F. Galey, jr., secretary, Chester, Pa.; Galey & Lord Manufacturing Co., Frank H. Galey, jr., secretary, Chester, Pa.; Hope Mills Manufacturing Co., C. L. Gililand, president, Hope Mills, N. C.; Jas. Ewing & Son (Ltd.), L. N. Schoff, secretary, Chester, Pa.; American Viscose Co., C. N. Ernst, general manager, Marcus Hook, Pa.; Wm. M. Lovering & Co., 45 East Seventeenth Street, New York; I. Buchmann & Co., 215 Fourth Avenue, New York; Uxbridge Worsted Co., Uxbridge, Mass.; Pontoosuc Woolen Manufacturing Co., Henry A. Francis, president, Pittsfield, Mass.; J. L. Eadie, Pittsfield, Mass.; R. M. Ames, Pittsfield, Mass.; Berkshire Woolen & Worsted Co., J. R. Sweeny, treasurer, Pittsfield, Mass.; David Campbell, Pittsfield, Mass.; Thomas F. Plunkett, Pittsfield, Mass.; S. H. & C. Russell Manufacturing Co., Hy. R. Russell, president, Pittsfield, Mass.; Delaine Mills (Inc.), Philadelphia, Pa.; The Bensdale Manufacturing Co., Philadelphia, Pa.; Wm. H. Grundy & Co., Philadelphia, Pa.; James Connelly & Sons, Philadelphia, Pa.; Jacob Miller Sons & Co., Philadelphia, Pa.; John Williams Manufacturing Co., Philadelphia, Pa.; C. J. Milne & Sons, Philadelphia, Pa.; Murphy & Bro., Philadelphia, Pa.; Continental Eiderdown Co. (Inc.), Philadelphia, Pa.;

the Yendell & Jones Co., Philadelphia, Pa.; Francis H. Holmes, New York; Geo. O. Leavitt, New York; William Loveen, New York; R. E. Byram, New York; A. J. Mundorff, New York; B. F. Mandel, New York; Gad & Kent, New York; Titus & Richardson, New York; Keely & Watson, New York; Geo. V. Taylor, New York; H. H. Roffles, New York; C. B. Krumseid, New York; Chas. P. Follansber & Sons, New York; H. S. Goodman, New York; United Ribbon Co., New York; C. C. Little, New York; John Sulzer, New York; Jas. Irving & Son (Ltd.), Chester, Pa.; Grove Worsted Mills, Chester, Pa.; H. M. Stockton Co., New York; Battey Trull & Co., New York; Colman, MacKay & Gutman, New York; W. Stursberg, Schell & Co., New York; Metcalf Bros. & Co., New York; Wanskuk Co., New York; F. K. Nixon, 45 East Seventeenth Street, New York; Holden Leonard Co., T. L. Thomas, secretary, New York; Shelbourne Mills, H. E. Peabody, New York; Chester Spinning Co., Chester, Pa.; Emmott Worsted Spinning Co., E. H. Emmott, Chester, Pa.; Paragon Worsted Co., Providence, R. I.; Virginia Woolen Co., Terhune Nearing Co., agents, New York; Atlantic Mills of Rhode Island, Providence, R. I.; Pocasset Worsted Co., Thornton, R. I.; Coronet Worsted Co., Mapleville, R. I.; Plainfield Woolen Co., Central Village, Conn.; Allentown Woolen Co., Allentown, R. I.; Central Yarn Co., Central Village, Conn.; Joseph E. Fletcher, Mapleville, R. I.; Joseph E. Benn & Sons (Inc.), Greystone, R. I.; the Hockanum Mills Co., F. T. Maxwell, treasurer, Rockville, Conn.; the James J. Regan Manufacturing Co., F. J. Regan, treasurer, Rockville, Conn.; the New England Co., Geo. B. Hammond, Rockville, Conn.; the Rock Manufacturing Co., Frederick Swindell, president, Rockville, Conn.; the American Mills Co., C. N. McLean, treasurer, Rockville, Conn.; the Rockville Worsted Co., Thos. J. Corcoran, Rockville, Conn.; the Minterburn Mills Co., S. Tracy Noble, Rockville, Conn.; E. J. Martin's Sons, A. L. Martin, Rockville, Conn.; Belding Bros. & Co., A. N. Belding, secretary, Rockville, Conn.

The following importers: E. H. Van Ingen & Co.; W. P. Willis & Co.; William B. Leonard; Milbank, Leaman & Co.; M. Fisher Sons & Co.; Brooks Bros., Francis G. Lloyd, president; S. Stein & Co.; J. B. Thompson & Co.; Emil Wilhelm Co.; Howse, Mead & Sons, H. C. Thomson, attorney; Harry Angelo Co.; W. H. Lent & Co.; Cobb & Jenkins; William S. Gelston; Arnold, Constable & Co., by H. A. Weatherbee; P. K. Wilson & Son; the Fritz & La Rue Co., J. A. Hyde, secretary and treasurer; Henry W. T. Mali & Co.; Johnson & Faulkner, per E. H. White, attorney; W. Stursberg, Schell & Co.; Goldenberg Bros. & Co., V. E. Wiedeman, vice president; H. A. Caesar & Co.; Acker, Merrall & Condit Co., Walter Merrall, treasurer; the Strobel & Wilken Co., E. Strobel, secretary; A. A. Vantine & Co., Irving E. Raymond, president; J. H. Thorpe & Co., G. F. Bowman; Passavant & Co.; Jos. Wild & Co.; W. & J. Sloane, Geo. McNeir, vice president; Henry Bendel; Mills & Gibb, H. Elmer Gibb, president; F. Vietor & Achelis; William Iselin & Co.; B. Altman & Co., M. Friedsam, vice president; Eastern Rug & Trading Co., A. C. Van Gaasbeek, vice president; Park & Tilford, J. V. E. Agnew, vice president; E. I. Horsman Co., A. W. Bowie, treasurer; Einstein, Wolff & Co., I. N. Landour, vice president; Dodd, Mead & Co.; R. H. Macy & Co.; G. P. Putnam's Sons; Willis L. Ogden & Co.; American Linseed Co., P. R. Slauson, assistant general manager; Maas & Waldstein Co., F. S. Magnus, treasurer; Heller, Hirsh & Co.,

James E. Heller, president; Roure-Bertrand Fils, Edwin H. Burr, manager; Beckermann & Co.; Brokaw Bros., Isaac V. Brokaw, president; E. L. Brady Co.; Wm. Lennox; W. J. Davidson & Co.; L. P. Hollander & Co.; James McCutcheon & Co., James McCutcheon, president; Leon Rheims Co., Harry L. Rheims, treasurer; Aitken, Son & Co. (Inc.), by George Taylor, president; J. L. Hopkins & Co.; Tartar Chemical Co., Wm. C. Voight, treasurer; Geisenheimer & Co., per Henry Datter, attorney; Schering & Glatz, per C. Maisel, attorney; Geo. Borgfeldt & Co., Curt G. Pfeipfer, vice president; the Sutro Bros. Braid Co., F. C. Sutro, secretary; Dr. Jaeger's Sanitary Woolen System Co., Ernest Benger, president; W. Benger Sons & Co.; Charles Scribner's Sons.

The following cloak and suit manufacturers of New York City: Maurice Bandler; A. M. Engel & Co.; Al. Goldston & Co.; M. & H. Gordon; Louis Finfer & Co.; J. M. Brady & Co.; E. C. Carroll & Co.; Weltner, Silverman & Rauchwerger; Mezzendorf Bros.; S. November; Cuno Perlmutter & Co.; Millar, Mandel & Co.; Weicner & Bloom; Markun Bros.; Lutz & Horwitz; J. D. Booth & Son; Blogg & Littauer; Morris R. Silverman; Bernstein & Meyers; J. Sternstein, by I. Sternstein; Hyman Cohn; Rich & Sayles; J. Autler Co.; Louis Cohen; Edelman & Edelstein; S. Stoopack; Hollstein, Young & Co.; Charles Kafka; B. Schnall; S. Marcus Co.; Chas. M. Cohen & Co.; A. Gershel & Co.; B. Schwinger; Bonwit & Bonwit; Rudinsky Bros; Rubenstein & Bachrach; Jacob Schwartz; Levy-Hussey Co.; Abramson, Cohen & Co.; J. Fiedelbaum Co.; Jacob Bluestein; A. Greenberg & Co.; Cohen Bros.; W. I. Blumberg Co.; Ben Gershel & Co.; D. Bussel & Co.; Baron & Co.; Siegler & Zagor; Chas. Schrank; Dorfman & Oshinsky; Jacob Masur; D. Saltzman & Co.; The Mutual Skirt Co., Simon Shapiro; Benj. Shapiro; Jacob Bernstein; M. Shillovsky & Co.; I. Novick & Co.; Kaplan & Davis; Markowitz Bros.; Plaza Cloak Co., George Holtzberg; Wald & Fein; Kleinfeld & Renner; Gimplowitz & Freedman; Jacob Liebowitz; Morris Nagel; The Only Skirt Co., H. Lesser, vice president; Samuel Post; J. A. Goldstein & Co.; Scheer & Meyer; Norwalk Bros. (Inc.), S. M. Creager; Wallace Bamberg & Son; L. & H. Beck; L. Leibowitz & Co.; Louis Rothschild; H. Samuels & Son; Max Solomon (Inc.), H. Grallmaul; Rosenberg Bros.; S. Altholz; Benjamin Martin; S. Silberblatt; A. Quint & Bro.; H. J. Mendtx & Co.; Linde & Rubin; Edwin Wilewsky; Manheimer & Kasse; Shaff & Mandel; Katz & Fishel; I. & M. Phillips; Rubin Brothers; Fine & Cohen; Geo. G. Wood & Co.; Loewy & Co.; R. Hoffman; Zelenko & Moskowitz; Knobel & Bloom; Superior Cloak & Suit Co., Jacob Lishinsky, proprietor; R. Sadowsky; Nathan Schuss; Max M. Schwarz & Co.; Empire Cloak & Suit Co.; L. E. Rosenfeld & Co.; Wm. Fischman; Mann & Lovejoy; Ginsberg & Pearlstein; Knickerbocker C. & S. Co., Joseph D. Solomon, proprietor; The Leader Cloak Co., Ph. Horwitz; B. Hofman & Co.; P. Schwed & Co.; Ph. Herzog & Sons; Aronson Bros.; Stern & Adler; Isaac Kaminsky; G. Plonsky; M. Steinberg & Son; M. Schwartz; R. Siegel & Son; Max Rubel & Co.; Eckstein & Botler; Drourr, Dretzin & Co.; Harry P. Belsinger & Co.; Cohen & Erdman; Levay & Friedberg; Durst & Rubin; The Favorite Skirt Co., per A. Abrahams; Harrison & Rosenberg; Garfinkel & Rosenblatt; Herman Ziegler & Co.; L. A. Mendelson & Co.; Nussbaum, Goldsmith Co.; N. Brody & Co.; Isaacson Bros.; Louis W. Lapidus; J. C. Stratton & Co.; Faber & Hein; Nathan

Scheer & Co., Joseph Scheer; Getskay & Dann; Bernard Levine; Mack Kanner; H. Kitzinger & Co., B.; Samuel Gerst; Goldberg, Lowenstein Co.; Schlessel & Goldberg; Morris Kashowitz; Chas. Fischman; S. Einhorn & Son; Amsterdam & Sacks; A. Portfolio & Co.; Edward Kolbert & Co.; S. L. Silver Co.; J. C. Luntz; Becher & Brownold; Geo. H. Montrose & Co.; L. B. Vogel; Edmonds & Lefkovich; Weltman, Pollack & Co.; I. Shlivek & Sons; S. M. Schwartz; Simon Weltman & Co.; Stiner & Berfein; Levy, Schwade & Co.; Kruskal Co.; Goldberg & Smitman; Harry Wadler; Turkel & Felstiner; Jos. Jonasson & Co.; Altman & Grossman; Metropolitan Cloak & Suit Co., I. S. Plaut, secretary; Jacob Samuelson; Schafran Bros.; Jos. Schoen & Co.; Goldfield & Lachman; Berwanger & Herstein; H. M. Kutner & Co.; Schram & Norden; Solomon & Marx Co.; S. & S. Goldberg; Philip Stromberg; Rothstein & Pitofsky, per P. H. R.; S. Bernstein & Co.; Singer Bros.; Blauner Bros. & Co.; S. M. Gallert & Co.; A. J. Appel & Son; Freed & Shore; Litzky & Schlossberg; Liberman & Ferguson; B. Leibowitz & Co.; Prakin & Lebofsky; Broadway Cloak Co.; Miller & Karduner; Jaffe & Katz; A. Rosenberg.

J. H. PATRICK, CREDIT MANAGER FOR WILLIAM B. LEONARD, 225 FIFTH AVENUE, NEW YORK, N. Y.

[This memorandum refers only to manufactured domestic woolens (cloths).]

For a fall or winter season the woolen jobber places his orders during the preceding January and February. Goods so ordered are delivered to the jobber during July, August, and September. The jobber's salesmen sell these goods throughout the country to thousands of merchant tailors during March, April, May, and June. The jobber delivers these fall or winter goods, so sold to merchant tailors, during July and August, although a small amount of deliveries is made during September.

To-day the jobber is in a position where he long ago (in January and February last) contracted with the manufacturer for the coming fall or winter season's goods. His salesmen have been, and still are, soliciting orders on these fall or winter goods, and he (the jobber) is therefore in a position to observe conditions as they exist. Jobbers are receiving instructions from many of their customers that orders placed by them are to be held in abeyance until further instructions. This course is being pursued by the tailor because he believes the new tariff law will go into effect in time to permit of his buying his fall wants at a lower price than he can now. This view of the matter is confirmed by the further fact that in many instances his regular customers are refusing to place even conditional orders, they claiming the new tariff will pass in time to bring them cheaper goods for their fall requirements.

Thus the position of the jobber is as follows:

He, long ago, contracted for goods for fall or winter, which he must take from the manufacturer.

He is receiving from his customers either conditional ("held up") orders, greatly reduced orders, or no orders at all, and in connection with this aspect of the matter it must be borne in mind that it has cost the jobber thousands of dollars to follow out his usual practice of calling on these customers of his throughout the country.

He has contracted for goods in a normal way and his disposal of them is a matter of conjecture.

This condition of affairs brings about a great uncertainty and confusion, and something very much akin to a stagnation in business is developing. The jobber is between the manufacturer and the tailor. He must take the goods he has ordered from the manufacturer, but he can not compel the tailor to take the goods he (the tailor) has bought from him. Tailors, as a class, are of light financial responsibility, and to attempt to make them live up to their obligations on the purchase of goods would be farcical. It would mean lawsuits in almost every hamlet in the Union.

Clearly the principal sufferer from this condition of affairs is the woolen jobber, who has never been a "beneficiary" of any laws; who makes not a single request as to the rates of duty which shall apply in the new tariff, and who conducts an honest business in an honorable manner. His present trouble is due to the fact that in the usual conduct of his business he has had to buy his goods at the present ("protected") tariff prices and stands to have to sell them at the new, or reduced, tariff prices. Is it fair or equitable to legislate so that the jobber buys at "high market" and sells at "low market"? All the jobber asks is a chance to conduct his business without having to take an additional loss to the one he must stand when his present stock on hand, worth thousands of dollars, is depreciated in value as a result of the new tariff law.

All confusion will be removed, uncertainty will disappear, and normal conditions will prevail if an announcement is made at once that the new tariff, so far as it applies to manufactured woolens, will not go into effect until December 1 or January 1 next, which dates represent about the close of the fall and winter season. The present trouble is due to making the tariff operative during instead of at the end of the season.

Submitted by J. H. Patrick, credit manager, for William B. Leonard, 225 Fifth Avenue, New York City.

MAY 5, 1913.

ROSENGARTEN & CO., JOURNAL BUILDING, DETROIT, MICH., BY
ISADORE B. ROSENGARTEN.

DETROIT, MICH., April 22, 1913.

S. STEIN & Co., New York.

GENTLEMEN: Our Congressman advises us that the special session of Congress will no doubt end before September, and the wool schedule in all probability be changed and that the tariff bill provides that it should go into immediate effect.

Would you not advise us therefore to select as much goods from the various dealers in America as well as English goods, as we feel we might need to supply our fall and winter trade and let a small part of the same come on as soon as possible and advise the wholesalers to hold the balance until we see what the lawmakers do to the present tariff?

We must have some new goods to show our trade in August and early September. However, if imported goods are shipped to us on the basis of the old tariff and the new order goes into immediate effect,

we'll be stung as I understand it. Then, too, won't the American goods be dropped in price to meet the foreign competition?

I would appreciate it very much if you would give me a bit of advice in this matter. I know that the whole thing is a matter of considerable uncertainty, but a word from a man like you would be of great interest and value to me at this time.

With cordial greetings from the writer and the rest of us here, I am,
Very truly, yours,

ISADORE B. ROSENGARTEN.

(The above was accompanied by the following indorsements:)

[Inclosure.]

NEW YORK, April 29, 1913.

We, the undersigned jobbers of woolsens, hereby indorse the statement of the conditions existing in the woolen jobbing business, which is hereto attached, and we respectfully petition you to grant a postponement of the operation of the tariff bill as relating to manufactured woolsens until December 1 or 31, 1913.

The following names were appended to the above:

New York, N. Y.—William B. Leonard, 225 Fifth Avenue; Waterhouse, Resher Co., 23 East Twenty-sixth Street; M. Fisher Sons & Co., 23 East Twenty-sixth Street; W. Bianchi & Co., 225 Fifth Avenue; Ridgely, Boardman & Co., 277 Fifth Avenue; F. H. Calcott & Co., 315 Fifth Avenue; Julius Magnus, 715 Broadway; Mason & Hanson, 79-81 Spring Street; E. L. McLean, 458 Broadway; J. B. Thompson & Co., 145 Fifth Avenue; Bauer & Jacobs, 27 East Twenty-first Street; Detmer Woolen Co., 315 Fourth Avenue; Brunner Woolen Co., 401 Fourth Avenue; Simon, Scib, Froehlich & Co., 117-119 East Twenty-fourth Street; W. P. Willis & Co., 156 Fifth Avenue; Howse, Mead & Sons, 9-11 East Thirty-seventh Street; Charles Perman, 367 Grand Street; August Dormeuil & Co., (by Passavant & Co., attorneys).

Philadelphia, Pa.—Jno. B. Ellison & Sons, 24 South Sixth Street; Alkus Bros. & Co., 609 Spring Garden Street; J. T. Harrop & Son, 32 North Fourth Street; Henry C. Biddle & Co., 41 North Tenth Street; Chas. S. Hill & Co., 41 North Eleventh Street; Geo. W. Bernstein, 1211 Arch Street; Benson Bros., 126 North Thirteenth Street; Oelbermann & Huber, corner Eleventh and Market Streets; A. K. Schwenk Co., 32 North Sixth Street; Lippincott, Johnson & Co., 1021 Walnut Street.

Boston, Mass.—Blake & Stearns; Lovett, Hart & Phipps Co.; Chase, Brown & Co.; Clement, Soule & Co.; Lowe, Donald & Co.; Warren & Blanchard; Bridgham & Smith Co.; Norton, Fessenden & Co.; Wm. Bloom & Co.; Macular, Parker Co.; W. P. Soule & Co.; T. W. Talcott & Sons (per R. H. Hurd).

San Francisco, Cal.—Arustein, Simon & Co.; P. Greenberg & Co.; J. Baumgarten & Co.; Reiss Bros. & Co.

Jobbers of ladies' wear, woolsens, New York City.—W. J. Dawson & Co.; E. L. Brady Co.; Max Grab Fashion Co.; Finsilver, Still Co.; A. M. Silver & Co.

