

THE DEPRESSION IN THE COTTON INDUSTRY:  
A REMEDY.

“WHAT will be the future of our cotton industry in the United States?” is a question that, more than any other, is agitating the minds of the business men of this country, especially those of New England. That the cotton industry has been depressed for some time cannot be denied; and that the last year has been the most disastrous to the cotton-manufacturers of New England, is well known. There has been a universal cut in wages of operatives; and, as a result, strikes have occurred in many of our large cotton centres, which have brought not only disaster to the manufacturers, but poverty and suffering to thousands of men, women, and children, and a consequent depression in all classes of business in every part of New England. There is a cause for this; and if we will intelligently apply the remedy, we may again see our cotton industry prosperous, and the many who are idle to-day earning a competency in the only channel of labor open to them.

What is the cause of this depression in the cotton districts? I believe the question can be answered in a single sentence: Over-production for the market now open to us. For the last thirty years, the policy of our people has been to retain our home market; and the whole energy of the Government has been directed to that end, under a constant pressure from the manufacturing interests. Possibly this may have been wise, to a certain extent; and while the country was comparatively new, and manufacturing undeveloped, the policy of protecting our home market was no doubt profitable to the business interests of the country.

At the close of the Rebellion, the principal manufactories of textile fabrics were confined to the East, and largely to New England. The great West was undeveloped; the “Great American Desert” was still on our maps; and the Rocky Mountains had been crossed by emigrants only.

The abolition of slavery, and the wonderful resources of our country, as developed by four years of war, attracted the attention of the world; European capital sought investments among us; railroads were constructed across the continent; cities sprang up in every part of the great West; and millions of emigrants from the Old World sought our

shores and were welcomed, because we needed them to assist us in the onward march of improvement and in the development of our resources.

This development of the West called for a like development of manufacturing in the East; mills sprang up, and the sound of the loom was heard in every city and village; high wages were paid for labor; large dividends were paid on invested capital; and the country had a period of prosperity unprecedented in the history of nations. But such prosperity could not last. In the rush for wealth our people did not think of this. Our manufacturers did not look beyond to the time when the country should be covered with railroads, when cities and villages should be found in every part of the States, when our agricultural output should be excessive, and when outside competition should reduce prices almost to the point of prohibiting production; nor to the time when the peoples of the Old World would cease to seek our shores for lack of opportunity to better their condition.

During the period of prosperity cotton-mills were being erected, and the output increased every year, so that now, were the cotton-mills of the country run to their full capacity, six or seven months' work would suffice to supply all the goods we can consume in a year. As a result of all our activity the market is overstocked. During the time of our prosperity we were not cultivating a foreign market, but were catering for the home market; and now, when our production has reached twice the amount of our consumption, we have no market for our surplus. Depression is inevitable.

It is patent to every intelligent observer that, unless we can develop a wider market for our cotton goods, it will be impossible for the manufacturers of this country to keep their looms constantly employed. The result will be many idle operatives, and, consequently, a decreased consuming power; which latter condition will necessarily affect every part of the business world.

It is claimed by some that the cause of depression in the cotton industry of New England is the cheaper labor and the greater number of working-hours in the cotton-mills of the South. This may add to the cause of the present unfavorable conditions; but the suggestion of some Members of Congress, that there should be national legislation regulating the hours of labor in all the States, is not the true remedy. An investigation will show that there is a large difference in wages paid in the several States of the Union; and, if the hours of labor should be regulated by Congress, it would be equally important to regulate the wages of the employed.

It will be a sad day for this country when the Protection idea is carried to the extent of "protecting" the interests of one section from the competition of other sections.

The whole question of the future prosperity of our cotton-mills hinges on the problem of a wider market for our goods. How shall this be obtained? By taking, it seems to me, what naturally belongs to us,—our fair share of the trade of South America. Can this be accomplished? Certainly; if in seeking it our people will manifest the same business tact that they do in their business relations with the people of our own country. Take, for instance, the Republic of Colombia,—one of the richest undeveloped territories on the western continent. There is at the present time in this republic a population of 5,000,000. Except in the high mountain districts, the people wear cotton goods almost entirely. From New York to the principal port of the mainland of Colombia the distance is 2,000 miles. By the present line of steamers sailing between these ports, *via* Jamaica, the passage takes nine days; fifteen days are required by the English line of steamers between Liverpool and Colombia; and eighteen days may be reckoned upon for the German line. The shorter distance and quicker time of the American line should give us the advantage in trade. Yet in 1893 the exports by the principal countries trading with Colombia were as follows: France, \$7,394,000; Germany, \$1,315,000; Great Britain, \$4,908,000; United States, \$3,156,000.

Of the exports of Great Britain to Colombia, more than one-half consisted of cotton goods, amounting to \$2,700,000; while the cotton goods exported to that republic by us amounted to \$301,690 only.

