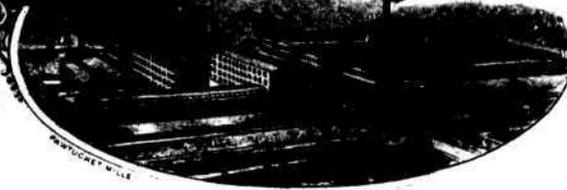


Freight to Saylesville.
Express and Telegrams to Pawtucket



Lorraine Manufacturing Company

Pawtucket, R.I.

Oct. 3, 1910.

Miss Ida M. Tarbell,
American Magazine,
New York, N. Y.

My dear Miss Tarbell:-

Replying to your favor of 26th ult., I shall be glad to answer the questions, with the understanding that my name will not be used in connection with these replies.

Stamines and madras curtain stuffs were not the only goods affected by undervaluations. Figured fabrics for dress and shirting purposes coming under paragraph 313 of the Dingley Law were affected, and by the latest decisions would have been affected still more had the old law continued.

These undervaluations did not apply to standard white or colored cotton goods, provided you exclude from this designation the class of goods referred to above.

The changes made have not raised the duty on all plain white and colored goods over 12½%. The Senate amendments fixed specific rates based on steps of valuation. At the highest limit of each step there is generally no increase, and experience shows that importers will arrange their fabrics so as to come generally at this point. For example, paragraph 317, dyed, colored, etc. valued at over 12½% and not over 15% per square yard under the Dingley Law paid 40%, under the new law 6% per

square yard. Therefore goods valued at 15¢ per sq. yd. paid just 6¢ under the old law, and the same under the new law, and this applies to nearly all the so called specific duties introduced in the new law by the Senate. It is therefore doubtful if the new law will show much increase of duty in actual operation for the reason stated above.

I don't know what the cost per square yard of mercerizing is abroad, but my impression is that from $\frac{1}{2}$ ¢ to $\frac{1}{2}$ ¢ per yard would cover the difference between this process here and abroad. You must remember, however, that the one cent per square yard imposed under the new law covers not only the difference in cost of the process, but the difference in the cost of the fabric. If you will look at all the cotton paragraphs you will see that there is a fixed duty based on count, weight and condition, which has not in any case been increased.

By referring to Senator Lodge's speech in the "Congressional Record", page 2748, you will see that samples were submitted of goods 136 threads to the square inch 34 inches wide, weighing 6.4 yards to the pound; that these goods in an ordinary construction could be bought at $3 \frac{7}{8}$ ¢ per sq. yd., but made of yarn suitable for mercerization, the same fabric cost $6 \frac{5}{8}$ ¢ per sq. yd., a difference of $2 \frac{1}{2}$ ¢ per running yard, or 2.91¢ per square yard. Other illustrations were given in the same speech, and many more could easily be supplied.

For mercerizing yarn is made from foreign staple cotton spun with less twist & generally combed

Mercerization has only been in use for about ten years, and as it adds greatly to the beauty and variety of fabrics, it seems wise to encourage its development in this country. Mercerizing does increase the market value of the cloth, but as pointed out above, in each paragraph of the tariff there are specific protective duties, and ^{by} these the duty ^{would be} is not ^{to cover the} increased on mercerized goods.

My impression is that the Arkwright Club makes a complete statement of its disbursements, and as its officials are men of the

highest standing, I have never before heard of any question being raised on this point, but would suggest that you communicate with Mr. F. C. Dumaine, the President, or Mr. Edward Stanwood, Secretary, Boston.

As regards the National Association of Cotton Manufacturers, I am one of its Ex Presidents and can speak from full knowledge. Mill supply dealers are not active members, and have no vote. They are admitted as associate members. It is impossible to discriminate between mill officials and mill owners, as the former very frequently own stock in their corporations, and generally speaking they are the active and controlling force. The spring and autumn meetings of this Association are attended by several hundred cotton manufacturers, and then the resolutions they pass are thoroughly representative of the trade. You might get further information by communicating with the President, Mr. Franklin W. Hobbs, or Mr. C. J. H. Woodbury, Boston.

The statement you make with regard to an ex customs official assisting ^{in forming} the cotton schedule, etc. is not true so far as I know.

With regard to a general canvass of the cotton manufacturing trade, representatives of the three organizations: the Arkwright Club, the National Association of Cotton Manufacturers and the American Cotton Manufacturers Association, were consulted, and these organizations represent the trade.

An increase in the price of raw cotton if assessed under an ad valorem duty undoubtedly increases the aggregate duty collected, but if assessed under a specific duty based on weight, count and condition does not increase the duty, and ^{lowers} the advalorem.

Any fair statement with regard to the cotton industry must admit the following facts:

That the consumer has not suffered in the smallest degree by any changes in the cotton schedule other than ^{possibly on some} ~~on~~ fine imported goods, which may well be classed as luxuries,

Enclosed is an article on this point from the Secretary of the Home Market Club. I call your attention to the average manufacturer's price of cotton goods made in this country, namely 6.32¢ per square yard, and also to the statement that 95% of all cotton goods are retailed at not over 12½¢ per square yard.

I also call attention to the increase in imports of cotton manufactures during the Dingley Law. On fine fancy cotton cloths, which are the only fabrics which may be affected by the new law, the increase was in similar proportion.

I also call attention to the statement with regard to the average number of spindles being 25,000, and that the cotton industry is entirely free from combination or monopoly. Competition is continually forcing improvements, which reduce the price to the consumer.

There is an entire absence of stock watering in the cotton industry. The cost of an ordinary print cloth mill today is about \$18.00 per spindle, and fine combed yarn mills cost about \$22.00 per spindle. Enclosed is a statement of Fall River mills, which shows the capitalisation per spindle of each mill. You will see that the average is about \$10.00 per spindle, showing that the mills are capitalized at only about half what they cost.

I hope you will also call on some of the New York merchants who remember what fine cotton goods cost say twenty years ago, when they were almost all imported, and what they are now costing today from the American manufacturer, and you will see how the consumer has benefited by the wonderful development of cotton manufacturing in this period. Such a man as Mr. Clarence Whitman can give you this information. It might also be advisable to look into the amount that is added to the manufacturer's price for cotton goods before they reach the consumer. You will find that it is at least 50% as a general rule, and that this percentage has materially increased in the last twenty years.

Yours very truly,

Wm. C. Colby