Baltimore, Md.—Chas. Laff, 909 East Baltimore Street; B. D. Enowitch & Co., 823 East Baltimore Street; Baltimore Woolen House, 815 East Baltimore Street; Wagner, Weyforth & Co.; Ferdinand Hahn & Sons; A. Federleicht & Sons; Stulman Bros., 421 West Baltimore Street; Jacobs & Weiner, 114 West Baltimore Street; F. Cohen & Son, 1002 East Baltimore Street.

Chicago, Ill.—Mullen & Co.; Perry, Mueller & Co.; Billhuber & Rose Co.; E. Gutwillig & Co.; Alexander & Cohn; Skinner Bros.

St. Louis, Mo.—F. B. Hauck Clothing Co. (Chas. J. Moon, Treasurer); Ulman, Magill & Jordan (E. E. Magill, president); G. R. Schmidt Woolen Co. (G. R. Schmidt, president); A. G. Pasquier & Co. (A. G. Pasquier).

Milwaukee, Wis.—Mann Gruber Co.

E. H. VAN INGER CO.

REASONS WHY THE TARIFF ON WOOLEN GOODS SHOULD NOT BE CHANGED UNTIL JANUARY 1 AND ON WOOL UNTIL ABOUT OCTOBER 1—THE EFFECT THE DATE HAS UPON OUR BUSINESS AND UPON THE WOOLEN JOBBING BUSINESS GENERALLY.

APRIL 26, 1913.

We order our fall American goods in January and February and our spring goods in July and August.

Our salesmen start out to take orders for fall goods in March and for spring goods in September. We deliver these orders in July and January. Most of our fall and winter goods are sold before July 1, and we sell most of our spring goods before January 1.

If the bill is made to go into effect for woolen goods on January 1 and for wool about October 1, and public announcement of the change of date is made quickly, it will take fall and winter business entirely out of the controversy. The tailors can safely buy what they need for their fall wants at present prices. Our salesmen can start out as usual in September to take their spring orders, their prices fixed, as we should then know exactly what we shall have to pay for spring goods. There will be absolutely no interference with the woolen business in any way excepting the depreciation in value of the stocks on hand January 1 and the fact that customers would probably buy a little cautiously for their fall needs, so as to have as small a stock as possible at the end of the season.

The reduction in value of the "stock on hand" is inevitable, no matter when the bill takes effect. But even that would be reduced to a minimum by giving us the fall season to work down our stock, which we, and we have no doubt most others in our line, have not yet done because of our confidence that no changes would be made before January 1.

Should the wool and woolen rates become effective in July, or when the bill is passed, great injustice will, in our opinion, be done and great confusion will arise.

Our salesmen are now on the road talking fall orders, of course at prices based on present rates of duty. As far as foreign goods are concerned, it is not a matter of so much consequence. Those goods would have to be delivered at prices based on the new rates, and we also should import our new foreign goods at those rates. But we, and all other woolen houses, have bought our fall American goods (which are very largely made of imported wools) at prices based on 11-cent wool. Should wool be made free in July or August, it would be impossible for manufacturers to produce goods from free wool in less than two or three months, say by October or November. By that time the tailors' and clothiers' fall business would be half over, and they certainly could not wait until then to lay in their fall stock. But their customers would all expect to buy their clothes at prices based on the new tariff. Foreign goods and clothes also could be brought in at the new rates long before the houses here could possibly prepare themselves to meet such competition. The whole season would be ruined for very many lines of business. "Confusion worse confounded" would surely result.

As a matter of fact, the effects of the uncertainty are already beginning to be felt. Our salesmen are reporting that their customers refuse to give their fall orders until they know just where they are going to stand. We can not tell them positively what we can do in the way of prices, and they won't order on uncertainties. As soon as the public generally appreciates that it is proposed to have the bill take effect in July, which it doesn't yet, there will surely be a practical stoppage of business in many lines.

It has previously been generally conceded that manufacturers should be allowed time to produce goods from free wool before coming into competition with foreign goods imported at the lower rates. Failure to do this will certainly lead to temporary stoppage of production and so to great suffering in the manufacturing States. Whatever Congress may feel about this, so far as the manufacturers themselves are concerned, they must remember that the real sufferers will not be the manufacturers, but the myriads of their workpeople, who will be thrown out of employment for the time being.

FORSTMANN & HUFFMAN CO., BY JULIUS FORSTMANN; THE CLEVELAND WORSTED MILLS CO., BY O. STAFFORD, PRESIDENT.

WASHINGTON, D. C., *May 15, 1913.*

HON. F. M. SIMMONS,

Chairman Senate Committee on Finance, Washington, D. C.

DEAR SIR: We, the undersigned woolen manufacturers, having read in the public press statements to the effect that some manufacturers of the country have threatened to close their plants or to reduce wages because of the proposed revision of the tariff, beg leave to say:

First. That it is our great desire and purpose to operate our mills to their full capacity and to be able to continue the present rate of wages to our employees. To enable us to do this, it is necessary for us to have a full supply of raw material on hand and to keep our machinery supplied with this material from the beginning of the process to the finished article. With this view in mind, we respectfully urge that your committee fix the time of enactment of any new tariff in such a way as to enable us to do this without loss. The capital necessarily employed to conduct the woolen manufacturing business steadily is very large. In each of our mills it is necessary to have several millions dollars' worth of raw and partially finished material on hand at all times. A large part of this raw material has to be imported. Therefore, to enable us to work down our stock without great loss, it is necessary for us to have at least three months after the passage of the bill before the duty on wool, and at least six months after the passage of the bill before the duty on the manufactures of wool, shall go into effect.

Second. We furthermore urge your committee to change the rates proposed in the Underwood tariff bill on manufactured goods in such a way that the duties shall be put on a sliding scale, there being provided a higher duty on the finer yarns and goods. It is the purpose of the new tariff bill to cheapen the woolen cloths used by the masses, while finer goods, which are used by well-to-do people, can easily stand a higher duty, which is justified not only by the fact

that the manufacture of finer goods is more expensive than that of cheaper goods, but also by the further fact that the finer goods are more in the nature of luxuries.

In our judgment the proposed rate of 35 per cent for cloth and dress goods is entirely too low for all grades. It certainly would absolutely destroy the manufacture of the finer grades in this country.

M. J. WHITTALL, WORCESTER, MASS.

WORCESTER, MASS., April 30, 1913.

Hon. FURNIFOLD McL. SIMMONS,
Chairman Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: The rates of duty of the proposed tariff bill are such that, if they go into effect, they will work a severe hardship on domestic rug and carpet manufacturers of this country—an industry with an investment of over \$75,000,000, and employing some 40,000 operatives.

We believe that if wool is to be admitted free (although in our opinion a duty should have been left on wool), the rates of duties should be changed as cited below; otherwise we can not see how the American manufacturer is to compete with the foreigner and maintain the present scale of wages paid in this country.

	Proposed duty.	Change to—
Yarn (wool).....	21 per cent.....	25 per cent.
Brussels carpet.....	25 per cent.....	30 per cent.
Wilton carpet.....	30 per cent.....	35 per cent.

This is asking an advance of 5 per cent over the proposed rates, and even this gives the manufacturer a low rate of protection.

We most emphatically protest against the passage of the bill in its present shape, and hope you will use your influence to bring about the rates suggested above. We believe we can prove to you that the proposed tariff takes away protection from the American manufacturer, if you wish us to go into the matter more in detail. We ourselves employ over 1,500 people.

We shall greatly appreciate anything you can do for us in this respect.

WESSERUNSETT WORSTED CO., 239 FOURTH AVENUE, NEW YORK,
EDGAR B. MOORE, TREASURER.

NEW YORK, N. Y., April 17, 1913.

Hon. F. McL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: Putting aside any opinion as to the adequacy of the proposed rates relating to the manufacturers of woollens, I would call your attention to the following facts:

In the operation of our plant it is necessary to have on hand at all times in raw material and goods in process a stock equal to 25 per cent of the value of the entire yearly output.

The schedule of the new Underwood bill is to take effect immediately upon its passage. This will mean an immediate large shrinkage in our raw material and goods in process. At best we will have a hard fight to compete with foreign manufacturers under the new law, and it does seem wrong that we should be handicapped at the start by having to take this tremendous and unnecessary loss.

In addition to this, all branches of the trade from the manufacturer down to the retailer are afraid to buy, feeling that whatever material is purchased will have to be sold at a decided loss. As a result the entire industry is almost at a point of stagnation. An authoritative announcement that the duty on the finished product will not become effective until three to four months after the passage of the bill would enable us to gradually prepare for the new basis, and would enable business immediately and during the interval to become nearly normal.

The Wilson-Gorman bill provided for a period of five months after its passage before it became effective on the finished product.

The Underwood-La Follette bill, vetoed by President Taft last August, provided that the new schedule on the finished product go into effect January 1, 1913.

I trust that you will appreciate this situation and will use your influence to have the bill changed in this respect on the ground of fair play as well as precedent.

I thank you in advance for your serious attention to this, to us, very important point.

BERGMAN KNITTING MILLS, GERMANTOWN, PA., BY A. BERGMAN.

GERMANTOWN, PA., *May 19, 1913.*

The COMMITTEE OF FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: As a manufacturer of sweater coats who will be considerably affected by the pending tariff bill, I take the liberty of writing to this committee.

There is no doubt in my mind that the authors of this bill think they are doing what is best for the country. Perhaps they are. However, now that the bill is as good as passed it is up to the manufacturers of the country to give it a fair test, and I as one will gladly do my share.

What I have to say is this: I am in the same position as are hundreds of other manufacturers who only have a three-months season and that season from September to December. It takes us fully nine months to build up a stock and prepare for these three months. This means investing and borrowing every dollar we can get, depending on the last three months to repay us for our efforts.

If this new tariff bill goes into effect as soon as it is signed, we are sure to suffer a big loss, as there is bound to be a break in prices immediately. We have made up our stock from materials necessarily purchased far in advance at the prevailing prices of time of contract. We must live up to the prices of that contract which you can be sure were far in advance of those that will prevail when the new tariff becomes a law. Under these conditions we could not possibly stand a break in prices during our short season.

I explain this to give you a plain view of our circumstances which should be, and we expect will be, considered.

As said before, we are willing to give the new law a fair trial and only ask that you consider our present condition and give us time at least to adjust ourselves to the new conditions. Give us at least until January 1 before making this tariff bill a law.

HERMAN W. BLOCK, CHAIRMAN OF THE TARIFF COMMITTEE OF
WOOLEN JOBBERS, 105 FIFTH AVENUE, NEW YORK, N. Y.

NEW YORK, May 12, 1913.

Hon. F. M. SIMMONS,
United States Senate.

MY DEAR SENATOR: The woolen jobbers of America seek no change in the schedule of the proposed tariff bill. They do ask, however, for a few months' time between the passage of the bill and its operation in regard to manufactured woollens to enable them to dispose of the purchases that they have already made for fall. It is absolutely vital to this trade that they should be given this opportunity for the reasons briefly outlined below.

First. By reason of the nature of the business all woolen jobbers were compelled to make their purchases for their fall requirements during the months of January, February, and March at prices then prevailing. These goods are now being delivered to the jobbers and will continue being delivered up to September 1, by which date a large proportion of the delivery of fall goods to the jobbers will be completed.

Second. The woolen jobbers are now and have been since the middle of March soliciting orders for these goods from their customers (the retailers) at prices based upon what the jobber paid for the goods. The retailer requires these goods during July and August.

Third. Practically all of the orders which the jobbers are receiving from the retailers for fall woollens are "conditional," and are being placed by the retailers "subject to confirmation." If the opinion which at present prevails throughout the country is not changed immediately, confirmation of these orders will be but a very small percentage of the retailers' requirements. I herewith inclose you a letter from Rosengarten & Co., one of our customers, which clearly shows the frame of mind of the retailer at this time.

Fourth. If the retailers do not confirm their fall requirements from the orders which they are now placing with the jobbers, the latter will find themselves with a large part of their fall purchases on hand, and if the tariff becomes operative during July, August, or September, the value of the jobbers' stocks will be seriously depreciated.

Fifth. There are woolen jobbers in almost every State in the Union. The resources of many of them are small, and the heavy loss which the conditions set forth above will entail upon them will unquestionably result in numerous financial failures in this industry.

Sixth. The jobbers' customers consist almost entirely of merchant tailors and small clothiers. If they withhold making their confirmations for their normal fall requirements until after the passage and operation of the tariff bill, their merchandise will reach them so late

that it will result in a greatly reduced volume of business. These small merchants as a class are not financially able to bear this loss. If, on the other hand, they permit the jobbers to deliver the goods to them during the months of July and August, as heretofore, and as their business requires, then they will find the value of their stocks immediately and seriously depreciated if the tariff bill becomes a law directly after its passage. This depreciation would likewise cause serious disaster to these merchants.

Seventh. The merchant tailors, who are the jobbers' main outlet, are, as a class, of very limited financial resources. Many of them are absolutely unable to stand the strain of an unusual disturbance to their business in the middle of their selling season.

I earnestly request you to use your influence to secure an amendment to the proposed bill postponing the date of its operation on manufactured woollens to December 1, thereby enabling all jobbers and retailers to dispose of their purchases for the coming fall in a natural and normal way, without causing the great crisis in this trade which will unquestionably result if the bill becomes operative before the season is ended. I beg of you to relieve the stagnation which now exists in our industry by letting it be known immediately that you favor a postponement of the operation of the bill as it relates to manufactured woollens until December 1.

I will be very glad to submit to you or to anyone whom you may delegate our credit files, books, and the orders which we are now taking for next fall in confirmation of all of the above.

The views which I have herein set forth have been indorsed by practically every jobber of woollens in New York, Philadelphia, San Francisco, Chicago, Boston, Baltimore, St. Louis, and Milwaukee, a list of whom I herewith inclose you. May I ask that the united request of this important trade will have your earnest consideration and support?

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS, 683 ATLANTIC AVENUE, BOSTON, MASS., BY WINTHROP L. MARVIN, SECRETARY.

WASHINGTON, D. C., *May 21, 1913.*

HON. CHARLES S. THOMAS,
*Subcommittee on the Woolen Schedule,
 Committee on Finance, United States Senate,
 Washington, D. C.*

DEAR SIR: In the memorial of the National Association of Wool Manufacturers submitted by President John P. Wood, of Philadelphia, to the Committee on Ways and Means, January 27, 1913, we said:

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 on woolen manufactures 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 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 Wilson¹ 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." Mr. Wilson added that "the committee seemed to be relentlessly driven to the conclusion" outlined above.

The woolen manufacture now, as in 1894, is in a peculiar position in that the impending tariff revision puts its raw material on the free list, effacing a duty that has averaged from 44 to 50 per cent. Such a sweeping change involves a sharp reduction in the value of stocks of wool on hand or in process of manufacture. There is therefore an urgent reason for a postponement of the taking effect of the new duties on woolen goods that does not apply to any other important industry immediately affected by the proposed tariff bill. The principles involved are the same now as they were when the same question was considered by Chairman Wilson in 1894, and we respectfully ask that the same wise and equitable action be taken by the Committee on Finance. A copy of Chairman Wilson's remarks upon the subject is appended.²

OGDEN STATE BANK, OGDEN, UTAH, BY H. C. BIGELOW, PRESIDENT.

OGDEN, UTAH, April 14, 1913.

Senator CHARLES S. THOMAS,

Washington, D. C.

HON. MR. THOMAS: I noticed in the public prints that you had practically withdrawn your opposition to free wool, and I am somewhat surprised from the fact that your constituents are deeply interested in that industry. However, if you would accede to putting wool on the free list and at the same time require that woolen goods (so called) should be branded, showing the percentage of wool that the cloth or garment contains--on the principle of the pure-drug acts--sheep raisers could well afford to have free wool. Why do you not incorporate such a provision?

Among our leading industries are wool, sugar, and lead. If they languish, times will be hard in the intermountain country.

WESSEBUNSETT WORSTED CO., 239 FOURTH AVENUE, NEW YORK, N. Y.

APRIL 17, 1913.

Hon. C. S. THOMAS,

United States Senate, Washington, D. C.

DEAR SIR: Your favor of the 16th instant at hand. You have certainly been misinformed as to the wages paid by the worsted mills in New England, as disclosed by the labor troubles in Lawrence last year, and those paid in Europe for exactly the same character and kind of work.

¹ 55th Cong., 2d sess., Jan. 16, 1894, Cong. Rec., 137, p. 890.

² These remarks are omitted at this point, but may be found attached to the brief of Wm. Whitman at p. 1249 of this volume.

The New England mills, including the mills of Lawrence, pay over twice as much in wages as are paid in the large textile centers of Europe making similar fabrics.

Regarding the capitalization of the American Woolen Co., will state that since their organization they have paid a 7 per cent dividend on their preferred stock, and notwithstanding this, this stock is selling in the open market at 80 per cent on the dollar.

Their common stock is selling at less than 20 per cent on the dollar and no dividend has been paid on same since their organization.

In their last annual statement as of December 31, 1912, they showed quick assets of \$37,000,000. Liabilities other than capital stock, \$10,000,000. Plants, etc., \$44,000,000, which would indicate that there is no water in the company, and which also indicates that the fear of tariff revision has put the market price of their securities 30 per cent below value than their net assets would show.

In this connection I would say that I am not, and never have been, connected with this company in any way, shape, or manner, and in fact have been competing with them since their organization.

I have just installed some German machinery covered by patent rights. The German manufacturer, Mr. Bruno Henschke, of Forst, Germany, came over here to superintend their installation and operation.

We are paying the girls on these machines \$9 per week. Mr. Henschke pays in Germany for the operation of the same machines \$3 per week, and his judgment was that the German operatives took off 20 per cent more work.

As stated in my letter of the 10th, I have no desire to argue this matter with anyone who has honestly made up his mind that a radical reduction of the tariff would result in benefit to the majority of the people.

I would ask you to use your influence to give the American manufacturer a chance to meet the new conditions without being put to a tremendous loss, caused by the shrinkage in value of material actually in process of manufacture, by providing that the duty on the finished product shall not become operative for from four to six months after the bill becomes a law.

The Wilson-Gorman bill provided a six-months period. The Underwood-La Follette, at the last session of Congress, passed in August, was to become operative on January 1, 1913.

Every branch of our industry has been halted right now, and will only become normal because of an authoritative announcement that the bill will not become effective until a definite time.

In my opinion the textile industry is preparing, to the best of its ability, for any schedule that may be enacted into law. We anticipate a very hard fight, and undoubtedly only the efficient mill will be able to meet this adjustment.

In this spirit it is not fair that we should be hampered by a large initial and unnecessary loss which would be caused by the shrinkage in value of our raw material and goods in process if the duty on the finished product becomes effective immediately.

Answering your question, "Is the existence of this industry forever dependent on Government patronage?" will state that so long as American standards of living are what they are and European wages over 50 per cent less than American wages in this industry,

it will be necessary that the Government protect the industry from the low wages and consequent low standard of European living.

Again assuring you of my appreciation of your interest in the matter, as evidenced by your letter, I remain,

Yours, truly,

EDGAR B. MOORE.

Inclosed find a report just received.

(Just a hint. See Women's Wear for details of the story that interests you.)

THE TARIFF.

GREYSTONE, R. I.—JOSEPH BENN & SONS TO QUIT BUSINESS HERE BECAUSE OF DEMOCRATIC TARIFF RATES.

Joseph Benn & Sons claim they are going to quit business here because of tariff provisions of the Democratic bill. Yesterday 300 men were discharged and to-day 100 were added to the number.

A notice by Harrison Benn has been posted reading:

"The provisions of the new Wilson tariff makes it absolutely impossible for us to successfully compete with imported goods. Therefore a stoppage of machinery will take place immediately."

