

Office of  
Henry P Kendall

Telephone  
NORWOOD 121

NORWOOD, MASS<sup>773</sup>

December 21, 1917.

Miss Ida M. Tarbell,  
132 East 19th Street,  
New York City.

Dear Miss Tarbell: I am very glad to get your letter of the 15th because I presume I am as well informed on the sources of supply of surgical gauze as any one, for I have been interested in the purchasing of the foundation cloths that were used on the Government contracts and by the American National Red Cross, because the equipment of the country for making these had to be apportioned so as to take care of the added load. In this connection, the American National Red Cross have asked me to protect them on all purchases of the foundation cloths and the apportionment of these to the manufacturers of surgical dressings.

Just recently, we made a contract of about thirty-five million yards of cloth for the Government with practically all of the mills who at the present time can weave this kind of cloth and included in that ten millions for the Red Cross, this to be delivered finished during the first three months of 1918.

The shortage which the Red Cross chapters are suffering from is largely a matter of proper organizing of the work. The association has grown so rapidly that they have not had proper information and proper methods of distribution. The result is the chapters are buying gauze recklessly, paying more than they should and artificially putting prices up. This stimulates middlemen to buy large quantities of gauze, all of which adds to the cost to the Red Cross chapters.

Within a few days, I have conferred with the buyer and the head of the New York Distributing Bureau for the Red Cross and also with the buyer, Mr. Gifford, and the heads of the development work, Mr. Greer and Mr. Crossett, and have very strongly urged that they do the following things:

First: Determine how much gauze is required by the Red Cross and all its chapters, the approximate yardage per month.

Second: Prevent the promiscuous buying on the part of the

chapters and of the bureaus.

Third: Concentrate this buying in the hands of a professional buyer, that is, the buying other than the large contracts which we are placing in connection with Government business. I have offered the services of our buyer a day a week or as much more as is required to go to their New York office and have suggested that if they wish to make use of him, they detail a clerk who shall do the routine work under his direction and that all emergency orders for spot goods be handled through him and with no publicity.

The only spot goods which can be picked up are in the hands of middlemen. We can get this material at the source of supply and can get the same price that the Government gets, which are below the market prices if this can be centralized in the way I have suggested.

It then seemed to me it would be wise to advise all the chapters of this arrangement, advise them of the price and the construction of gauze which they could have, and then arrange to supply each chapter from the nearest point. This will save delay and a very great deal of money.

While it is true that the demands of the hospitals, of the Army and Navy, of the French Government and the Red Cross are taxing the plants of the manufacturers of surgical dressings to the utmost, there are ample facilities for meeting this demand. The present shortage is in the cotton goods, or the foundation cloths, and this is caused by the fact that the Red Cross officials have made no estimate whatever of their probable consumption. Hence, the buying that has been done has been more or less guess work and I have taken the chance to nearly double the quantities which they have mentioned. In order to get the amount of gauze required, it will be necessary to make more extensive contracts with cotton mills and such contracts have got to be made from thirty to ninety days ahead and where necessary, they have got to buy reeds and harnesses for their looms.

Of course, it is obvious that the Red Cross should not compete with the Government. On the first Government contract which we placed collectively, we purchased 110,000,000 yards. I was commissioned to do it so that there would be only one man in the market. The Red Cross said they thought they would like one million and on a chance, I purchased three million at the same time. The price on this quantity of gauze went up in the next two days over a million

H. P. K. to Miss Ida M. Tarbell. 3.

December 21, 1917.

dollars. If the Red Cross foundation cloths had not been purchased with the Government purchase at that time, they would have had to pay just that premium. The same thing has happened on this last purchase. The market for the foundation cloths has gone up from  $1/8$  to  $3/8$  of a cent a yard.

This letter is written not in criticism of the Red Cross organization, but is simply stating the fact, whatever may be its causes, that they have not known what their consumption is and have not made the full use of the theory of centralized buying and price control that they must do.

Please consider this letter entirely confidential.

The remedy is clear and seems to me to lie in what I have suggested.

Any further information that I can give you or your friend, I should be glad to give you, of course.

Yours very truly,

Henry P. Kendall

HPK:MJ