In the typewritten notes mailed you today, page 2, line 15, change "structure itself" to "process itself."

S. W. D.

Oct. 7.

To Mr. MacColl.

1. I presume you mean 12½ per cent, and not 12 cents, and that you refer to the average. This leaves me somewhat in the dark. Some increases might be far in excess of 12½ per cent. In fact an average increase of 12½ per cent might easily conceal some very great abuses, and in view of Mr. Lippitt's testimony that no important increase was needed how can this increase be justified?

2. Are not these step-ladder specifics a very objectionable form of an ad valorem tariff? I think they are, They increase the temptations to undervaluation and offer no safeguards against it.

3. Do you not here overlook the increase resulting from the 6-cent rate on goods costing over 12½ cents and under 15 cents? It seems to me you select the extreme that is favorable to your contention and ignore all the remainder. Is this not the fallacy underlying the persistent denials by Senator Aldrich during the Senate debates that increases had been made? Is not this the fallacy by which President Taft was deceived? It seems to me to be a very transparent fallacy. Six cents is 40 per cent of 15 cents to be sure. It is also 48 per cent of 12½ cents, an increase of 20 per cent.

4. I find nothing by Senator Lodge on page 2748, but on page 2633, June 1, of the bound volumes of the Congressional Record I find the reference you mention. And after reading what he says I am more at sea than ever. Senator Lodge was talking about what the goods, finished and unfinished, would have been bought for on a certain date, May 14 1909. We all know that might not represent the relation between the cost of production, because of the different conditions in different mills and numberless other possible variations. But for the sake of further argument I will assume that Senator Lodge's figures represent

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the difference in costs of fabrics intended and not intended for mercerization. You say the 1 cent covers not only the difference in the cost of mercerizing, but also the increase in the cost of the construction for mercerization. Now here are the difficulties I find in accepting the explanation you and Senator Lodge make. First, the mercerizing construction(if I may use that term) involves an increased cost abroad as well as here, so that Senator Lodge's 2 7/8 cents(the difference between the mercerizing and the non-mercerizing structures) has no bearing on the case. Second, any increase in the cost of construction is covered by the stepladder specifics. You say "there is a fixed duty based on count, weight, and condition, which has not in any case been increased." I accept your statement, but those fixed duties increase with the value of the goods, and consequently not only the increase due to the mercerizing structure, but also the mercerizing structure itself, serve to place the goods in higher classifications and subject them to higher duties. If such automatic increases are sufficient for protection(Mr. Lippitt admitted they were) then the 1 cent duty added on mercerized goods is unnecessary for protection and its only effect is to contribute to exclusion. That is the way your and Senator Lodge's argument strikes me. You say further on that these specific protective duties would not be increased to cover mercerized goods. But why not? Is the difference in the foreign and domestic costs for mercerizing structures and for mercerizing greater than for other processes of cotton manufacturing? It seems to me you are prevented from claiming that that is the case because of the admission which you make:"I don't know what the cost of mercerizing is abroad." And unless you do know that, your entire contention regarding the duty on mercerized goods falls to the ground.

5. The claim that the Arkwright Club refused to inform even its members regarding its receipts and disbursements is made by

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Walter H. Langshaw, of New Bedford. Now, Mr. MacColl, you, I assume, are a member of the Arkwright Club, and represented that Club during the tariff revision at Washington last year. Don't you think under these circumstances you owe it not only to the Club, but to yourself, to refute the charge from so prominent a manufacturer as Mr. Langshaw? You must realise how difficult your failure to refute the charge will make it for me and the millions of people who are studying the tariff question to believe the Club's disbursements were entirely legitimate. I do not question your statement that "the Club's officials are men of the highest standing," but if the Club is innocent of exerting improper influence in tariff legislation by means of money, why is Mr. Langshaw's charge allowed to go unrefuted?

6. Can you tell me what part of the American cotton manufacturing industry is represented by the National Association of Cotton Manufacturers? And how is that representation calculated? Do you include every mill having even one of its officials, no matter how inferior, in the Association?

7. You speak of the attendance at the meetings of the National Association of Cotton Manufacturers. I enclose a list of those reported present at the last two fall meetings. Will you, so far as you can conveniently, check the names of those members who are cotton manufacturers and give their official positions and the names of the mills, so I can calculate the spindles or looms they represent? ~~Great~~ You may think I am asking a great deal, but this is a great question and you have taken a prominent and responsible part in the tariff revision of last year. On the other hand, I can say truthfully, I think, that circumstances have placed me in a position where I have great influence over public opinion in the United States. For that reason I feel as if I would be unfair to you if I did not call on you for every scrap and scrimption of information regarding the relation of your associations to this tariff question.

8. Regarding the ex-customs official, the story as it comes to me, backed by considerable detail, is not that the official framed the cotton

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schedule. The story is that the cotton manufacturers engaged this customs official to aid them, the manufacturers, to frame the suggestions as to the cotton schedules, and that these suggestions were incorporated in whole or in part in the Payne tariff bill. Now is there any truth in that story, and if so, what is it?

9. If the specific duty was sufficiently protective would the lowering of the ad valorem equivalent because of the advance in the cost of cotton have any injurious effect?

10. This seems to beg the question. We are trying to find out how the consumer has been affected. He certainly has not been represented to any excessive degree in the revision of the schedules.

11. As regards a cotton trust I am interested now in determining whether there is a tendency toward combination, rather than in the fact that no monopoly now exists. I would be glad to have you state your views as to whether such a tendency is in evidence, or whether the cotton trade is the solitary exception in this respect.

This question of combination suggests another point that I have on the list for future investigation, and I will ask you about it now. Soon after the Payne tariff bill became a law did the Arkwright Club make an attempt to arrange with the European cotton manufacturers for the restriction of the consumption of cotton in order to lower the price of cotton? The Journal of Commerce published some correspondence betweenthe Arkwright Club and some cotton association in Manchester, England, which seemed to indicate that such at tempt was made.

12. I shall call, as you suggest, on Clarence Whitman, who, I am informed, is a brother of William Whitman, but a comparison of prices now and twenty years ago may be largely irrelevant because due to other factors besides the tariff.

13. I will also, as you suggest, look into the cost of distributing cotton goods.

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