In an interview with a correspondent of Women's Wear, Mr. Benn said the work will be gradually stopped. The Greystone plant is paying workers \$3.02 for a cut for which British workers get 98 cents, and he said it can not be continued.

The period of tax exemption will soon expire and will add to the cost of production. Competition under the circumstances, he said, will be out of the question. He did not know how long it would be before the entire 1,500 workers would be discharged.

The mill buildings, valued at more than \$1,000,000, will not be put on the market at once, he said, predicting that the tariff will right itself in two years.

SCHEDULE L.
SILKS AND SILK GOODS.



SCHEDULE L.—SILKS AND SILK GOODS.

Par. 319.—COMBED SILK.

AMERICAN SILK SPINNING CO., 17 MADISON AVENUE, NEW YORK, N. Y.,
BY M. C. MIGEL, TREASURER.

NEW YORK CITY, May 7, 1913.

HON. CHARLES S. THOMAS,
Finance Committee, United States Senate.

DEAR SIR: We wish to respectfully protest against and place before you an inadvertent and probably unintentional error in Schedule L, paragraph 319, "Partly manufactured or combed silk." This paragraph applies to combed silk (waste silk up to the spinning process) and includes 12 operations (as per list inclosed). The new proposed rate places a duty of 15 per cent ad valorem, instead of 35 cents per pound as heretofore.

It is unjust for the following reasons:

The proposed change would only redound to the benefit of the Japanese producer.—The American consumer would derive no benefit. The Government revenues would not be increased. The American manufacturers would be crippled.

Government could not collect.—It will be practically impossible for the Government to collect this proposed duty, as no appraiser at any port or any manufacturer can judge the value of combed silk correctly or even approximately. (Samples of two qualities of Japanese combed silks are herewith submitted for the verification of this statement.)

2. Japan only benefited.—Japan is the only country from which combed silk would be imported. Manufacturing costs can not be obtained accurately in either Japan or China.

3. Industry crippled.—If the proposed duty became operative over one-half of the machinery (i. e., up to the spinning) of the various plants in the industry would be compelled to stop practically at once. This represents the major part of the capital invested in machinery, which is several million dollars, and a great number of operatives would be thrown out of employment.

4. Government revenues reduced.—As this paragraph 319 (partly manufactured silk or combed silk at 15 per cent) and paragraph 320 (spun silk at 35 per cent) are interlocked (partly manufactured spun silk and spun silk), the Government revenues would be a loser thereby, as one would eventually vitiate the other—the importations at 15 per cent increasing and those at 35 per cent decreasing.

5. Possible complications with Japanese Government.—We would also submit for serious consideration that there is a probability of a

very delicate situation occurring, in that the Japanese Government has guaranteed values on some merchandise for foreign shipment, and there has already arisen the question as to whether these guaranteed values are correct. The United States Government may raise the value of an importer, but it would be almost impossible to raise the values fixed by a friendly nation.

We feel certain that it is not the intention of your committee or Congress to legislate to cripple an industry without the slightest benefit for anyone concerned in this country.

We would therefore respectfully request, should our contention be just, that this paragraph 319 be changed to read as follows:

319. Silk partially manufactured from cocoons or from waste silk and not further advanced or manufactured than carded or combed silk, 35 cents per pound.

Pars. 319 and 320.—CARDED SILK AND YARN.

CHAMPLAIN SILK MILLS, BROOKLYN, N. Y.

BROOKLYN, N. Y., *May 23, 1913.*

Hon. F. McL. SIMMONS,

*Chairman Finance Committee of the Senate,
Washington, D. C.*

DEAR SIR: A serious error having no doubt been made under H. R. 3321, Schedule L, of the proposed tariff in constructing paragraphs 319 and 320, we would call your attention to the same. We say a "serious error" because the paragraphs are inconsistent and one is destructive of the other. We readily understand how this could happen, as a thorough technical knowledge of the spun-silk industry would be essential to correctly fix the duty under the two paragraphs.

Section 319, Schedule L, fixes the duty on silk not further advanced than carded or combed at 15 per cent ad valorem.

Section 320, Schedule L, fixes the duty on spun silk or schappe silk yarn at 35 per cent ad valorem.

The essential portion of the making of spun silk has been accomplished when the waste silk has been transformed into carded or combed silk; the greatest part of the skill required in making spun silk is applied to the production of the carded or combed silk; the highest-priced labor is utilized in departments necessary to producing carded or combed silk; and fully one-half of our investment and equipment is comprised in these departments. These facts summarized mean: While the finished article would bear 35 per cent, a part of the article (very much advanced toward the finished stage) would be permitted to come in at only 15 per cent ad valorem.

Foreign trusts and spinners would absolutely control both the value of the carded and combed silk and its supply and in all probability the manufacture of yarns on this side. This because 65 per cent of the output of the world's yarns (therefore carded and combed silk) is produced by three concerns known as the "Dreibund." The names of these concerns are:

Francs.

Société Anonyme de Filatures de Schappe, Lyons, France.....	Assets over 42,000,000
Industrie Gesellschaft für Schappe, Basle, Switzerland.....	Assets over 42,000,000
Societa Filatura del Cascami, Milan, Italy.....	Assets over 27,000,000

These companies have assets of about \$25,000,000 and absolutely control the spun-silk business in Europe. While separate concerns, they are as one.

These firms have a working arrangement for the purchase of raw material.

Have a working arrangement regulating the price of yarns.

Have a clear understanding as to the manner in which it will increase or will not increase their plant, and have in the past, when purchasing plants of competitors, divided them equally.

This arrangement has been in existence prior to 1909 to our positive knowledge. In this country this "Dreibund," as it is known in Europe, would be called a trust, and its operations would be in violation of the Sherman antitrust law. Were it not for the American spinners, the American users of spun silk would be at their mercy, and we know there are many farsighted American weavers who patronize and encourage the American spinner, understanding what a protection against the European trust the American producer of spun silk is. Those weavers who really understand the situation are not anxious for the destruction of the American silk spinners, who are essential to the American weavers' welfare.

Japan is a grave menace.

If carded and combed silk is to come into this country, it will come mostly from Japan, as the spinners of this country are the only ones who produce more carded and combed silk than they spin themselves.

There is no regular market for carded and combed silk and no determinable value, and, outside of the spinners themselves, there are no sources of supply.

MANUFACTURE.

The manufacture of carded and combed silk is such on account of the many qualities of raw material and many different lengths and modes of producing that it is impossible for anyone to set the value on this product. Each manufacturer arbitrarily places a value on the different qualities and lengths of his own production.

There has been very little or no importation of carded or combed silk, the importation being practically confined to the finished yarn, and this for the simple reason that no one but a silk-yarn spinner has use for carded or combed silk. Heretofore the Government collected its full duty on the large importations of spun silk; the proposed duty would reverse the situation.

Logically, finished spun silk would eventually cease to be imported, and in its place would be imported carded or combed silk, because Japanese spinners could send carded or combed silk to this country and complete the process of making yarn here.

American spinners could not establish plants in Japan for the making of carded or combed silk on account of the conditions and strong guilds existing there. Therefore they could not compete, and the consequences would be that American spinners would be compelled to close up their plants.

The American spinners have invested millions of dollars and have a capacity of 2,500,000 pounds, to the value of about \$6,000,000 per annum.

The net results of this would be, as far as the Government is concerned, that it would collect 15 per cent upon the value of a half

manufactured article instead of collecting 35 per cent on the value of a completely manufactured article, reducing the Government's revenue over one-half. The results of the proposed schedule to the industry in the United States would be that a great many persons in the industry would be thrown out of employment. The people employed in the preparing, carding, and combing are skilled operators and mechanics, and if thus thrown out of employment would be reduced to ordinary laborers. The manufacturer would have rendered useless at once a large part of his machinery, building, and equipment, and eventually all. It is thus apparent that only harm would result and no gain whatsoever from the proposed duty.

The great difficulty would be to ascertain the real value of what was imported on account of varying qualities, length of draft, and manner of figuring the cost. Each seller would fix a different value upon a different draft, according to his own needs and his own manufacturing. It would be a very difficult thing indeed to establish a standard of value, and a great many inequalities would result in the levying of duty. No customs office or manufacturer can possibly determine the value of carded or combed silk from an examination of the same, thus leaving the way open for gross undervaluations with or without fraudulent intent.

In view of the above, as carded and combed silk is a half-manufactured yarn, we would request that the duty should be changed from 15 per cent ad valorem, which could not be collected, to 35 cents per pound.

SPUN SILK SPECIFIC DUTIES.

Further, regarding the ad valorem duty of 35 per cent on spun silk, would draw to your attention that this can never be as satisfactory as the specific duties now in force on account of the difficulty of determining the exact value of spun silk from its appearance. Specific duties are fair to all parties, and therefore importers, manufacturers, and custom officials all prefer the fixed duties on spun silk.

The spun-silk business is now under the present specific tariff on a highly competitive basis, much more being imported than produced here, and as ad valorem duties on this article will lead to undervaluations, we respectfully ask that the present specific duties, Schedule I, sections 396-397, tariff law of 1909, be retained, both on carded and combed silk (Schedule I, 319, H. R. 2331) and on the finished yarn (Schedule I, 320, H. R. 3321).

Pars. 319, 320, and 322.—SILK VELVETS AND PLUSHES, ETC.

SALTS TEXTILE MANUFACTURING CO., BRIDGEPORT, CONN. BY F. E. KIP, PRESIDENT.

ARGUMENT FOR SPECIFIC DUTIES.

The statements contained in this brief prove the following:

First. Specific rates of duty are the only logical method of properly collecting the duty on spun silk yarns.

Second. Owing to the great numbers of "seconds" and inequalities in the same grade, specific rates of duty are the only rates that will properly collect duties on silk velvets and plushes.

The Wilson bill (1894) made silk velvets and plushes compound, and all subsequent bills have been either specific or compound.

At the hearings in 1894, when the Wilson bill was being framed, every interest, including importers, manufacturers, and merchants, stated this fact and petitioned for specific rates of duties on silk velvets and plushes.

Is it not a most significant fact, and should it not weigh with the Finance Committee, that 20 years later in the hearings before the Ways and Means Committee (January, 1913) and in the hearings of May, 1913, before the Finance Subcommittee on Schedule I, every party at interest, including importers and manufacturers, again unanimously testify that specific rates of duty are the only proper means of actually collecting the duties?

Silk velvets and plushes in the highest sense of the word are luxuries. On a revenue basis only the Government desires to obtain a considerable revenue thereon. When the very men that are paying the duties (the importers) both 20 years ago and to-day request specific rates on this particular article and admit that the duties can not properly be collected thereon by any ad valorem rate, why not collect the revenue duty desired by the Government by specific rates that will collect it, particularly so when all parties at interest, including manufacturers, so petition?

Spun or Schappe silk yarns are the raw material of the silk velvet and plush manufacturers. The duties collected on spun and Schappe silk yarns for the fiscal year ending June 30, 1912, were \$2,134,501. The silk velvet and plush industry paid over 55 per cent of these duties, one velvet concern alone paying about 20 per cent thereof, or \$382,327 in duties.

As importers and payers of over 55 per cent of all duties collected we ask that the duties on spun or Schappe silk yarns be specific, because we as importers know that values of the spun and Schappe silk yarns can not be accurately determined under ad valorem rates.

The following are some of the 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 to 100 per cent. Cotton, wool, or worsted yarns are not so weighted in the dyeing, silk yarns being the only ones where this weighting is indulged in to this very large extent.

A gray yarn, No. 200/2, worth 23 francs per kilo, under any ad valorem rate of duty, if imported in the gray, would be invoiced at 23 francs.

Same yarn if weighted in dyeing 25 per cent, under any ad valorem rate of duty, if imported in dyed state, 18.50 francs, plus dyeing.

Same yarn if weighted in dyeing 55 per cent, under any ad valorem rate of duty, if imported in dyed state, 15.50 francs, plus dyeing.

Identically the same quality will, under ad valorem rates, be invoiced at three different prices.

It is impossible to tell either the amount of weighting in spun silk dyed yarns, or the correct quality. This is admitted by all, and even by the customhouse examiners at New York City. (See p. 4539, Tariff Hearings, January, 1913.)

PECULIARITIES—SILK VELVET AND PLUSH DEMAND SPECIFIC RATES.

There are special reasons 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, and 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 erect and even.

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 vegetable or mineral matter, or from some other unknown cause), in which case the silk is



Rack on which silk plushes are put up.

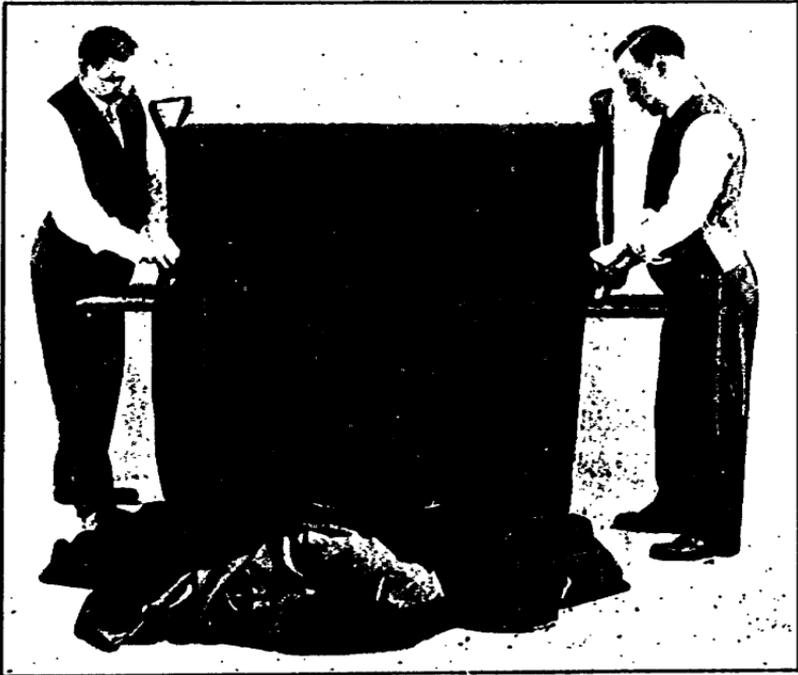
tendered or made towy, and thereafter it is impossible to raise the pile evenly, and consequently such pieces when finished have the pile or nap slanting in different ways, and all such pieces must be made "seconds."

Previous to the Wilson and McKinley bills, entire invoices, of 30, 40, or 50 cases, amounting to thousands of dollars, came in through the customhouse invoiced at from 25 to 50 per cent off regular market prices on account of being seconds for the above-mentioned faults made in finishing the goods. The committee of velvet and plush manufacturers now have a number of foreign invoices of 1800 showing invoice after invoice containing large quantities of seconds invoiced at 15 and 25 per cent off standard prices. 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.

All silk seal plushes are suspended on the hooks of iron like above.

No mortal man can tell whether these plushes are "firsts" or "seconds" without examination of every yard of same, and then no two experts agree. The Wilson bill (1894) made silk velvets and plushes compound, and all subsequent bills have made same either specific or compound.

The New York customhouse examiner (previous to Wilson bill and under the old ad valorem rates) states that over 50 per cent of all these plushes received were invoiced as "seconds."



Showing work required to unhook said plushes.

UNITED STATES PUBLIC STORES, THIRD DIVISION,
New York, May 24, 1890.

DEAR SIR: In reply to yours of the 23d instant as to the quantity of seal plush that is invoiced as "seconds," I would say, without going into the exact detail, that about one-half of all that we receive are so invoiced.

It is a difficult matter to determine when this claim is just, as a slight imperfection, a difference in color, and in fact many things are claimed which it is impossible to refute.

The usual allowance is about 18d. per yard.

Yours, respectfully,

M. J. CORBETT, Assistant Appraiser.

Government customhouse appraisers could not possibly unhook all these pieces and examine them yard by yard.

In the year previous to the adoption of specific rates on silk velvets and plushes there were 350 reappraisements before the Board of General Appraisers in New York.

The contention of the Government that values were erroneous was incapable of being sustained, owing to the impossibility of actu-

ally determining whether the plushes invoiced were "seconds" or not. (See Treasury Department letter below.)

The Treasury Department and principal customhouse appraisers at that time urged the necessity of changing the then existing ad valorem rates to specific, owing to the extraordinary and peculiar conditions relative to silk velvets and plushes (see following letters):

TREASURY DEPARTMENT,
Washington, June 6, 1890.

DEAR SENATOR: I have conferred with manufacturers concerning a proposition which they will submit to your committee for a specific duty on velvets and plushes and other pile fabrics composed wholly or in part of silk.

The proposition meets with my views, being entirely preferable to an ad valorem duty on that class of merchandise under which not only the revenues, but the domestic manufacturers, are exposed to constant fraud from undervaluation, as is abundantly proven by constant advance on invoice price and appeals therefrom to reappraisal, in which, as you are aware, the Government is generally defeated.

Yours, very truly,

GEORGE L. TICHENOR.

HON. J. S. MORRILL,
Chairman Senate Finance Committee.

The change from ad valorem to specific was not made alone at the request of the Treasury Department, the New York appraisers, and customs officials and manufacturers, but the importers themselves were its strongest advocates.

(See letter printed records, p. 1036, hearing on Wilson bill, 1894.)

Germans direct from Germany in the interest of German manufacturers then testified as follows:

It means an honest and easy way of collecting duties, such as can never be obtained through an ad valorem duty, as no man, not excluding experts, can give the true value of pile fabrics within 15 to 20 per cent. We maintain that under the administration bill a specific duty is the only proper mode of collecting the actual duties on pile fabrics.

Most respectfully, yours,

FRED. J. REMER,
MAX. DOERMER,

Committee appointed by New York Plush and Velvets Importers.

At the time of the writing of the Wilson bill all those who had occasion to be informed on this matter, whether personally interested or not, unanimously agreed that for this particular article specific duties were most desirable, namely, the Treasury Department, customs officials, manufacturers, and importers.

To-day we have identically the same situation. Our inclosed brief shows that all now connected with this industry, namely: Foreign Chamber of Commerce, Importers' Organization, and all manufacturers state that the duties can not be properly collected on either "silk velvets or plushes," or "on spun silk or schappe silk yarns" by any other than a specific rate of duty.

Twenty years ago all arguments and interests were unanimous on this one point, and they continue unanimous to-day.

SPECIFIC DUTIES ON SILK VELVETS AND PLUSHES.

Have been recommended by practically all interested—quoting from the brief submitted by the French Chamber of Commerce (p. 4623, Tariff Hearings, January, 1913):

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.

FRENCH CHAMBER OF COMMERCE,
HENRY E. GOULD, *President*.

Importers' Organization of New York City gives their entire velvet and plush schedule on a specific basis. (See p. 4609, Tariff Hearings, January, 1913.)

The importers' committee at this hearing presented a specific schedule on silk velvets and plushes, their rates, arguments, etc., occupying six full pages of the hearings.

We quote also from the testimony of American manufacturers of velvets and plushes, as follows (Tariff Hearings, January, 1913).

Page 4516:

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 undervaluation.

AMERICAN SILK SPINNING CO.,
M. C. MIGEL, *Treasurer*.

Page 4524:

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 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.

SIDNEY BLUMENTHAL & Co. (INC.),
SIDNEY BLUMENTHAL, *Treasurer*.

Page 4529:

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.

SALT'S TEXTILE MANUFACTURING CO.,
F. E. KIP, *President*.

Page 4545:

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. * * * 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.

HORACE B. CHENEY,
Of CHENEY BROTHERS.

Also the customs examiners and many of the Secretaries of the United States Treasury.