During a residence of four years in Colombia, I endeavored to discover the cause of our small cotton trade with that country. In Bogota, the capital, you enter a mercantile house to buy a piece of cotton goods; and the merchant will place on the counter three pieces, of 18 yards, 24 yards and 30 yards, respectively. If you ask him for a piece of 45 or 50 yards, he will tell you that the trade does not call for cloth in longer pieces than 30 yards. Our manufacturers cut their cloth in longer pieces for the home market; yet they cannot supply the South-American trade with the desired lengths.

Ask the merchant why he does not buy his cotton goods in the United States, and he will tell you that he would be delighted to sell American cottons because they are so much superior to the cottons he has for sale, but that they are too good for the people, who want cheaper goods. These cheaper goods can be bought in the English markets.

Besides, the Americans do not cut their goods in the desired lengths; they do not pack them properly for transport across the mountains on a mule's back; they make the bundles too large; they do not protect them properly from the rains; and the goods arrive damaged.

A merchant who did a large wholesale business in Colombia asked me why he could not buy goods in America as profitably as in England. I asked him to be more explicit. He said: "I find I can buy prints (calicoes) in the United States as cheaply as I can in England; and they are much superior in style and quality. I ordered from a wholesale house in New York 1,500 pieces, of thirty yards each. It required two months to get a reply; and then the merchant informed me that he could not fill my order, because prints were not made in 30-yard pieces, in the United States; adding that if I would accept 45-yards in a piece, he would be happy to fill my order at once. The market here calls for 30 yards. I was obliged, on account of delay, to cable my order to England." In reply I could tell him only that our people had but little trade with his country, and that they did not understand the demands of his market. Thus the merchant was forced to trade with England, although he would have preferred to trade with us.

I have seen in a single store fifty packages of American cottons that had been ruined in transportation over the mountains. These goods were sold at auction for what they would bring; and the insurance company paid the balance. Thus, while the merchant was reimbursed for his losses on his goods, he lost the profit on the sale of them in his store. He said to me: "I cannot buy American goods until Americans learn to wrap them properly." Our merchants and manufacturers must learn such things, and cater to the demands and conditions of the trade, if they wish to sell to these people.

What is true of Colombia is true of Chile also. In 1894, the latest obtainable figures, England furnished seven-eighths of the cotton imported by the latter country. In 1896 the exports of cotton goods to Chile from the United States amounted to \$684,000 only. America should at least divide this trade equally with England.

From Brazil, in eleven years,—1885 to 1895 inclusive,—we imported raw material to the value of \$749,835,134; while our exports to Brazil amounted to \$119,645,230 only. Thus the balance of trade against us was \$630,189,904 gold.

On comparing Brazil's trade with different countries we find that nearly all the balance against us was expended in Europe for merchandise, a great portion of which might have been furnished by the United

States. During the eleven years in question we sold to Brazil cotton goods to the value of \$9,000,000 only; while England sold that country \$150,000,000, France \$22,000,000, and Germany \$35,000,000. We furnished only a little over 4 per cent of the cotton goods imported by Brazil; although, judging by a collection of 40,000 samples in the Philadelphia Commercial Museum, showing the style and quality of goods exported from Europe, our manufacturers might have competed successfully with 60 per cent of the total imported. These facts have been determined by a careful investigation of the samples by leading cotton-manufacturers of the United States. Had our cotton interests taken one-half of this trade the present depression would not have existed.

If we turn to Argentina, we find that the imports of cotton goods by that republic in 1895 amounted to 20,979,240 kilograms, of which the United States furnished only 253,383, or about  $1\frac{1}{4}$  per cent.

These examples are sufficient to show that what our cotton interests need to-day is a wider market; and there is sufficient evidence to prove that this can be obtained on the western continent, at our very doors, simply by complying with the conditions of trade. We certainly can do this as well as England, Germany, or France.

There is some talk of concerted action to reduce the output of cotton goods. That of course means idleness, and further depression in the business world. A far more patriotic move on the part of our cotton-manufacturers would be, an endeavor to supply the markets that are open to them; thus giving bread to those who have helped to earn their dividends in the past. In order to secure this trade, there must be concerted action. The agents sent to those countries must be competent to study intelligently the wants of the people, the kind of goods desired, and the methods of packing suited to the different markets. Then goods must be manufactured in styles, length of pieces, and of quality to suit the trade. Agencies, with a large variety of samples always at hand, must be established in the business centres; and time must be given on goods sold, until they are delivered to the purchaser, instead of demanding cash on shipment of material that will not reach the purchaser till three or four months later. All these conditions are complied with by the foreigner; and our people have the capital as well as the enterprise to do the same thing. Moreover they will find their losses no greater than at home,—indeed, not so great.

The manufacturer must be satisfied with smaller dividends than in the past; remembering that all capital is earning smaller dividends than formerly.

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