We would also submit for serious consideration that there is a probability of a very delicate situation occurring, in that the Japanese Government has guaranteed values on some merchandise for foreign shipment, and there has already arisen the question as to whether these guaranteed values are correct.

The United States Government may raise the value of an importer, but it would be almost impossible to raise the values fixed by a friendly nation.

With all parties interested—namely, foreign societies, importers, and domestic manufacturers—unanimously agreeing and petitioning for a specific rate of duty on silk velvets and plushes (and also on spun silk and Schappe silk yarns), it would seem inconceivable that their unanimous request would be denied.

NO TRUST OR COMBINATION IN AMERICA; AN ABSOLUTE FOREIGN TRUST OF 90 PER CENT OF THE SILK VELVET AND PLUSH MANUFACTURERS OF EUROPE.

No combination exists among the American silk velvet and plush manufacturers; the industry is highly competitive, so much so that the importers in the hearings before the subcommittee of the Finance Committee of the Senate (May 22, 1913) stated that the American manufacturers were selling goods so cheap that they could not compete with the American product, unless at a very much lower duty.

On the other hand, there is an absolute trust of 90 per cent of all manufacturers in Germany and France (a copy of this agreement we are filing herewith). The results in the last few years have shown that this trust has been very profitable.

A rebate of 10 per cent is allowed at the end of each year, if on examination of their customer's books they show that no goods have been purchased outside of the members of the trust.

The foreign trust control has forced foreign prices upward.

Keen competition among American makers has forced prices for American product downward.

The importers, because of this situation, now have the audacity to invite Congress to lower duties, pretending to serve the consumer, but in reality serving the foreign trust to sustain prices.

The present foreign trust agreement runs until December 31, 1915. (See copy of this foreign trust agreement, with members composing it, at the end of this statement.)

We wish also to state that every pound of our silk velvet raw material is purchased from a European spun silk yarn trust under their absolute dictatorship, and we hope that Congress is not now going to make a rate on our finished product that will cripple the industry in the United States and hand over the American consumer to the foreign silk velvet and plush trust.

Congress can legislate against United States trust control, but can not legislate against these foreign trusts, and we ask not to be put under further domination by foreign trust control.

We maintain that owing to great undervaluation on account of "seconds," the inability to tell values with any accuracy on silk velvets and plushes—one color in the same quality, on the same day,

is often worth 10 and 20 per cent more than another color—that the only rate of duty which will prevent such a condition is a specific rate. We leave the question of the amount of the rate entirely to Congress, but we think we should be entitled when all parties at interest (including importers) ask for specific rates, to expect same on silk velvets and plushes.

In view of the fact that this Government and our people frown upon trusts in this country, and considering the aforesaid proofs, is there any reason why Congress of the United States should enact legislation strengthening the hands of the foreign trusts and eventually exposing the American consumer to their control?

There are some textile cloths that can not be equitably assessed under values by weight. This, however, does not at all apply to silk velvets and plushes, as all grades of same are made with a silk pile and a cotton back warp and cotton filling.

The lower grades always have coarser and heavier cotton warps and filling and hence weigh heavier. As the grades progress in value they have more silk ends and lighter and finer cotton warps, and hence weigh lighter—for example:

A grade with warps containing few silk pile ends and coarse cotton warp ends and coarse cotton filling weighs heavier and hence comes under the low-duty rates.

A grade containing more silk pile ends and finer cotton warp and finer cotton filling weighs less and comes under the higher duty rates.

The weight (according to coarseness or fineness of the cotton warp and filling used) always progresses from heavy to light in proportion to the value of the cloth, and hence specific rates apply ideally to silk velvets and plushes.

SPECIFIC VERSUS AD VALOREM.

We wish to emphasize the fact that there is no dispute between Congress and the manufacturers as to the question of the amount of duties to be imposed on these articles of luxury—namely, spun silk yarns and silk velvets and plushes—as the House bill (H. R. 3321) in paragraphs 320 and 322 has granted the rates of duty in ad valorem form within 2 or 3 per cent of the average duties collected under the Payne bill. So that it really is only a question of granting to this industry the same rates of duty, but in a specific form instead of an ad valorem.

We do think that, under all the circumstances and with every party at interest in agreement and unanimously petitioning therefor, Congress should grant specific rates on spun silk yarns and silk velvets and plushes.

Submitted by F. E. Kip, president Salt's Textile Manufacturing Co., Bridgeport, Conn., for committee of silk velvet and plush manufacturers of the United States, 38 East Twenty-fifth Street, New York City.

CUSTOMERS' AGREEMENT WITH THE "FRENCH AND GERMAN SILK VELVET AND PLUSH MANUFACTURERS TRUST," OR THE "SILK VELVET COMBINE," SO CALLED.

We wish to call 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 resale to the retail trade.

Fourth. Wholesale prices are not only fixed, but prices for resale 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.

THE SALT'S TEXTILE MANUFACTURING CO.,
Bridgeport, Conn.

DECEMBER 6, 1912.

AGREEMENT BETWEEN THE "SILK VELVET AND PLUSH TRUST" OF FRANCE AND GERMANY AND ITS CUSTOMERS.

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 detracted. 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 centimeters wide.

0.08 per meter on articles 51 to 81 centimeters wide.

0.16 per meter on articles above 81 centimeters 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 whose names are to be found on the list:

Four per cent for 20,001 francs.

Five per cent for 50,001 francs.

Six 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 orders delivered, respectively, with all the manufacturers in the list in 1913-1915, before the 31st of December, and if we have fulfilled all the engagements relative to the disposition and to the delivery of the assortments sent before the 1st of February.

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 customers. The rebate being of 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.

The articles English cotton velvet, velvet and plush faccones, 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 east once a year by two expert bookkeepers charged to do this. In case of a refusal 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—December 31, 1915.

List of manufacturers.—Bickert Frères, J. B. Martin & Co., Chaverot, Quinson, Riboud Frères, Roche & Co., Andrae Christoph, Giron Frères, Araud, Guillaume and Schwartz & Co., Lyons and other cities, France; C. & H. Von Becherath, H. Vom

Bruck-Söhne, Burkart & Erbsloh, Edm. Corty & Co., F. W. Deussen, G. Flaskamp & Co., M. de Greiff & Co., Hermann Eugen Jacobs, Michels, Kauffman & Co., Keller & Essers, Mottau & Leendertz, Pelzer Frères, Pollems & Lingenberg, Scheibler & Co., Rud. Skellekes, and Just. Jacobiny, Crefeld, Germany; Gebr. Schaub, Coenzufges, Honnert Hostges, Seidenberki, and Menger, Viersen, Germany; Oehne, Berlin, Germany; J. L. De Ball & Cie. & Nachf, Lobberich, Germany; Escales, Zwerburgen, Germany; V. Gierlings, Dulken, Germany; Hoffman, Proebstug, Germany; August Girmes, Oedt, Germany; Halzemann, Gladbach, Germany; Zehmann, Bernan, Germany; Duhr, Suchteln, Germany; Wm. Muthmann & Son, Kaldenkirchen, Germany; Huber & Co., Saarquemines, Germany; Gebr. Rossie, Suchteln, Germany; Schellen & Amrath, Rheydt; Wurt, Firteen, Germany.

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. Droyfus, Jean and 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.
 - 6-7. 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. Douron or Mr. BRACH, or E. GIRON or Mr. MILLET.
- In cases of disagreement a third person, Mr. Ducreux, 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 January 1, 1913, to December 30, 1915, if 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.

Pars. 319-322.—SILK PLUSHES AND SPUN SILK YARNS.

COMMITTEE ON SILK VELVET AND PLUSH MANUFACTURES OF UNITED STATES, 38 EAST TWENTY-FIFTH STREET, NEW YORK, N. Y.

NEW YORK, N. Y., May 7, 1913.

Hon. F. M. SIMMONS,

Chairman Finance Committee, United States Senate.

DEAR SIR: The duties on silk plushes and spun silk yarns (the velvet and plush manufacturers' raw material) can not be honestly collected under ad valorem rates. Without the importers' identification quality marks no mortal man can accurately determine quality.

In the fiscal year 1912 the duty paid on spun silk yarns was \$2,134,501; of this the silk velvet and plush manufacturers paid over 55 per cent, or \$1,175,975. Therefore, as importers paying over half of the duties, we ask for specific rates, knowing same can not be properly assessed on any ad valorem basis.

Impossible to properly determine either weighting or quality of spun silk yarns.

Treasury Department, customhouse examiners, importers, and manufacturers all urge specific duties.

Silk velvets and plushes, on account of great numbers made "seconds," can only be properly assessed by specific or compound rates. Before Wilson bill (1894) hundreds and hundreds of cases came in of these plushes as "seconds" at 15, 25, and 50 per cent

reduction in prices. The committee has been successful in obtaining a number of original invoices dated 1890, showing these "seconds" so invoiced. It was on account of this that the Wilson bill (1894) made duties on silk velvets and plushes compound or specific, although no other textile was so made, and all subsequent bills have made silk velvets and plushes either specific or compound.

Ninety per cent of all foreign manufacturers in foreign trust.—No trust in the United States, whereas 46 of the largest concerns in Europe are in the Silk Velvet Trust, comprising 90 per cent of all European manufacturers. Is this trust to be allowed to use the United States as a dumping ground for "seconds" and surplus product?

Foreign societies, importers, and all interests urge and petition for specific rates on spun silk yarns and velvets and plushes.

There is no dispute between Congress and the manufacturers on the amount of the competitive rate, as the Underwood bill makes rates within 3 per cent of the Payne law. Simply, in this particular industry, it is absolutely necessary to retain specific rates. We therefore inclose herewith amendment which, under the circumstances, should be adopted for paragraphs 319, 320, and 322 of Schedule L.

[Inclosures.]

SILK SCHEDULE—SUBSTITUTES FOR PARAGRAPHS 319, 320, AND 322 OF H. R. 3321, AS PROPOSED BY THE SILK VELVET AND PLUSH MANUFACTURERS OF AMERICA.

(Changes from Payne law in italics.)

These are the only paragraphs in the silk schedule which affect this industry, viz, paragraph 322 for the finished product (silk velvets and plushes).

Paragraphs 319 and 320 for the raw materials (spun silk or schappe silk yarns, and carded and combed silk).

For paragraph 319, substitute:

"319. 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."

For paragraph 320, substitute:

"320. Spun silk or schappe silk yarn, valued at not exceeding one dollar per pound, in the gray, whether single, two, or more ply, thirty-five cents per pound; if valued at exceeding one dollar per pound, in the gray, if in singles, on all numbers up to and including number two hundred and *fifteen*, forty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, forty-five cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound; in the gray, if two or more ply, on all numbers up to and including number two hundred and *fifteen*, fifty cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, fifty cents per pound, and in addition thereto fifteen one-hundredths of one cent per number per pound. The rates of duty on the foregoing yarns when colored, bleached, or dyed, shall be ten cents per pound in addition to the rates herein provided, for the respective yarns in their gray, or undyed state. 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. *In ascertaining the weight or number indicating size of threads or yarns, the weight or number shall be taken in the condition in which found, without any deduction therefrom for any dye, coloring matter, moisture, or other foreign substance or material.* 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."

For paragraph 322, substitute:

"322. 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 one-fourth ounces per square yard, *if all the ground warp and all the filling is of cotton, the pile only being of silk, if made with less than fifty-five ground warp threads per inch, whether single, two, or more ply, and with less than ninety*

filling threads per inch, one dollar per pound; if made with fifty-five or more ground warp threads per inch, whether single, two, or more ply, or ninety or more filling threads per inch, one dollar and thirty-five cents per pound; if all the ground warp or all the filling is not of cotton, one dollar and eighty-five cents per pound; weighing less than five and one-fourth ounces per square yard, but not less than four ounces, or if all the filling is not of cotton, two dollars and seventy-five cents per pound; if all the filling is of 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, without deduction for any dye, coloring matter, moisture, or other substance or material. 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. But in no case shall any 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."

[The Underwood bill (H. R. 3321) provides a duty of 50 per cent ad valorem.]

Comparative table of rates on silk velvets and plushes.

PAYNE BILL. ACT OF 1909.

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 per 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.

SUBSTITUTE PROPOSED BY SILK VELVET AND PLUSH MANUFACTURERS FOR PARAGRAPH 322 OF (UNDERWOOD BILL) H. R. 3321 (PARAGRAPH AS RECONSTRUCTED).

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 one-fourth ounces per square yard, if all the ground warp and all the filling is of cotton, the pile only being of silk, if made with less than fifty-five ground warp threads per inch, whether single, two, or more ply, and with less than ninety filling threads per inch, one dollar per pound; if made with fifty-five or more ground warp threads per inch, whether single, two, or more ply, or ninety or more filling threads per inch, one dollar and thirty-five cents per pound; if all the ground warp or all the filling is not of cotton, one dollar and eighty-five cents per pound; weighing less than five and one-fourth ounces per square yard, but not less than four ounces, if all the filling is not of cotton, two dollars and seventy-five cents per pound; if all the filling is of cotton, two dollars per pound; weighing less than four ounces per 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.

Spun silk or schappe silk yarn.—Comparative table showing Underwood bill (H. R. 3321, Payne bill), 1909, and proposed manufacturers' schedule.

Underwood bill (H. R. 3321).	Description for Payne bill and proposed rates.	Rates, Payne bill.	Substitute rates proposed by velvet and plush manufacturers.
15 per cent.	Carded or combed silk.....	35 cents pound.	35 cents pound.
35 per cent.	Spun or schappe silk yarn, valued at not exceeding \$1 per pound, in the gray, single, two, or more ply. <i>Spun or schappe silk yarn.</i>	do.	Do.
Do.....	Valued at exceeding \$1 per pound, if in the gray, singles.	On numbers up to and including No. 205, 45 cents per pound and 10/100 of 1 cent per number per pound.	On numbers up to and including No. 215, 45 cents per pound and 10/100 of 1 cent per number per pound.
Do.....	do.....	On numbers exceeding 205, 45 cents per pound and 15/100 of 1 cent per number per pound.	On numbers exceeding No. 215, 45 cents per pound and 15/100 of 1 cent per number per pound.
Do.....	Valued at exceeding \$1 per pound, if in the gray, two or more ply.	Numbers up to and including 205, 50 cents per pound and 10/100 of 1 cent per number per pound.	On numbers up to and including No. 215, 50 cents per pound and 10/100 of 1 cent per number per pound.
Do.....	do.....	Numbers exceeding 205, 50 cents per pound and 15/100 of 1 cent per number per pound.	On numbers exceeding No. 215, 50 cents per pound and 15/100 of 1 cent per number per pound.
Do.....	Valued at exceeding \$1 per pound, if in the gray, singles, on bobbins, spools, or beams.	Numbers up to and including 205, 55 cents per pound and 10/100 of 1 cent per number per pound.	
Do.....	do.....	Numbers exceeding 205, 55 cents per pound and 15/100 of 1 cent per number per pound.	
Do.....	Valued at exceeding \$1 per pound, if in the gray, two or more ply, on bobbins, spools, or beams.	Numbers up to and including 205, 60 cents per pound and 10/100 of 1 cent per number per pound.	
Do.....	do.....	Numbers exceeding 205, 60 cents per pound and 15/100 of 1 cent per number per pound.	
Do.....	Valued at exceeding \$1 per pound, colored, bleached, or dyed, singles, in skeins, or warps.	Numbers up to and including 205, 55 cents per pound and 10/100 of 1 cent per number per pound.	On numbers up to and including No. 215, 55 cents per pound and 10/100 of 1 cent per number per pound.
Do.....	do.....	Numbers exceeding 205, 55 cents per pound and 15/100 of 1 cent per number per pound.	On numbers exceeding No. 215, 55 cents per pound and 15/100 of 1 cent per number per pound.
Do.....	Valued at exceeding \$1 per pound, colored, bleached, or dyed, two or more ply, in skeins, or warps.	Numbers up to and including 205, 60 cents per pound and 10/100 of 1 cent per number per pound.	On numbers up to and including No. 215, 60 cents per pound and 10/100 of 1 cent per number per pound.
Do.....	do.....	Numbers exceeding 205, 60 cents per pound and 15/100 of 1 cent per number per pound.	On numbers exceeding No. 215, 60 cents per pound and 15/100 of 1 cent per number per pound.
Do.....	Valued at exceeding \$1 per pound, colored, bleached, or dyed, singles, on bobbins, cops, spools, or beams.	Numbers up to and including 205, 65 cents per pound and 10/100 of 1 cent per number per pound.	
Do.....	do.....	Numbers exceeding 205, 65 cents per pound and 15/100 of 1 cent per number per pound.	
Do.....	Valued at exceeding \$1 per pound, colored, bleached, or dyed, two or more ply, on bobbins, cops, spools, or beams.	Numbers up to and including 205, 70 cents per pound and 10/100 of 1 cent per number per pound.	
Do.....	do.....	Numbers exceeding 205, 70 cents per pound and 15/100 of 1 cent per number per pound.	

Pars. 319-327.—SILK AND SILK GOODS.

CHENEY BROS., SOUTH MANCHESTER, CONN.

REVIEW AND CRITICISM OF SCHEDULE L, SILK AND SILK GOODS, AS REPORTED IN THE UNDERWOOD BILL, INTRODUCED IN THE HOUSE APRIL 7, 1913.

The bill changes all of the specific rates on silk goods, which have been worked out by careful study and experiment over a period of 20 years, back to straight ad valorem rates, on a lower basis than even the Wilson bill placed upon these products.

Paragraph 323, page 77, combed silk.—The specific rate of 35 cents per pound is changed to 15 per cent ad valorem. We believe this change to be very unjust, because it will result in putting the man who has a completely equipped plant for manufacturing spun silks at a distinct disadvantage over the man who has no plant at all, because it will be possible for the man who has no plant to purchase drawing and spinning machinery and make spun silk very much cheaper than the man who has equipment at present to manufacture the whole product. It is making one end of the industry eat the other. Combed silk is a half-manufactured product and represents a very large portion of the capital invested and skill necessary to make spun silks, and the reduction of the duty on combed silk to the point indicated, even if the duty were collected, would make it impossible for the article to be manufactured in the United States. We understand that this has been done because there are no imports of this article. We see no reason why there should be imports of a half-manufactured article. There certainly never would be unless that portion of the industry were abolished in this country, which will be the result of this rate. At the present time combed silk is being offered from Japan, the duty of 35 cents a pound paid, at the cost of production in this country. The value of combed silk will be absolutely impossible for any appraiser to assess, and even the spun-silk manufacturer would have to judge it by the yarn which it produced and the results obtained from the use of the yarn. No customs examiner could possibly make anything like a correct appraisal for ad valorem duty. An ad valorem duty as against Japan will be much lower than an ad valorem duty as against Europe. We hope that a specific rate will be maintained upon this article.

In the same paragraph, 323, silk noils are introduced at 15 per cent ad valorem. Silk noils have heretofore been classified as silk waste and introduced free of duty where such noils had an average fiber length of less than 2 inches. We do not think that anybody has asked for a duty upon silk noils. They are not used in the manufacture of silk goods to any extent, and are chiefly used by manufacturers of woollens and of acetylene-gas tanks. The spun-silk manufacturers do not desire to have any duty placed upon them. There has long been a controversy over this matter, and the Treasury ruling admitting low-grade noils as waste silk free of duty is satisfactory to all concerned. The revenue obtained would be very small, and we hope that there will be no duty imposed.

Paragraph 324, spun silk or schappe silk, converts specific rates with a catch-all clause to straight 35 per cent ad valorem. The

examiners of the customhouse have themselves confessed to being unable to identify spun silks when the marks of the importers are removed, and for an ad valorem classification it would be necessary for them to accept the invoices of the importer as correct. When these goods were brought in under ad valorem duty the Government compromised a suit to recover duties evaded by undervaluation for the payment of a small fraction of the Government's claim, because of the difficulty of proving the amount of such undervaluation.

Paragraph 325.—Thrown silk, singles, trams, organzine, sewings, etc., 15 per cent ad valorem in place of specific rates which amounted to between 20 and 25 per cent. There is no person in the United States competent to classify thrown silk of any kind as to value, and it ranges in value all the way from \$1.50 a pound for some silks in the gum to \$9 or \$10 a pound for certain thrown silks in the dyed state. The cost of throwing silk is in inverse ratio to its value. The poorer the silk the more it costs to put it into condition for use. Under an ad valorem duty the silks which it costs least to handle will pay the highest duty and those which it costs most to handle will pay the least duty. The duty of 15 per cent will mean the loss to the United States industry of the handling of all cheap silks, and it is probable will very seriously cripple the sewing-silk and embroidery industry, it being estimated that if it were possible to correctly assess and collect the duty, which we submit is impossible, yet, if this were done properly, Japan could manufacture sewing silks at less cost than the United States.

Paragraph 326.—Velvets, plushes, chenilles, etc., 50 per cent ad valorem. The Democratic Party under the Wilson bill were the first to introduce specific duties on silks; they were put upon velvets and plushes in that bill because the framers of the bill, after careful examination, were convinced that it was impossible to classify for ad valorem duty velvets and plushes; particularly the plushes if made in imitation of furs, in which there is an enormous proportion of seconds, can only be judged by an examination of the whole piece. What constitutes a second is a matter of opinion.

Paragraph 327.—Handkerchiefs or muslins, composed wholly or in chief value of silk, if cut, not hemmed, 40 per cent ad valorem, practically means turning over all of the handkerchief business of the United States to Japan. It will be absolutely impossible for any American manufacturer to compete against 40 per cent ad valorem as assessed against handkerchiefs made in Japan, even if the duty is collected. It makes handkerchiefs, if cut, pay less duty than they will if they are uncut, in which case they would be assessed as woven goods at 45 per cent ad valorem. Handkerchiefs usually have some form of bar woven in them, meaning more labor in the manufacture than in ordinary piece goods of the same character. It is manifestly absurd that goods should pay 45 per cent and if they are cut into handkerchiefs should pay 40 per cent. The silk handkerchief business is not to-day a very large business. It is not probable that it will in the future become a very great business, and it is evident that there is a mistake and manifest injustice in this provision.

The second half of the paragraph provides that if the handkerchiefs are hemstitched or imitation hemstitched, or reversed, or have drawn warp threads, but not embroidered, the duty shall be 50 per cent ad valorem, a reduction from 60 per cent ad valorem.

We shall later call your attention to the provisions of paragraph 327 as qualified or changed by the provisions in paragraph 373, which we believe to be conflicting and a source of litigation.

Paragraph 328.—Ribbons, including hatbands, beltings, etc., 40 per cent ad valorem, a reduction from 50 per cent. This rate we believe to be neither logical nor just. Ribbons have the largest percentage of labor of any woven goods; as an average they being about 66 per cent labor and about 33 per cent materials. The industry has been in a very unsound condition financially for a number of years. There has been no ribbon fashion, and the manufacturers have made very little profit. This is the chief reason why there have been few imports, because the goods were not wanted, or were being made here either at a loss or at a very small margin of profit. It is not right that ribbons should be put upon a lower rate than other woven goods.

Paragraph 329.—Provides that chiffons, ready-made clothing, etc., shall pay 50 per cent ad valorem, while paragraph 373 provides that nets, nettings, veilings, neck ruffling, ruchings, etc., of whatever material composed, shall pay 60 per cent ad valorem. It will be very difficult for any examiner to decide what are chiffons and what are veils and veilings. Chiffons are continually used for veils and veilings; the rate of one is 50 per cent and the other 60 per cent, a manifest error, which should be corrected by transferring chiffons to the higher rate, which is not higher than is necessary for goods of this kind.

Paragraph 330.—Woven goods in the piece, etc., 45 per cent ad valorem, abolishes a system of specific rates on the most important paragraph of the schedule, which has been gradually and very carefully and scientifically worked out over a long period of years. The goods under this paragraph are particularly difficult to assess for value. Their value is purely a matter of opinion. There is no question that the course here adopted will involve the Government in endless litigation; will lose it immense revenues through undervaluation; and will also cause the importers, who endeavor to conduct their business honestly, many annoyances and difficulties, and will operate very inequitably to the advantage of the unscrupulous. It will give the lowest duty on goods coming from the country with the lowest cost. It will put American labor in direct competition with Chinese and Japanese labor. We would submit that there is a possibility of a very delicate situation in that the Japanese Government has guaranteed values on some merchandise for foreign shipment, and there has already arisen the question as to whether these guaranteed values are correct. The Government may raise the value of an importer, but it will be impossible for them to raise the value affixed by a friendly nation even if they had reason to suspect that the value was not correct and that it is being certified by the foreign exporter by improper methods. Also, it is impossible to ascertain Japanese or Chinese costs. The Japanese and Chinese have already practically driven the French manufacturer from his home market on goods made for the purpose of piece dyeing and printing; there having grown up a great industry in France whose purpose is to take Chinese and Japanese goods and convert them by dyeing and printing and other treatment, and then selling the goods as French goods.

Paragraph 331, artificial silk, converts specific rates into ad valorem rates. The writer does not feel qualified to criticize the paragraph from a technical point of view.

Paragraph 373, relating to laces, etc., at 60 per cent ad valorem, does not change the rate on these goods, as far as silks are concerned, except that the paragraph comes in conflict with the provisions of the silk schedule in relation to handkerchiefs having drawn threads, and in its distinction between chiffons and veilings under paragraph 329. On page 93, line 3, it provides that woven fabrics or articles from which threads have been omitted, drawn, or cut, leaving open space in which figures or designs are formed by threads other than the threads in the fabric, shall pay 60 per cent ad valorem. This provision would operate to the advantage of the manufacturer, but will, we believe, involve the Government in endless litigation and difficulties. It will first be necessary to determine by court what are threads which have been omitted, a subject which we expect will be fruitful of many differences of opinion; for instance, the question will arise immediately whether articles having grenadine stripes in them have threads omitted; whether articles having gauze stripes or in which stripes have been made by putting a different number of threads in one place than in another, have threads omitted. It would also be necessary to define by court decisions what are the threads of the fabric. There is now machinery which weaves and embroiders goods at the same time, or which weaves figures in grenadine stripes. Are these threads of the fabric, are the threads where they are used omitted, or are these insertions or embroideries? We think that the provisions in this paragraph need very careful review and consideration.

The provisions in relation to hatter's plush, paragraph 307, and the free list, paragraphs 606, 607, and 608, are not changes from the provisions of the Payne bill.

Under paragraph 303 of Schedule K goods composed wholly or in chief value of wool and not specially provided for, 35 per cent ad valorem, which will apply to goods composed in part of silk in which silk is not the component material of chief value. This paragraph was intended to apply to woolen goods and materials, in order to provide cheaper clothing for the poor people, but those fabrics, such as Bengalines, which are composed partly of silk are not goods of this class. They are distinctly a luxury and they are made only out of materials of very high grade, and should not be subject to such a low rate of duty; and we suggest that this paragraph be amended to provide that all manufacturers of wool of which silk is a component material shall be classified as silks, the same way that heretofore, woolens having the higher rate of duty, such goods have been classified as manufactures of wool.

Page 77, line 24, beginning paragraph 323: Silks are a luxury, and should command maximum duty.

Specific duties have been recommended by all interested—French Chamber of Commerce, Importers' Organization of New York, manufacturers of imported materials, manufacturers of goods, customs examiners, and every Secretary of the Treasury for 50 years except one.

Specific duties are the only ones that can be equitably collected because of great undervaluations.

Value of silks is purely opinion. Some articles imported on same day from China, Japan, or France would pay different duties, owing to the different cost in the country of production.

Asiatic labor. All parties have agreed to protect American workmen against Asiatic labor. The silk business is the only American industry that comes in really direct close competition with imports from China and Japan, of which countries the silk industry is the chief industry and is highly developed and efficient, with best modern machinery.

Different values. The same article imported from the same port has different values because of color or design alone, which variations are of wide range.

SILK SCHEDULE AS PROPOSED BY THE REVENUE LAWS COMMITTEE OF THE SILK ASSOCIATION OF AMERICA.

The substitute proposed by the Silk Association of America is as follows (all new matter in *italic*):

SCHEDULE L.

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.

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 grouping or 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 *fifteen*, forty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, 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 *fifteen*, fifty cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, fifty 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, 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 *fifteen*, fifty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, 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 *fifteen*, sixty cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, 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 *fifteen*, fifty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, 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 *fifteen*, sixty cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, 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 *fifteen*, sixty-five cents per pound, and in addition thereto ten one-hundredths of one cent per number per pound; exceeding number two hundred and *fifteen*, 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 and fifteen, 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 fifteen, 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. *In ascertaining the weight or number indicating size of threads or yarns, the weight or number shall be taken in the condition in which found, without deduction therefrom for any dye, coloring matter, moisture, or other foreign substance or material. 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.*

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 un gummed, 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 un gummed, 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.*

399a. 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 one-fourth ounces per square yard, if all the ground warp and all the filling is of cotton, the pile only being of silk, if made with less than fifty-five ground warp threads per inch, whether single, two, or more ply, and with less than ninety filling threads per inch, one dollar per pound; if made with fifty-five or more ground warp threads per inch, whether single, two, or more ply, or ninety or more filling threads per inch, one dollar and thirty-five cents per pound; if all the ground warp or all the filling is not of cotton, one dollar and eighty-five cents per pound; weighing less than five and one-fourth ounces per square yard, but not less than four ounces, or if all the filling is not of cotton, two dollars and seventy-five cents per pound; if all the filling is of 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, *without deduction for any dye, coloring matter, moisture, or other substance or material.* 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. *But in no case shall any 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.*

399b. 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 the 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. *But in no case shall any of the foregoing pay a less rate of duty than forty-five per centum ad valorem.*

399 c. 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 un gummed, 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 one ounce per square yard; if in the gum, two dollars and sixty-five cents per pound; if ungunmed, 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 ungunmed, 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 of silk, if in the gum, sixty-five cents per pound; if ungunmed, 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 twenty per centum, but not more than thirty per centum in weight of silk; if in the gum, eighty cents per pound; if ungunmed, 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 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 ungunmed, 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 ungunmed, 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 ungunmed, 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 ungunmed, 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 ungunmed, 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 ungunmed, 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 ungunmed, 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 ungunmed, 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 selvages), 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 selvages), 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 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, nor a greater rate of duty than sixty-five per centum ad valorem.

400. Handkerchiefs or mullers 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 mullers are hemstitched or imitation hemstitched, or reversed, 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, appliqué, or having tucking or insertion, sixty per centum ad valorem.

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, cords and 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.

402. Laces, edgings, insertings, galloons, slouncings, neck ruffings, ruchings, braids, fringes, trimmings, ornaments, nets or nettings, veils or veillings, 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 appliqué, 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 appliqué articles or fabrics shall pay no less rate of duty than that imposed upon the material if not so tamboured, embroidered, or appliqué.

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.

404. In ascertaining the weight or number indicating size of silk under the provisions of this schedule, either in the threads, yarns, or fabrics, the weight or number shall be taken in the condition in which found in the goods, without deductions therefrom for any dye, coloring matter, moisture, 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 each single or two or more ply threads are composed.

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 ruffling, 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.

Par. 321.—SEWING AND EMBROIDERY SILKS.

RICHARDSON SILK CO., 902-906 BROADWAY, NEW YORK, N. Y., BY H. J. SOBIA, VICE PRESIDENT.

NEW YORK, May 17, 1918.

HON. FURNIFOLD L. SIMMONS,
Chairman Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR SIMMONS: We manufacturers, who are vitally interested in the manufacture of sewing and embroidery silks, are keenly disappointed in Schedule L as presented by the Ways and Means Committee.

The change from a specific to an ad valorem duty we regretted very much to see for the reason that an ad valorem duty on high-priced silks collects high tariff with a low labor cost, while on the low-priced silks, where the labor cost is highest, the duty collected is the lowest.

But not only has this change been made but there has been a reduction of approximately 60 per cent on our product of sewing-machine twist and embroidery silks, and this is not at all sufficient for us to be in fair competition with foreign manufacturers, especially Asiatic countries, and we are inclosing you herewith a table showing a decided difference in favor of the Japanese manufacturers in both sewing silks and twists and hand embroidery silks. In this table, in order to be ultra conservative, we have only figured the Japanese labor at one-fifth the cost of American labor, whereas statistics show the Japanese labor is not over one-tenth of the American cost, and you will readily see the distinct advantage the Japanese have over us. Moreover silk is the national industry of Japan and fostered by their Government, and it is fair to assume this nation will readily avail themselves of any advantage they may have over us on silk manufacturing of any nature.

In paragraph 325 you will notice that sewing silk, twist, floss, and silk threads or yarns of every description made from raw silk is placed in the same class exactly as thrown silk not more advanced than singles, tram, or organzine; these latter articles being simply raw silk slightly advanced in process of manufacture. Most all other silk goods in the new schedule receive a duty of from 35 to 60 per cent. Even cotton threads receive as much protection as our silk threads, and linen threads 25 per cent, or 10 points more than sewing and embroidery silks.

So drastic has been the cut on sewing and embroidery silks that we are forced to the conclusion that this tremendous cut was not intentional, but must have been overlooked by the Treasury experts who drew the silk schedule. Another thing that forces us to this conclusion is the fact that even the Dominion of Canada gives to sewing and embroidery silks a duty of 25 per cent. We might add that at one time 17½ per cent was in effect, but it was subsequently advanced to 25 per cent.

We trust that your committee will give careful consideration to the arguments which have been presented by the revenue-laws committee of the Silk Association of America. The work done by them has been scientifically and carefully developed over a period of many years. The silk schedule is a most intricate and technical one and has been studied by these gentlemen as such, and we trust you will give careful consideration to their arguments. The silk industry in America, which has grown from a modest beginning to its present 190,000,000 is too valuable to be ruthlessly destroyed by Asiatic coolie labor. We are sure it is the intention of Congress to protect American labor at least to this extent.

[Inclosure.]

Table showing comparative Japanese and American costs under proposed 15 per cent schedule.

	Raw silk.	Supplies.	Labor.	Duty.	Total.
Sewing silk and twist:					
Japan.....	\$3.50	\$0.25	\$0.20	\$0.59	\$4.54
America.....	3.50	.35	1.00	.....	4.85
Difference in favor of Japan.....					.31
Present duty \$1.50 per pound or 40 per cent ad valorem.					
Hand embroidery silk:					
Japan.....	3.50	.20	.25	.59	4.54
America.....	3.50	.25	1.28	.....	5.03
Difference in favor of Japan.....					.49
Present duty \$1.50 per pound or 40 per cent ad valorem. Japanese supply cost estimated.					

Japanese labor costs as shown by statistics are about one-tenth of American costs. In order that our figures may be conservative have figured one-fifth.

**SEWING SILK AND EMBROIDERY SILK MANUFACTURERS COMMITTEE,
RAMSEY PEUGNET, SECRETARY, 354 FOURTH AVENUE, NEW YORK,
N. Y.**

NEW YORK, May 9, 1913.

Hon. F. M. SIMMONS,

Senate Finance Committee, Washington, D. C.

SIR: Manufacturers of sewing and embroidery silks met in the rooms of the Silk Association of America, 354 Fourth Avenue, New York City, May 6, 1913, for the purposes of considering the silk schedule of the House tariff bill.

It was the unanimous opinion that the proposed bill is very unsatisfactory in two important particulars:

First. Duties are ad valorem instead of specific.

Second. The rate of duty on sewing silks and embroidery silks, paragraph 321, is not sufficient to place the American manufacturer on a fair competitive basis with foreign manufacturers.

It is a well-known fact that under a system of ad valorem duties merchandise particularly of this character is greatly undervalued and therefore the actual duty collected is much less than it should be. Moreover the amount of duty will vary on importations from different countries, the duty collected being the least where it really should be the greatest. A specific duty can not be evaded; is clear, definite, uniform, and easy of application.

In changing from specific to ad valorem duty in paragraph 321 a much greater reduction was made than should be. In fact, this was so great as to force the conclusion that some error must have been made or else it was based upon wrong information.

Under the proposed duty there is no doubt that the Japanese, the most expert silk operators in the world, could land silk in this country at least 65 cents per pound cheaper than the same merchandise could be manufactured here. The records show that Japanese labor for the same class of silk work is one-tenth of American labor.

Even assuming that their labor is not as efficient as ours, which is probably a wrong assumption, there would be a difference in cost of manufacture of at least \$1.25 per pound finished product.

The present duty on sewing silks and embroidery silks, finished product, is \$1.50 per pound.

The proposed duty of 15 per cent applied to Japanese cost would not exceed 60 cents per pound, a reduction of 90 cents per pound, or 60 per cent.

It is to be noted also that on other paragraphs in the silk schedule the reduction has not been so great.

The sewing and embroidery silk manufacturers believe that it was the intention of the House Committee to give fair treatment to this important industry, but they erred greatly in fixing the rate.

We understand that it is not the intention of Congress to make such radical changes as will do injury to American manufacturers.

It is evident to us, however, that the proposed rates will place our industry at the mercy of foreign manufacturers and will force the abandonment of numerous factories in this country employing many thousands.

It is pertinent in considering this question to call attention to the fact that many States have limited the hours of employment and are also planning to fix minimum wages, particularly for women, many of whom are employed in this particular industry. Labor costs will be legally increased in the future, making conditions even more difficult than they are now.

We therefore urge your committee to restore the present classifications and specific duties and to provide such duties as will enable the American manufacturer to compete upon a fair basis with foreign manufacturers.

Our committee will be glad to furnish such detailed information as may be of service in preparing such a schedule on our products.

A. H. RICE CO., PITTSFIELD, MASS.

MAY 10, 1913.

The CHAIRMAN, FINANCE COMMITTEE,
United States Senate, Washington, D. C.

DEAR SIR: The new tariff bill is now before your committee, and we earnestly urge that you carefully consider the proposed duties in the silk schedule. We are manufacturers of sewing silk and braid, and feel that the new duties will affect us seriously. The ad valorem duty of 15 per cent, which applies on silk thread in any stage, does not seem to us equitable or intelligently levied. On thrown silk this might be sufficient, because there is only about 60 cents of labor put into the goods, but we feel that this 15 per cent is not enough for the finished goods, when the dyeing, cost of finishing, and putting up the goods for the market has been added. The raw stock is a large factor in the cost of sewing silk, but as more and more labor is added to it, the percentage of duty applying on the raw material becomes less and less, so that in the finished goods we fear 15 per cent will bring many importations of foreign goods. Moreover, we do not believe that an ad valorem rate is the proper one to apply on silk goods, as it encourages undervaluations, and the prices are subject to great fluctuation from different causes. If a reduction must be made from the old rate, we urge that they be put on a specific basis, and that at least three times as much be put on the finished goods as on the thrown silk.

We trust you will give this matter fair consideration.

BELDING BROS. & CO., 902 BROADWAY, NEW YORK, N. Y., BY M. M. BELDING, JR., PRESIDENT.

NEW YORK, *May 21, 1913.*

HON. FURNIFOLD M. SIMMONS,
Senate Office Building, Washington, D. C.

DEAR SIR: We regret very much indeed that the tariff bill now under consideration provides for an ad valorem duty on silk instead of specific, as the conditions surrounding the manufacture of the various silken articles are so varied and complex that it would seem almost impossible to work out an equitable schedule of rates upon an ad valorem basis.

As an instance we would respectfully refer you to the item of spool silks and embroidery silks.

Your committee in all probability did not take into consideration the fact that a vast amount of labor is involved in assembling sewing silks and embroidery silks into the small spools and skeins that are marketed in small quantities in the retail stores.

There is no reason whatever why spool silk and embroidery silk should not have the same advantage that is accorded other silken articles carrying the large labor items in production that is carried in manufacturing spool silks and embroidery silks.

This is a very important matter, and we can assure you that unless the rate is changed from 15 to 35 or 40 per cent the spool-silk and embroidery-silk industry in this country will be entirely eliminated, as we can not compete with the Japanese and other foreign markets in the manufacture of an article where the labor cost is as large as it is in spool silks and embroidery silks.

We do not believe that it is your intention to willingly legislate an important industry out of existence, and we would respectfully ask for an opportunity to submit evidence that we are confident will convince you of the correctness of our contention.

HOLLAND MANUFACTURING CO., 683-685 BROADWAY, NEW YORK, N. Y.,
BY W. J. KENNEY, PRESIDENT.

NEW YORK, *May 21, 1913.*

HON. F. M. SIMMONS,
Senate Office Building, Washington, D. C.

DEAR SENATOR SIMMONS: Referring to the proposed changes in the duty on silk goods in Schedule L, we beg to inform you that it is our belief and the general opinion of those in the silk trade that your committee will err should they tax silk goods upon an ad valorem basis, as the value of silk goods varies according to change in fashion or color.

As manufacturers of sewing silks we are opposed to the rate proposed in paragraph 325 on sewing silks and embroidery silks, which rate represents a reduction from present rate of duties of 60 per cent.

We trust that the welfare of the American silk manufacturers will be taken into consideration by you and the members of your committee.

THE NONOTUCK SILK CO., FLORENCE, MASS.

FLORENCE, MASS., *May 21, 1913.*

HON. CHARLES S. THOMAS,
Senate Office Building, Washington, D. C.

DEAR SIR: In the Underwood tariff bill, Schedule L, paragraph 325, sewing silks and embroidery silks are made to suffer a most drastic cut, a reduction being made of over 50 per cent from the duty imposed under the Payne bill. The reduction on this class of silk is so much greater than that in any other classification in the entire silk schedule that the sewing-silk manufacturers feel that it was made unintentionally or through misapprehension of conditions.

A committee representing this branch of the silk industry presented the matter to the Ways and Means Committee some little time ago, and, after consideration, Congressman Hull, who, we understand, wrote the silk schedule, admitted that we have a just claim.

The duty under the Payne bill on our product is \$1.50 per pound, or practically 40 per cent ad valorem. Our committee suggested that the paragraph be rewritten, making sewing silk, twist and embroidery silk in the gum 25 per cent ad valorem, and if unground or dyed, 35 per cent ad valorem. We understand Mr. McCoy, the statistical expert of the Ways and Means Committee, recommended that the paragraph be rewritten in accordance with our suggestion. Labor costs, particularly in oriental countries, are so far below those existing in the United States that the proposed duty of 15 per cent will place this industry much below a competitive basis. The duties we propose are, we firmly believe, not in excess of what is necessary to pro-

fect our industry against low-priced foreign labor, and we are convinced that they are low enough to afford fair competition.

It can be easily demonstrated that the Japanese can land silk in America under the rate of duty proposed by the Underwood bill at from 40 to 50 cents per pound cheaper than the same merchandise can be manufactured in this country.

This particular branch of the silk industry, while not the largest in the country, nevertheless is represented by a goodly number of concerns, with many thousands of employees.

We very much regret the change in the silk schedule from specific to ad valorem duties. The specific duties under the Payne bill, especially in the silk schedule, were, we believe, as scientific and worked out as fairly to all concerned as any that have ever been enacted in any tariff measure.

In closing, permit us to call your attention to the increasing tendency in many of our States to shorten the hours of labor through legislation. This is particularly true of Massachusetts. As wages are not reduced, the cost of the hour unit constantly increases, and with it the handicap under which we work in competition with foreign labor.

Par. 322.—VELVETS.

THE SILK ASSOCIATION OF AMERICA, 354 FOURTH AVENUE, NEW YORK,
N. Y. BY RAMSAY PEUGNET, SECRETARY.

NEW YORK, *May 15, 1913.*

Hon. CHARLES S. THOMAS,
Senate Office Building, Washington, D. C.

Sir: When the silk schedule was under discussion before the Ways and Means Committee there were two points upon which there was complaint made by importers that the duties were excessive—and only two. Both of these complaints had a reasonable foundation of justice.

The first was that low grades of velvets were practically excluded under the rates of duty of the Payne bill. This was true, because there had not at that time been devised any system by which a separate specific duty could be placed upon the low grades of velvets. Such a duty has been worked out and this just criticism met in the schedule recently sent to you, as proposed by the Silk Association of America, making a reduction on these low grades of velvets which would put them upon a thoroughly competitive basis.

The other criticism was upon low grade piece-dyed cotton and silk mixtures, the complaint being that this duty was also prohibitive, although the article quoted as an instance in the hearing was a freak—an article of so little importance that when the same persons devised a schedule they forgot to include a provision for it—yet these duties were also lowered on the low grade cotton mixtures in the schedule which has been sent to you. In addition, in order that there should be no case which would be prohibited from entry, it was suggested that not only a minimum duty be imposed but also a maximum. These amendments, in our opinion, met such just criticisms of the schedule as were made.

If, nevertheless, the Finance Committee decide that it is necessary to make a reduction in the duties upon silk goods, although it was stated in campaign speeches of prominent Democrats before the November election that no such reductions would be made in this schedule—that they considered silk goods a luxury, which should bear the maximum duty—yet, if it is decided to make such reductions, though they may result in the loss of some business to the manufacturers of the United States, we trust they will be made by making reductions in the specific rates of the Payne bill rather than resort to the ad valorem principle.

(Legislative committee: Horace B. Cheney, B. Edmund David, Louis Stearns, Isidor Hellman, Arthur W. Watson, and H. Schmie-wind, jr.)

E. DE GRANDMONT. BY CHURCHILL & MARLOW, 63 WALL STREET. NEW YORK, N. Y.

[Extract.]

PARAGRAPH 399.—*Thread count.*

The latter part of paragraph 399 stands out in high relief by the determination of rates of duty in part according to the number of "single threads to the inch in the warp." It is difficult to determine what the reason for this method was, but whatever it may have been it seems that the Congress which framed the act of 1909 unintentionally, no doubt, created a situation which has resulted in considerable confusion and conflict by reason of the difficulty of determining what a single thread is.

A thread of silk is made from an accumulation of fibers which are twisted once, twice, or three times.

In the case of *United States v. Straus & Co.* (No. 631—T. D. 32164), involving the question as to whether certain artificial silk yarn consisted of singles or tram, the United States Court of Customs Appeals based its decision largely on the meaning of the word "singles" as used in connection with natural silk.

It would appear from the decision of the court of the Straus case that the distinction between singles and tram is practically the same as that between twisted and doubled. At any rate the decision presents a tangible basis for determining what the number of single threads in a fabric is and if your committee proposes to make the rate of duty in the new act dependent on the number of "single threads to the inch in the warp."

We suggest that in the revision of paragraph 399 the phrase "single threads" be defined in accord with the decision in the Straus case, as such threads as are twisted from single strands of raw silk but not doubled.

PARAGRAPH 399.—*Weighted silks.*

The latter part of paragraph 399 of the tariff act of 1909 provides for silk woven fabrics in the piece at various rates of duty dependent among other things on whether or not the fabric has been weighted. Under this paragraph weighted silk pays a less rate of duty than

those which are not increased in weight beyond the original weight of raw silk used in the fabric. The result of this system is to stimulate the importation into this country of silk fabrics, many of which have been weighted to such an extent that the title of "silk" is absolutely a misnomer. It is a nefarious practice and has exercised a most detrimental influence on the silk trade. Both in the gum and in the boiled-off state, silk has a peculiar property of absorbing certain metallic salts and combining very firmly with them, the fiber remaining to exterior appearance undiminished in strength and luster, but much added to in size and weight.

Up to 1857 the utmost the dyer could add was "weight for weight" before the accidental discovery that year in the way of using tin salts in weighting, with the result that they can now add 40 ounces per pound to scoured silk and as much as 150 ounces to spun silks, and yet call this combination "silk."

Foreign manufacturers as a rule do not weight their silks beyond the original weight of the raw silk except for the American trade. The American import trade demands it, for one reason because the rates of duty are lower, and the American manufacturers in turn practice extensive weighting for the purpose of competition with the importer.

We respectfully suggest to your committee that in the revision of the tariff law the same rates of duty be applied to silk woven fabrics in the piece, whether weighted or unweighted, and that the equivalent ad valorem be reduced to 45 per cent.

PARAGRAPH 399.—*Plushes.*

This paragraph provides among other things for plush in chief value of silk at rates fixed according to weight per square yard if 9½ ounces or more per square yard at \$1 per pound, and if under that weight \$2.40 per pound. It is found that the equivalent ad valorem of \$2.40 per pound figures from 78 to 87 per cent.

Under the act of 1897 such merchandise was provided for in paragraph 386 at \$1 per pound and 15 per cent ad valorem but not less than 50 per cent ad valorem regardless of weight. The equivalent ad valorem, as indicated in Notes on Tariff Revision, prepared for the Ways and Means Committee which drafted the act of 1909, was 57.09 per cent. A revision of the tariff for the sole purpose of preventing foreign competition might warrant such an enormous increase in the ad valorem equivalent, but it certainly can not be justified from the viewpoint of revenue or reasonable competition.

In 1905 there were in the United States 624 establishments engaged in the manufacture of silk goods, with a capital of \$109,556,621; the number of wage earners employed was 79,601, to whom was paid \$26,767,943. The raw silk used in manufacture in this country is free of duty, and it would seem that this fact alone, in view of the extent of the industry in the United States, gives the domestic manufacturers all the advantage they need over the importer of the finished product.

The total value of imports of manufactures of silk into the United States for 1910, 1911, and 1912 are given below:

1910.....	\$32,635,827
1911.....	31,900,051
1912.....	27,201,361

Two things are apparent from this statement; first, that the rates in the silk schedule have brought about a steady decrease in the value of manufactures of silk, and, second, that the total import value for 1912 only approximates the wages paid in the silk industry in this country for the year 1905.

These facts indicate that the silk industry in the United States is no longer an infant; and even assuming that it has not yet reached its full growth, a comparison of the import values with the extent of the domestic industry seems to require a material reduction from the present existing rates.

We respectfully suggest to your committee that in the revision of the tariff law the rate of duty on silk plushes be fixed at a flat rate of 50 per cent ad valorem; or if a specific rate be deemed better that such a specific rate be the equivalent of 50 per cent ad valorem.

PARAGRAPH 402.

Corset lacings composed of silk and imported in lengths of from 12 to 110 yards are assessed for duty under this paragraph at 60 per cent ad valorem as "braids." It is true these laces are made on a braiding machine, and it is also true that the word "braids" properly describes them, but it is a peculiar fact that when finished corset laces, i. e., in a fixed length and with brass or other metal tips, are imported they are assessed for duty at 50 per cent ad valorem under the provision for manufactures of silk, in paragraph 403. The mere addition of these metal tips, therefore, results in taking them out of the category of "braids."

Here again is an example of the imposition of a higher rate of duty on materials than is imposed on the finished product. The reason for importing the silk lacings in lengths up to 110 yards is due to the fact that many of the corsets worn at the present time have been so increased in length over those formerly in use that the necessities of the market require the cutting up and finishing in this country.

We respectfully suggest to your committee that in the new law lacings be put in the paragraph corresponding to paragraph 401 of the act of 1909, in association with ribbons, bindings, beltings, etc., and the rate of duty fixed at not exceeding 50 per cent ad valorem.

Par. 324.—HATBANDS.

THE PASS-KREMER HATBAND MANUFACTURING CO. (INC.), PATERSON,
N. J., BY ADOLPH PASS, PRESIDENT.

PATERSON, N. J., *May 15, 1913.*

Hon. F. M. SIMMONS,
Washington, D. C.

DEAR SIR: I herewith take the liberty of presenting to you my testimony in reference to the Underwood tariff bill, as far as its effect upon my trade is concerned:

I am the president of the Pass-Kremer Hatband Manufacturing Co. and also a member of the hatband importing house of Pass & Co., 15-17 Waverly Place, New York City, the leading house in the hatband trade.

I beg to call your attention to the fact that the manufacturing of hatbands in this country is comparatively new. I am the pioneer of hatband manufacturing, starting a factory at Yonkers, N. Y., in 1893.

This pioneering was very costly. No efficient hatband silk dyeing and cotton dyeing in those years; no trained help. All this I had to build up at an enormous expense to me.

To-day the hatband manufacturing is an established industry in this country, established under the 50 per cent protective tariff. It should not be overlooked, however, that in spite of this protection of 50 per cent, Pass & Co., New York, are still marketing more foreign hatbands than American made.

The proportion of hatband sales at Pass & Co.'s in 1912 is 58 per cent German hatbands; 42 per cent American hatbands.

Writer is very intimate with German manufacturing conditions, as he spends a part of his time in the German hatband mill of C. G. Pass, Remscheid, Germany.

Here are some facts:

The wages that the Pass-Kremer Co. pays for weaving are three times as high as those paid in the German mills, our wages being the highest of any Paterson silk mill. The probable result of the present strike points toward a still high level.

The overhead expenses of the above-mentioned German mill are 4½ per cent, but the overhead expenses of any silk mill in this country are not less than 10 per cent.

In selecting his raw material the German manufacturer has another great advantage.

For instance, where an American manufacturer must use a high-grade double extra classical silk at say \$3.80 per pound, the German manufacturer uses a best No. 1, at \$3.45—which means a saving of 9 per cent in the cost of the warps.

Cheap labor in Italy and slowly working throwing machines make out of a best No. 1 quality of silk just as good as double extra in the United States. Suppose throwing would be done by the Italian process in this country; we manufacturers would have to pay \$1 to \$1.25 per pound instead of the 50 to 60 cents which we are paying now.

The German manufacturer uses a looser twist for his warp silk, for instance 14/10 turns per inch, where we are compelled to use 16/14 turns. A loose twisted silk does not work in this country on a high-speed Soham & Uhlinger loom; the production would not be large enough. Abroad, however, it does work and the result is that on account of this looser twist the German manufacturer has a silk which is more voluminous. For this reason he can save in the weight and may use a 13/15 denier where we use a 14/16 denier silk.

This means another saving of 6½ per cent in the cost of his warp.

The silk-dyeing process in Germany is just as expensive as it is here, but the results are much more satisfactory. While the foreign dyer does most of his work by hand, the American dyer must save time, which means money, and use quick-working machines, which, however, hurt the elasticity of the fiber.

Ten pounds of raw silk dyed black yield 22 pounds in Germany; 10 pounds of raw silk dyed black yield 14 to 15 pounds in America.

I have personally experimented with German-dyed black silk on our Paterson looms. As a matter of fact the atmosphere in this country kills the life of this heavy charged black silk.

It has frequently been argued by the advocates of a lower tariff for silk ribbons that the present importation was not worth mentioning.

Does this fact prove that the ribbon manufacturers have taken advantage of the 50 per cent protective tariff by putting a part of it into their pockets? Is it not notorious that the silk-ribbon manufacturers in this country, in spite of their most modern machinery, find it very difficult to make a profit in proportion with their invested capital, their business risk, and their personal efforts?

Cut the tariff and await the result.

The market will be flooded with German hatbands and with Swiss and French ribbons—the manufacturers over there are eager for this chance.

In the hatband manufacturing trade, which I introduced in this country, 500 looms are engaged now with a productive capacity of \$2,500,000. Do the lawmakers really mean to annihilate this young industry with its highest wages in the silk trade?

Trusting that my explanations will suffice to enlighten you about the conditions of silk-ribbon and hatband trades as they really exist, I am, dear sir.

Par. 326.—WOVEN FABRICS.

**ROBERT J. F. SCHWARZENBACH, OF SCHWARZENBACH, HUBER & CO.,
NEW YORK CITY, AND PRESIDENT OF THE SCHWARZENBACH, HUBER
CO., OF NEW JERSEY.**

I. On "*opportunity*" and "*revenue*."—Most people will probably agree that the economic life of the United States of to-day rests on the pillars of "*protection*," or "*opportunity*," as I would like to call it. Where they disagree is whether this is a desirable condition or whether it is a lamentable fact. The truth probably is that it is neither, and that the Republican Party's theory of reasonable protection shares honors equally with an intelligent application to present days' needs of the Democratic principle of a tariff for revenue. Let us just substitute the words "*opportunity and revenue*" for the word "*protection*" and "*revenue and opportunity*" for "*revenue*" and the stigma attached to either party's slogan is gone and a common basis found upon which all men in this land can unite their efforts for their country's good.

I am one of those who think that an intelligent analysis of the various industries of the country and a glance at the wages paid on this side of the Atlantic and Pacific Oceans must convince anybody that maintenance of opportunity is needed for those amongst them as have sprung not from natural advantages, as is the case with others, but from protection against natural disadvantages, such as extraneousness and distance from primary markets, insignificance of item freight in cost total of product, and lack of traditional aptitude for a craft on the part of a nation's population.

Such an industry is, primarily, the silk industry of the United States.

This industry has no natural advantages, but only handicaps, its raw material is imported from beyond the seas, born native aptitude is lacking, skill must be taught, the accessory industries are comparatively new, and the wages paid for the equivalent of foreign efficiency—where it can be had—are on an entirely different level, namely, two and a half times the multiple of those paid in continental Europe (Germany, France, Switzerland) three to four times those paid in Italy, ten times those paid in Japan, and from ten to twenty times those paid in China.

Besides, a multitude of welfare laws unknown in the same degree in the countries of this industry's chief competitors abroad bear heavily on the cost of production at home.

Does it not stand to reason under these circumstances that opportunity to compete must be maintained in about that measure which will bring labor and expense contained in each piece of foreign merchandise up to cost of labor and expense contained in each piece of domestic merchandise? That an equalizing duty is needed to put foreign and domestic manufacturers on a competitive basis?

To trust the "wit" of the American business man and the "ingenuity" of the American inventor to "make a clean job of the foreigner" under these circumstances is placing one's faith in a belief and a theory from which there threatens to be some day a sad awakening. Certainly this superiority of American wit should be tested before it is made the basis of a tariff, and while being tested it would seem wise to at least proceed cautiously with tariff revision and abstain from a dramatic substitution of one economic principle for another which can not help but create wide business disturbance. Let protective rates be lowered, if necessary, or if unnecessary reduce them even beyond the competitive point. But do retain the competitive principle. Then the American big and homogeneous market, which is a fact, rather than American wit and ingenuity, which is a supposition, must be looked to to furnish to the injured industry the means with which it can grapple with the changed conditions.

Quite a measure of competitive opportunity must be maintained, however, if the business life of the Nation is not to be frivolously exposed to injury, if not ruin, and the laboring classes to much want and suffering.

II. *On specific and ad valorem rates.*—The Democratic Party says it wants a business tariff to raise revenue.

To me it seems, and I am in good company, that specific rates alone provide a business tariff. Not only do they eliminate all appraisals, foreign and domestic, and all reappraisals, but they alone do away with the uncertainties inherent to any tariff system based on appraisals.

All foreign countries, save Canada, certainly the big commercial and industrial nations of Europe, apply them.

Of course, specific rates necessitate—to be competitive—the establishment of merchandise classes according to construction and impose some extra work upon the exporter who has to invoice his goods in conformity therewith. He can well bear that work, however, and the

advantages are obvious. The appraisement here of merchandise (for which complex mechanical and chemical analysis is required) is done away with; the customs administration can confine itself to the easy task of verifying construction and weight; the United States consular officers abroad are relieved of the impossible task of verifying cost and market value. (Impossible, because cost and market value can not be ascertained, and if they could consular officers are certainly not the persons to perform such distinctly special service.)

As it happens, specific rates are also the only rates of duty which afford a competitive basis against labor which is lower, and against working conditions inferior to those enjoyed in this country. American business progressiveness, the American standard of living, and the American efforts toward a better social future therefore imperatively demand specific rates, in order that revenue may be easily raised and foreign labor so taxed that the opportunity to produce will be equal to the opportunity to import.

The following examples are to demonstrate how little ad valorem rates do justice to the competitive opportunity principle. (Cost of American labor is put down as two and a half times the cost of continental, 10 times the cost of Japanese labor, and raw material as entering this country free.)

If \$1 worth of American merchandise contains in value of material 40 per cent, in value of labor 60 per cent, continental cost (1:2½) will be: Material 40 cents; labor, 24 cents; cost total, 64 cents; and the competitive duty ad valorem should be 36 to 64 equals 60 per cent. Japanese cost (1:10) will be: Material, 40 cents; labor 6 cents; cost total, 46 cents; and the competitive duty ad valorem should be 54 to 46 equals 117 per cent.

If \$1 worth of American merchandise contains in value of material 60 per cent, in value of labor 40 per cent, continental cost (1:2½) will be: Material, 60 cents; labor, 16 cents; cost total, 76 cents; and the competitive duty ad valorem should be 24 to 76 equals 32 per cent. Japanese cost (1:10) will be: Material, 60 cents; labor, 4 cents; cost total, 64 cents; and the competitive duty ad valorem should be 36 to 64 equals 60 per cent.

From the foregoing examples it will be seen:

(1) That a 45 per cent ad valorem duty on value means fluctuation from inadequate or no opportunity to excessive protection or prohibition of imports;

(2) That, in other words, ad valorem duties on value of product are never competitive duties;

(3) That a sound competitive tariff must either form construction groups according to labor contained in merchandise, with specific rates applying to the levying of duty on weight, or must impose varied ad valorem rates on the item cost of labor in merchandise according to the country of origin. Ad valorem rates have, from whatever angle they are looked at, really nothing to commend them. Their apparent simplicity, in practical operation, spells complexity. Amateurs, lovers of catch phrases, and those who want to fish in troubled and muddy waters alone recommend them.

If they were only the ones to foot the bill of mistakes made by hasty legislatures. If only they, instead of an innocent industry dependent on competitive opportunity to face the cheap labor and

the primitive working conditions of the Orient, did have to pay the price of reckless experiment.

III. *Effect of a 45 per cent flat rate.*—The 45 per cent ad valorem flat rate will probably have the following effect:

(1) It will nip in the bud the efforts of domestic manufacturers to engage in competition with the goods heretofore practically monopolized by Japan.

(2) It will likewise nip in the bud the efforts of the home industry to compete on low-priced goods with Europe (such as mousseline de soie, veilings, marcelines, cheap satins) on which the item labor (in America) is 50 per cent or more.

(3) It will reduce the revenue of the Government on the important importations from Japan which, under the rates of the Payne-Aldrich tariff, have practically had no domestic competition. I refer to the imports under sections 2262, 2263, 2264, 2266, 2268, 2270, 2271, and 2272 of the Payne-Aldrich tariff. This reduction of income will be one of 25 per cent, or amount to at least \$500,000 per annum (the total duties collected under above sections have been, for the first 2 years and 11 months of the Payne-Aldrich tariff, \$6,600,000).

(4) To incidentally bring unnecessary hardship—possibly even the closing down of a number of mills—on the broad silk industry of this country which, under successive protective tariffs, has nevertheless, succeeded in reducing the selling prices of its most staple products by from 15 to 20 per cent inside only of the last five years, as is evidenced by the following table of selling prices of Messrs. Schwarzenbach, Huber & Co., during the years 1908 to 1912:

No.	Article.	1908	1909 (loom)	1910	1911	1912
B	35-inch taffetas noir.....		67}	60	57}	32}
RF	18-inch messaline couil.....	35}	39	33}	32}	32}
F	35-inch taffetas L. r.....	68}		64	62}	60
CD	35-inch peau de chamois N.....		73}	67}	67}	62}
CH	do.....			68}	60	57}
RB	18-inch messaline couil.....			35	33	28}
S	23-inch liberty satin.....		35	30}		
NB	36-inch satin trame cotton.....	32}	34}	36	30	29
NK	do.....	40	42}	43	41}	34

(5) To unnecessarily endanger the employment and the earnings of the mill operatives engaged in the production of broad silks whose wages already are none too high when compared with those paid in other than the textile industries.

IV. *Schedule L should be left as it is.*—In face of what has been said one might well arrive at the conclusion that the present rates of the Payne-Aldrich tariff should remain untouched until such time as will bring forth "per schedule" revision by Congress—revision based on findings and recommendations of a scientifically working tariff commission.

The Payne-Aldrich rates have given little cause for complaint. Now and then a freak article found the import gateway closed, and on and off a rate of duty proved unnecessarily high. But this will happen under any tariff system, not the least under the proposed 45 per cent ad valorem rate, which is sure to bar from importation many an article.

All in all, there is mighty little dissatisfaction with the present law in silk producing and silk importing circles, and it would have been good to leave well enough alone.

If a change downward, however, must be made, for change's sake, the present specific rates should be retained and the 45 per cent catch-all clause removed. This would mean a reduction of duties and a simplification in their collection.

V. *Summing up.*—It is unintelligible to the American employer of labor, whose product is subject to the competition of the foreigner, how his plea for competitive opportunity can go unheeded. He is dependent thereon. Any sudden and radical revision of the tariff, like other radical measures in business or politics, or any other field of organized human activity, must produce dangerous friction, loss, ruin: will substitute revolution for evolution, and result in tremendous economic waste, which will certainly increase instead of decrease the cost of living.

Where a tariff does not foster and maintain monopoly, the consumer's interests are not jeopardized: no man living can claim that anything but the freest competition prevails in our industry.

Where a tariff encourages instead of discourages competition, profits are impossibly protected. Little does it matter whether such competition comes from within or from without the tariff wall. (Usually it is keener from within than from without.)

Where a tariff has not injured any interests, the producer has a right to ask that he be not made the playball of politics; that he be left alone, so that the American standard of living, increased opportunity to all, and greater possibilities in the future for the citizens of this Republic may not suffer.

As I presume that there are many to distrust an employer's statement, let me say one more word: We manufacturers have the welfare of our fellow beings just as much at heart as anybody else. We enjoy as keenly as anybody to see those around us happy and content, and would consider ourselves fortunate could we increase wages, shorten hours of labor, provide pensions and playgrounds, and promote in every possible way the physical and mental health of the Nation. Unfortunately, we can not at random do so. We are subject in our business operations to the law of supply and demand. We have got to produce cheap and sell high (either is hard enough). But we welcome every time a raise in the standard of living, improvements in factory hygiene, enactments of wholesome welfare laws, if only we receive, or are assured, competitive opportunity. Without it we can not carry on the improvements which are, and which increasingly shall be expected from us. Without it the Nation's social program is impossible of realization.

In face of these conditions it seems to us all very nice to hold a theory of free exchange of products the world over, and of brotherly love among men.

Unfortunately, it takes more than one nation to engage in free trade, and a single power will not establish universal peace.

Let the theorist beware, therefore, lest his initiative to force an ideal cost him his very existence.

Very nice, too, to "conceive a good idea." But it is a mighty hard thing to put even the best of ideas into practical operation. The "How" takes precedence over the "What," and an ounce of achievement is worth a pound of promise.

Therefore, let us beware of changes for change's sake. They mean but friction and waste. Let us first study the needs and shortcomings of our industries and of the tariff. And if these studies suggest changes, then effect the changes. Not before.

On matters of tariff let us entrust these studies to a congressional commission and let us wait for recommendations from such commission before we indulge in legislation. In the absence thereof, let us go unhampered. Our product has become cheaper from year to year, and is to-day accessible to the masses. A bigger revenue is now raised from silk imports by the Government than the new act contemplates. What is the good of a change? Let us go undisturbed—there is no necessity for revision of our schedule.

Par. 326.—DYED UMBRELLA CLOTH.

DUNDEE TEXTILE CO., PASSAIC, N. J., BY F. L. HUGHES, PRESIDENT.

PASSAIC, N. J., April 12, 1913.

Hon. FURNIFOLD McL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: We are manufacturers of what is called umbrella cloth, a cloth composed of silk and cotton, which is used to make the medium-priced umbrellas.

Under the new Underwood tariff bill this cloth is included in section 330 of Schedule L, which provides for an ad valorem duty of 45 per cent on all woven fabrics where silk is the chief value. As our mill is in competition with the large manufacturer of this cloth in Italy, where the average wage paid by him is \$1.70 per week against ours of between \$9 and \$10 per week, and as the margin of profit on this cloth is so small, it is impossible to continue its manufacture here if it is included at 45 per cent ad valorem duty under section 330. The consumption of this fabric in the United States does not exceed \$1,000,000 annually, and we are inclosing you herewith copy of letter and statement which we sent to Chairman Underwood of the Ways and Means Committee of the House, explaining clearly the position of the manufacturer of this cloth.

We are placing this before you in order to see if this cloth can not be made the subject of a special paragraph in the Underwood bill taking it out of section 330, allowing the duty to remain specific as it was under paragraph 399 of the old tariff; or else if the duty must be ad valorem that it be made 65 or 70 per cent on this article. The reason for this is that the consumption of this article is so limited that for several years we have been struggling to make it a success in this country on a very small margin, that if we are put at any disadvantage with the Italian manufacturer it simply means that we must abandon the making of this cloth here. It does not affect any consumer, but simply benefits a manufacturer in Italy. Besides that, we are discriminated against very strongly from the fact that a large part of this fabric is silk and under paragraph 330 it is very greatly reduced, while the silk manufacturers in Paterson, immediately adjoining our city, are reduced under this same schedule only about 2½ per cent as against nearly 100 per cent on our article, while the manufacture of all-silk goods runs into the hundreds of millions, while our product is limited to a consumption of only \$1,000,000 annually.

We ask for no special favors, simply to allow us to continue to make the goods at some kind of a profit. We can not reduce our wages under present conditions, and employees are trying to secure increases, while for four or five years the price of this article, due to the foreign competition, has been decreasing. It can injure no one, consumer or retailer, to allow us to manufacture \$500,000 or \$600,000 of goods per annum at a living profit, and it would seem incredible to us that an American understanding the situation would hesitate to grant our request. All we ask is that our cloth be not made the subject of a general reduction under section 330, which covers fabrics of different qualities having no similarity to ours and enables the Italian manufacturer to send his goods here undervalued very largely, which he could not do under a specific duty.

We beg you, therefore, to try to have included in this bill before final passage a special section taking care of this piece-dyed umbrella cloth, sample of which is inclosed to you. We are prepared to show you, if required, the private cost sheets of our mill, our books, and to demonstrate absolutely beyond any controversy the absolute truth and correctness of this position.

Do you want to kill two medium-sized mills started in the United States to make an article which for nearly 100 years was made outside of the United States in order to help an Italian manufacturer put us out of business?

We are ready to appear before your committee any time on hearing from you, and we will appreciate very much any consideration that may be shown us, in simple justice only to us, and to the United States at large.

(Inclosure.)

PIECE-DYED UMBRELLA CLOTH. (SILK AND SILK-MIXED GOODS.)

Total consumption, domestic and foreign combined, only \$1,000,000.

Do not change paragraph 399 for silk and cotton mixtures: 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 and dyed in the piece, 85 cents per pound.

Unless present specific tariff is retained, duty should be not less than 65 per cent ad valorem.

There are only two mills in this country manufacturing this cloth.

It was never made in this country until 12 years ago.

The reason is that it was not deemed possible to manufacture it in this country with our labor and machinery.

Average wage paid in our mill, between \$9 and \$10 per week.

Average wage paid by Italian competitor, \$1.70 per week.

There has always been a sharp competition and rivalry between the two domestic mills.

Prices of piece-dyed umbrella cloth have never been raised since the mills started in this country, but have been decreased due to foreign competition.

Cost of production, including wages, have been increased.

Increase of wages was obliged to be made during the past year.

This article should not be included in a general schedule of cotton and silk goods, amounting to hundreds of millions of dollars.

It is a special article different from any other class of silk and cotton mixed goods.

There is no combination, monopoly, or agreement in regard to prices in our line of business in the United States.

We can not compete with an Italian mill without a duty equalizing in some way difference in cost of production.

Why should this little industry be wiped out to benefit a foreign mill?

Rate of duty will not affect cost of an umbrella 1 cent.

We ask for no special favoritism, only a fair show against a foreign competitor, and we are ready to prove our figures.

PASSAIC, N. J., *March 17, 1913.*

HONORABLE SIR: With reference to duties on piecco-dyed umbrella cloth (silk mixed goods), we are sending herewith statements of piecco-dyed umbrella cloth, which in connection with this letter will, we think, make our position plain and the situation in regard to the cloth clear to your committee. The figures used for the cost of the imported cloth are those given by the European manufacturers themselves and are shown in Schedule I, 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 these goods were imported.

There are at present only two mills manufacturing it in the 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 per cent down to 50 per cent of normal production, in order to prevent a large overproduction at home. There has also been a very keen competition between these two mills, which, together with the importation of the 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 at 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 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 of 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 which 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 overstock-

ing 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 are 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 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 yard-dyed or piece-dyed goods in his mill, as may suit him on 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 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 mills here employ 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 you 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.

[Inclosure.]

PIECE-DYED UMBRELLA CLOTH—ESTIMATED COST.

Forty-six-inch (116.84 ctms.) piece-dyed umbrella cloth w/tapes, quality III, like sample.

Taffeta, black: Ground warp (including tapes), 6620 Grege; filling, cotton, English No. 40/1; picks, 104 per inch; 13 per cent silk, 87 per cent cotton; tariff duty, 85 cents per pound.

Cost in United States	per pound..	\$2. 20
Cost in Europe	do....	1. 35
Cost of manufacture in United States.....	do....	1. 25
Cost of manufacture in Europe ¹	do....	. 51
Duty necessary to make up the difference in cost of manufacture.....		. 85
10,000 yards 46-inch domestic quality III, like sample, weight.....	pounds..	1, 820
10,000 yards 46-inch domestic quality III, like sample, weight.....	ounces..	20, 120
1 yard 46-inch domestic quality III, like sample, weight.....	do....	2. 91

10,000 yards 46-inch domestic, quality III, cost to manufacture in this country, at 40 cents.....

\$4, 000

10,000 yards 46-inch domestic, quality III, cost to manufacture in Europe, at 24.6 cents.....

2, 460

1, 540

Sixty-two and one-half per cent ad valorem duty will cover this item, or \$1,540 ÷ 1,820 = 85 cents per pound.

	United States.					
	Manu- facture.	Material.	Selling expense.	Total.	Manufac- ture and selling.	Material.
Per yard.....	<i>Cents.</i> 19.34	<i>Cents.</i> 17.28	<i>Cents.</i> 3.40	<i>Cents.</i> 40.00	<i>Per cent.</i> 57	<i>Per cent.</i> 43
Per pound.....	106.00	93.00	19.00	220.00	57	43
	Europe.					
	Manu- facture.	Material.	Selling expense.	Total.	Manufac- ture and selling.	Material.
Per yard.....	<i>Cents.</i> 7.37	<i>Cents.</i> 13.25	<i>Cents.</i> 1.98	<i>Cents.</i> 24.60	<i>Per cent.</i> 38	<i>Per cent.</i> 62
Per pound.....	40.00	84.00	11.00	135.00	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.

Forty-six inches piece-dyed umbrella cloth, domestic quality, Iris, like sample. Taffeta, black: Ground-warp, 4,100 ends Grege; tapes, 530 ends Organ; filling, cotton, English, No. 36/1; picks, 94 per inch; 11 per cent silk; 89 per cent cotton; tariff duty, 85 cents per pound.

¹ Cost of material abroad is figured, less 10 cents per pound for duty on cotton.

Cost in United States	per pound..	\$1.96
Cost in Europe.....	do.....	\$1.19
Cost of manufacturing in United States.....	do.....	\$1.16
Cost of manufacturing in Europe ¹	do.....	\$0.47
Duty necessary to make up the difference in cost of manufacturing	do.....	\$0.77
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 cents.....	\$3,520.00
10,000 yards 46-inch umbrella cloth, etc., cost to manufacture in Europe, at 21.4 cents.....	\$2,140.00
	<u>\$1,380.00</u>

Sixty-five per cent ad valorem duty will cover this item, or $\$1,380 + 1,791 = 77$ cents per pound.

	United States.					
	Manufac- ture.	Material.	Selling expense.	Total.	Manufac- turing and selling.	Material.
	<i>Cents.</i> 18	<i>Cents.</i> 14.3	<i>Cents.</i> 2.92	<i>Cents.</i> 35.20	<i>Per cent.</i> 69	<i>Per cent.</i> 40
Per yard.....	100	80	16	196	60	40

	Europe.					
	Manufac- ture.	Material.	Selling expense.	Total.	Manufac- turing and selling.	Material.
	<i>Cents.</i> 6.70	<i>Cents.</i> 12.00	<i>Cents.</i> 1.8	<i>Cents.</i> 21.4	<i>Per cent.</i> 40	<i>Per cent.</i> 60
Per yard.....	36	71	9.7	116	40	60

Per yard, 21.4 cents against 35.2 cents, difference 13.8 cents, equal 65 per cent ad valorem.
Per pound, \$1.16 against \$1.96, difference 77 cents per pound.

PIECE-DYED UMBRELLA CLOTH (SILK AND SILK-MIXED GOODS).

Total output, domestic and foreign combined, only \$1,000,000. What will revenue amount to?

Do not change paragraph 399 for silk and cotton mixtures.

Remain present specific tariff: If weighing more than $1\frac{1}{2}$ ounces, but not more than 24 ounces, and if containing not more than 20 per cent in weight of silk and dyed in the piece, 85 cents per pound.

Ad valorem duty will bring undervaluation, as proven under Dingley tariff.

Consider high cost of manufacturing in this country.

Consider low cost of manufacturing in Europe.

If reduction on silk fabrics necessary, then lower duty on higher grades.

Slightest reduction in present tariff will kill domestic manufacturing of piece-dyed umbrella cloth. (Schedule above referred to.)

Even there was during present tariff always continuous overproduction and more and more reduced consumption.

Prices on piece-dyed umbrella cloth have not been raised, owing to sharp domestic competition, since Payne-Aldrich tariff.

There is no combination or monopoly in our line of business in the United States.

DUNDEE TEXTILE CO.,
GUSTAVE HILBERT,
Treasurer and Manager.

¹ Cost of material abroad is figured less 7.2 cents per pound duty on cotton.

OTTO MÜLLER & CO., PER H. G. ADOLPH, 450 BROOME STREET, NEW YORK, N. Y.

The duty for umbrellas in the caucus of the House of Representatives was originally set down at 30 per cent ad valorem, the duty for silk, 45 per cent ad valorem. Upon complaint from the leading umbrella makers of the country the duty for umbrellas was raised to 35 per cent ad valorem, leaving still a difference of 10 per cent between the umbrella and the component material, silk. This discriminating difference of 10 per cent will eventually hurt considerably the manufacturer of umbrellas in this country, because if the component material of the umbrella is more highly protected than the complete umbrella the dealers and retailers will find it more profitable to import the umbrella, and thus leave the American manufacturer out in the cold. There are entirely too many umbrella manufacturers in this country for the business there is in this line, therefore there has been a free-for-all fight for many years for the limited demand. Enter the foreign competitor with still lower prices, good-by to the domestic umbrella maker. Paragraph 326 of the present tariff bill is quite satisfactory to every consumer of silks, because throughout the bill everything manufactured of silk is protected in proportion, with the exception of umbrellas, which no doubt is simply an oversight on the part of the Ways and Means Committee, therefore there might be made an amendment to this bill as follows:

If dyed in the piece for umbrellas, 35 per cent ad valorem.

Woven fabrics dyed in the piece are such goods as go into the cheaper kind of umbrellas; i. e., \$1, \$1.50, and \$2, which constitute the great bulk of umbrellas made.

On page 994 of the Congressional Record Mr. Moore, of Pennsylvania, tried to change the whole silk schedule on this one point, reducing the rate to 35 per cent ad valorem for all silks. This amendment was rejected, as not all the silk manufacturers of this country should receive a lesser rate of protection for the sake of one item, viz, piece-dyed silks for umbrellas.

Par. 327.—ARTIFICIAL SILK YARN.

**THE SUTRO BROS. BRAID CO., 222 FOURTH AVENUE, NEW YORK, N. Y.,
BY FREDERICK C. SUTRO, SECRETARY.**

NEW YORK, N. Y., *May 1, 1913.*

We ask that the duty on artificial silk yarn (H. R. 10, par. 331) be reduced from 35 per cent to 15 per cent. We base this request upon the following reasons:

1. Artificial silk yarn corresponds to thrown silk, the duty on which is to be 15 per cent. (Par. 325.)
2. The proposed high protective duty of 35 per cent on artificial silk yarn is practically the highest duty ever placed on this article.
3. The proposed duty will continue to shut out the braid industry from export business into which a reduction of the duty to 15 per cent will probably permit it to enter.

4. The proposed high duty of 35 per cent on artificial silk yarn will afford protection to a monopoly of foreign control.

5. The proposed reductions of duties on the various yarns employed in the manufacture of braids are disproportionate.

6. The proposed high duty on artificial silk yarn will remove the protective differential from a competitive American industry that produces articles that can be classed only as luxuries.

1. Artificial silk yarn corresponds to thrown silk, the duty on which is to be 15 per cent. (Par. 325.)

For the purpose for which it is used in the braid industry artificial silk yarn is a substitute for thrown silk, and, indeed, is in every respect similar to it. See Treasury Decision 32164 (Jan. 11, 1912), in which the United States Court of Customs Appeals held that "the merchandise (artificial silk yarn) is the crudest form of artificial silk known to the throwster's trade; it corresponds to the natural silk as this is made up from the cocoon."

2. The proposed high protective duty of 35 per cent on artificial silk yarn is practically the highest duty ever placed on this article.

It is absolutely higher than in the Dingley tariff, for even under that measure the duty was 30 per cent, and it is practically higher than in the Payne-Aldrich tariff, which provides a duty of 45 cents a pound, with the distinct proviso that the duty shall not be less than 30 per cent.

3. The proposed duty of 35 per cent on artificial silk yarn will continue to shut out the braid industry from export business into which a reduction of the duty to 15 per cent will probably permit it to enter.

"In our judgment the future growth of our great industries lies beyond the seas," are the concluding words of the peroration of Chairman Underwood's report of H. R. 10 to the House. The very bill, however, that has this judgment for its keynote places so high a protective duty on artificial silk yarn that the braid industry will be far more hopelessly shut out from foreign markets than it is to-day.

4. The proposed high duty of 35 per cent on artificial silk yarn will afford protection to a monopoly of foreign control.

The artificial silk-yarn industry in this country is an almost negligible quantity. In 1909, when the census was taken, there was only one plant for the production of artificial silk yarn, viz, one at Norristown, Pa. This plant, we understand, moreover, is no longer in operation. The Census Department has not even listed this as one of the industries to be considered for statistical purposes. The proposed duty of 35 per cent on artificial silk yarn would affect but a single concern. This is the American Viscose Co., at Marcus Hook, Pa., not an American corporation, but a plant recently founded and financed by Courthals (Ltd.), an English company. These people are at present doubling the capacity of their American plant, and to our knowledge have orders booked several months ahead. Courthals (Ltd.) is the largest producer of artificial silk yarn in the world. It has, we understand, effected an agreement with the Vereinigte Glanzstoff Fabriken, of Elberfeld, Germany, the second largest producers of artificial silk, the two concerns dividing the European field between them to avoid competition. Both of these corporations have the same agent in the United States, who at the same time is the

selling agent for the only American company in the field. This combination practically controls the prices of the artificial silk production of the world, smaller manufacturers following them in the matter of prices. Moreover, the process of manufacture is a patented one.

5. The proposed reductions of duties on the various yarns employed in the manufacture of braids are disproportionate.

(a) Almost every other textile industry is affected by the rates specified in only one or possibly two schedules. The yarns made use of in the braid industry, however, and the products of the industry also, enter into four or five, viz, C, metals; I, cotton; K, wool; L, silk; and sometimes N, sundries. In the year 1912 the following materials were made use of in our mill in the proportions named, the percentages being based upon the purchase values:

Artificial silk, 49½ per cent, nearly all imported.

Natural silk, 14½ per cent, bought from domestic throwsters.

Mohair and worsted yarns, 16 per cent, about 3 per cent domestic.

Cotton yarns, 14½ per cent, all domestic.

Metal threads, 5½ per cent, all imported.

(b) In order that the braid industry may exist, it is not the product of the industry but the industry itself that needs protection. This protection can be supplied only by an adequate differential between the rates of duty on raw material and those on the finished product. The following table shows the present and proposed rates on those various materials, the amounts of each imported, duty paid, and the value of the domestic manufacture so far as these could be ascertained. These figures show that whereas the proposed tariff makes little change in the differential protection on braids of natural silk, metal, and cotton, on artificial silk braids, which, as shown above, require for their manufacture one-half of all the material we use, the differential has been reduced from 38.94 to 15 per cent.

Inequalities in reduction of rates of duty on yarns employed in the braid industry.

	Payno-Aldrich tariff.	Present rates.		Proposed rates. Underwood bill.	Year ending June 30, 1912.		1909, domestic manufactures.
		Equivalent ad valorem.			Imported value.	Duty collected.	
		Bureau of Statistics.	Our last invoice.				
Artificial silk:							
Braid.....	45c. per lb. + 60 per cent	68.48 per cent.	76.80 per cent.	50 per cent.	\$972,066.33	\$665,699.18	\$8,333,696.00
Yarn.....	45c. per lb.	39.59 per cent.	37.86 per cent.	35 per cent.	511,897.00	202,664.29	Negligible.
Differentials.....			38.94 per cent.	15 per cent.			
Natural silk; natural (thrown) silk:							
Braid.....	60 per cent.	60 per cent.		50 per cent.	955,037.00	573,022.00	\$8,333,696.00
Yarn.....	50c. per lb.	16.01 per cent.		15 per cent.	7,589.00	1,214.50	2,104,066.00
Differentials.....		43.99 per cent.		35 per cent.			
Metal:							
Braid.....	15c. per lb. + 60 per cent	64.00 per cent.		50 per cent.	848,514.00	543,848.00	\$500,000.00
Yarn.....	5c. per lb. + 30 per cent.	34.86 per cent.		30 per cent.			Negligible.
Differentials.....		29.23 per cent.		20 per cent.			
Cotton:							
Braid.....	60 per cent.	60 per cent + 60 per cent		50 per cent.			
Yarn.....	6c. per lb. to No. 24; 4c. per number per lb. above No. 24.	23.14 per cent to 39.05 per cent.		10 per cent to No. 40; 15 per cent above.			
Differentials.....		36.86 per cent—20.95 per cent.		40 per cent—35 per cent.			

¹ This figure is the total of manufactures of all silk braids.

² About.

6. The proposed high duty on artificial silk yarn will remove the protective differential from a competitive American industry that produces articles that can be classed only as luxuries.

In the hearings before the Ways and Means Committee Chairman Underwood said:

* * * we want 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 a 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 (p. 1550).

(a) Braids, because the product not of a science, but of an art, and because an article of fashion, are a luxury. Styles favored by fashion are imported or purchased from domestic manufacture, no matter what the price.

(b) The high protective duty of 35 per cent on artificial silk yarn, by reducing the differential on braids from 38.94 to 15 per cent, will reduce the necessary protection on the braid industry to a point that will probably make it entirely impossible to compete with the European manufacturer. The high duty will therefore do injury to an industry including in the neighborhood of 100 plants in this country, united by no trade compact of any sort, but all competitive, and with an output aggregating, according to the census of the year 1909, \$8,333,696 in silk braid, bindings, and trimmings. With a duty of 50 per cent on braids and 35 per cent on yarns and a consequent differential of 15 per cent, the domestic manufacturer will indeed be unable to overcome the disadvantages under which he labors as compared with his foreign competitor. The disadvantages we have to overcome are as follows:

1. Owing to the high protective duty on yarn, we can not export. The European manufacturer has the whole world for his market.

2. Owing to our lack of export business, we can run our plant to capacity only during the brief domestic season, whereas the foreign manufacturer can work almost the year round.

3. Owing to the fact that braid plants are scattered over various parts of the country, we have no prevailing rate of wages in our industry in this country, whereas abroad the industry is centralized and all manufacturers of braids pay a prevailing wage.

4. The German Government aids the industry in Germany by maintaining a textile school that trains skilled help, whereas we have to train our own hands.

5. We have to buy most of our machinery abroad and land it with duty (under the present tariff, 45 per cent; H. R. 10, 25 per cent).

6. The average rate of wages paid by us for seven different classes of labor working 53 hours is \$8.00 per week. The average paid in Barmen, Germany, in the year 1908 for the same classes of labor working 58½ hours was \$5.28 per week. Our wage scale is 68 per cent higher than the European.

7. Especially in his export business, the foreign manufacturer can resist uneconomic demands of customers. We are forced by keen competition and the restrictions of our market to accede to many trade abuses.

For these reasons we ask that the duty on artificial silk yarn (H. R. 10, par. 331) be reduced from 35 to 15 per cent.

GENERAL.

CATOIR SILK CO., 257 FOURTH AVENUE, CORNER TWENTY-FIRST STREET,
NEW YORK, BY O. S. THOMPSON, SECRETARY.

NEW YORK, *May 22, 1913.*

HON. CHARLES S. THOMAS,
United States Senate, Washington, D. C.

SIR: France has been driven out of her own market for the manufacture of cheap and moderate priced piece dyed and printed goods by the Chinese and Japanese. At the present time most of such goods which are shipped from France to foreign countries are woven in China or Japan and shipped by them to France, where they are dyed, printed, embossed, or otherwise converted and are then shipped from France to foreign countries as French goods.

There has been an effort made on behalf of the weavers of such goods to revive their business in France and to secure protection from the French Government in the form of customs duties to enable them to again build up a business. Only this last year the French Chamber of Deputies referred this matter to a commission who definitely reported against it because, as they said, the converting of Chinese and Japanese goods and selling them to the rest of the world was of more value to France than the weaving of these goods could be made to be, as, in their opinion, if the importation from China and Japan were stopped the converting industry would go to Germany or elsewhere and France would not be then able to compete in the markets of the world with goods produced by herself against Chinese and Japanese goods converted in Germany or elsewhere.

In the question of the United States there is no possibility of our exporting to other countries in the same way as it is done by France. The loss of our weaving industry would also mean the loss of our converting industry, and it would not be possible for us to develop such a business as France has done.

It is probable that ad valorem duties upon such goods will allow the importation of large quantities of Chinese and Japanese goods into the United States, which may be converted here for home consumption, abolishing a large portion of the weaving industry without the possibility of our creating an export business as a compensating advantage.

The French weavers were unsuccessful and France has decided to keep her converting industry. How, then, under ad valorem duties are our customs inspectors to determine whether dyed and printed goods are the whole manufacture of Europe or Asia or part of one and part of the other? The same woven fabric would in each case when converted have three different values.

In justice to all concerned, both importers and manufacturers, we would much prefer that the duties be figured on both a specific and ad valorem rate as under the present tariff.

POST & SHELDON CORPORATION, 345 FOURTH AVENUE, NEW YORK, N. Y.,
BY GEORGE A. POST, SECRETARY AND TREASURER.

NEW YORK, *May 5, 1913.*

HON. CHARLES S. THOMAS,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR THOMAS: Will you kindly consider the following arguments in favor of a specific duty for Schedule L in place of ad valorem in the Underwood bill?

As you know, the ad valorem is figured on the foreign cost. This cost varies so much in the different countries, as France and Japan, for instance, that it might be that the country that would hurt us the most would pay only one-half the duty that the other might have to pay. This, with the initial low cost, would make the tariff as applied to one country prohibitive, while the country with low labor cost would bring in immense quantities of goods and hurt our domestic labor to that extent. It is impossible to obtain the foreign cost on silks. There are so many items that can be disputed and dodged that it puts a premium on dishonesty.

Under the old ad valorem system it was the trade impression that importers, in order to compete with other importers, had to undervalue.

Since the specific duties have been in use we have not heard of any frauds and every country pays the same duty on the same goods.

If your committee thinks that the specific duty is hard to understand, and that it might cloak some excessive duties on some materials, you could have a saving clause saying "that no silk goods should, under the specific rate, be less than 45 per cent ad valorem or more than 65 per cent ad valorem." This would protect us from the eastern countries.

We hope you will see how important this is to the silk trade.

REILING & SCHOEN, SILK MANUFACTURERS, TWENTY-FIRST STREET AND
FOURTH AVENUE, NEW YORK, N. Y. (SIGNATURE ILLEGIBLE).

NEW YORK, *May 21, 1913.*

HON. HOKE SMITH,
Senator from Georgia, Washington, D. C.

MY DEAR SENATOR: People who are interested in the manufacture of silk and silk goods are greatly disappointed in Schedule L as presented by the Ways and Means Committee. This committee adopts throughout ad valorem duties, which, for reasons I will try to explain, are not only inadequate, but unjust and unreliable.

The amount of protection which the ad valorem duty affords to the domestic manufacturer depends upon the value of the goods. The value of the goods is composed of, first, raw material; second, labor.

Raw material is as cheap in this country as it is abroad, but the value of the same grade of raw material may vary enormously. Many times during the 25 years that I am engaged in business in this country have I seen the value of a certain grade rise from \$1 to \$6 a pound, and, vice versa, drop from \$6.50 to \$3.70. You will

readily understand that if the chief value of a fabric is raw material the protection afforded to the manufacturer through ad valorem duties may fluctuate a great deal within a few months, with pernicious effects upon the industry.

Silk fabrics, I venture to say, are more varied than fabrics in the other textile industries. Therefore a fabric of which the chief value is raw material might be sufficiently protected by an ad valorem duty of 45 per cent, if raw silk is selling at, say, \$5 a pound, but should the price of silk drop to \$3.70 per pound, and thereby the cost be materially lowered, an ad valorem duty would not afford the same protection.

Then there are articles produced containing only a comparatively small amount of raw material (and the fluctuation in the cost of raw silk contained in these would affect the total cost only very little), but a proportionately large amount of labor. These articles under an ad valorem duty would be subjected to strong foreign competition. Particularly would this be the case with fabrics produced in China and Japan, where labor is extremely cheap, and these fabrics would therefore be freely imported under an ad valorem duty. Both these countries have made immense progress in the last few years under the guidance of European managers in the production of silk goods fit for the European and American markets, and their product, under a purely ad valorem tariff, would no doubt be imported in such large quantities into the United States as to take away work from a good many thousands of looms now occupied on similar fabrics in this country.

For these reasons a specific tariff, graduated upward in the same proportion as the weight of a square yard of fabric decreases, is absolutely necessary to insure equitable protection for the home industry.

We trust that your committee will give careful consideration to the arguments which have been presented upon this point and will not undo the work which has so carefully and scientifically been developed over a long period of years.

JOHN N. STEARNS & CO., 334 FOURTH AVENUE, NEW YORK, N. Y., BY
LOUIS STEARNS, SECRETARY.

NEW YORK, *May 2, 1913.*

HON. CHARLES S. THOMAS,
Senate Office Building, Washington, D. C.

DEAR SIR: We note that the proposed Underwood tariff bill changes this schedule from specific to ad valorem rates.

We are firmly convinced of the wisdom and justice of specific rates for this schedule and we protest against this change.

Specific rates accurately fix the amount of duty to be collected.

Ad valorem rates leave the amount uncertain, because the value of a silk fabric is not fixed and can not be determined accurately, even by an expert for the following reasons:

The value of a silk fabric often varies from week to week, depending not only upon material and labor, but also upon the color and design and whether it is in or out of style. Also the basis of value for

entry is the cost at the port of export and the same article produced in two different countries—for example, France and Japan, where labor costs vary widely—will have two different values for entry into this country.

Ad valorem rates render the Government subject to heavy losses by undervaluations on the part of dishonest importers.

Every country which has a tariff on silks has made it a specific tariff.

The first specific tariff on silk for this country was under the Wilson bill, made under the Cleveland administration, and it has been specific ever since.

For this country to revert to an ad valorem tariff would be retrogression.

For these reasons an ad valorem tariff on silks is obnoxious to both the importers and manufacturers of this country, and we earnestly urge your committee to obtain specific rates for this schedule in the proposed tariff.

PASSAVANT & CO., 440 FOURTH AVENUE, NEW YORK, N. Y., BY ALB. WATSON.

NEW YORK, May 20, 1913.

HON. CHARLES S. THOMAS,

In care of Senate Finance Committee, Washington, D. C.

SIR: As a dealer in silks for the last 40 years, the writer begs to present to you reasons why the specific rate of duty is preferable to an ad valorem duty.

After a piece of silk is made, the manufacturer himself can not always put a definite price on the article, as so much depends upon the color or coloring designs, and even on arrival of same invoice one case of one shade will be worth 25 per cent more than another case of goods made at the same time. As you of course know, fashion is fickle, and at times some colors will bring a full market price, whereas other shades, which were apparently desirable when ordered, have been passed by by the consuming public, and the result is such colors are, and have to be, sold at a large reduction.

The many years that we have had an ad valorem duty there have been controversies as to proper value in cases where there was no question as to the honesty of the importer, but a difference of opinion of the appraisers themselves; and to absolutely fix the value of any one quality is always a matter of conjecture, more or less.

When the specific schedule was adopted, it was only presented to the Government after months and years of investigation, and, although it is not perfect, there are inequalities which in the schedule presented to your honorable committee we have tried to eliminate as much as possible. We would ask you most earnestly to give the silk article the benefit of specific rates. It avoids difficulties, controversies, and differences of opinion between customhouses in the different cities of the United States.

The schedule itself may look somewhat complicated, but by a little study any appraiser can soon master it, whereas in the matter of values it is of almost daily fluctuation, and you can readily understand where the article is brought into the port of New York or in

the port of Hartford or San Francisco wide variation can take place. The writer believes that if you would refer this matter to the customs or appraisers' division of the New York customhouse, examiners will without doubt agree that specific duties, especially the last four years, have to a great degree facilitated the appraising of the merchandise without a question as to the duty. We might cite facts that under ad valorem duties controversies were of daily occurrence, whereas under the specific rates reappraisements are a very small percentage compared with the former methods.

In writing you we do not ask for an increase nor a decrease, unless you see fit to make it so. We do ask, in the interest of all concerned and the Government's best interest, that specific duties be conserved on silks. We know of no opposition to a specific schedule, as all who are acquainted with its workings are a unit in asking a specific rate.

We beg you most earnestly to consider this matter, satisfied that an investigation will prove our contention and, by enacting a specific rate, avoid litigation, saving expense to the Government and merchant.

