

American Woolen Company

TO THE PUBLIC:

The leadership in the woolen goods trade which has been attained by the American Woolen Company has naturally subjected it to a variety of attacks, most of which, outside of trade and political rivalry, have been based upon misunderstandings.

The size of the operations of the American Woolen Company—its large capital employed in the production of seventy varieties of cloth in ten thousand varieties of styles; its capital investment in fifty-seven mills and its employment of more than 40,000 mill workers—places it in the position of something more than a private corporation.

It has duties toward the national government, to whom it has paid more than \$20,000,000 in taxes in a single year or more than 10% of the gross volume of its sales. The government should have reciprocal duties in protection of this American industry.

It has duties toward 15,000 people who own its \$40,000,000 7% preferred shares—the first and only lien upon an investment estimated at above \$150,000,000. These shareholders are not speculators; they are the backbone and sinew of our industrial life, which must be based upon the savings of the people. When money is easy, these shares sell at 10% premium. When money rules as at present at high interest rates, they sell at 5 @ 10% discount from their issue price of \$100 per share.

The American Woolen Company has duties toward the 3000 owners of its common shares—formerly \$20,000,000 but recently expanded by the issue of \$20,000,000 additional stock for new working capital. This stock was offered to shareholders at par, was underwritten at 5% commission by a syndicate of bankers and capitalists, and is now quoted at 20% discount from par, although every share represents an equity value above the preferred shares of more than \$200 per share.

The American Woolen Company has duties toward its faithful employees which rank ahead of its obligations to its ordinary shareholders and are co-equal with the interests of its preferred shareholders. All are dependent, more or less, for their living and their livelihood, upon wise and just management in the conduct of this great enterprise.

The American Woolen Company aims to recognize its manifold duties to the public, not only in the production of the best woolen goods American enterprise can produce and in the meeting of honest competition in free and open American markets, but in the maintenance, so far as possible, of steady employment for its employees. It recognizes that upon this steady employment depends the welfare of the cities and towns in which its mills are located.

To carry out these manifold duties it must aim toward steadiness in prices and fair values for its goods; for its wool purchased and for its labor employed. It must avoid, so far as possible, the purchase of wool at boom prices and it must be forehanded in the use of its capital in the purchase of wool in times of liberal supply.

It must aim to hold its skilled labor organization with the fewest possible changes. It therefore pays the highest wages and gives the steadiest employment, so far as it is supported by the public in the purchase of its goods.

To manufacture and accumulate a stock of goods when the public refuses to purchase is only to invite disaster in markets and prices, reacting in the end upon our employees and the savings that furnish the capital. Such a policy continued would only result in prolonged depression disorganizing all the forces of both labor and capital, which must jointly support this enterprise in its service to the public.

The company must manufacture according to orders either on its books or clearly foreseen. Early in this year the company had on its books sufficient orders to insure employment for six months.

Labor was in universal demand and prices of wool and woolen goods were at the highest seen since this company was organized. To maintain our organization and insure the fulfillment of our contracts another advance in wages of 15% was announced to our employees in May.

With the advance in the money rate and increasing restrictions to credit, cancellations began to come in; but for some time they were no more than might be expected and not larger in volume than had been seen in pre-war times without making disturbance in the industry.

When, however, on May 26th, the government brought indictments against this company for prices charged for its goods in open and competitive markets, it was notice to the trade by the government that the prices for woolen cloth must be reduced. Although the indictments were dismissed by the court of first jurisdiction on June 11th, cancellation of orders became universal over the country. Total cancellations based upon figures collected by the government are estimated for the whole trade at the entire annual output of the American Woolen Company.

The total cancellation of orders upon the books of the American Woolen Company amounted to more than \$40,000,000 or sufficient to give employment for two months to all our workers.

To have continued to manufacture and accumulate unsalable goods would have been, not only financial suicide, but would have insured a depression in the entire woolen industry from which it would have taken many weeks, if not months, to recover by universal shutdowns, with widespread disorganization and unemployment.

Therefore, instead of the usual two weeks' vacation in August, the mills were shut down on July 10th, which was fortunately the best season for a two months' vacation. Had the shutdown been forced in the winter season, as it would have been by continued accumulation of goods, there might have been, with high prices and famine conditions for fuel, some personal suffering.

To September 1st, however, there has been less call upon the company and the public authorities for personal assistance than in the preceding year, when there was only a two weeks' vacation. The reason for this wholesome condition in our mill communities was the large volume of wages paid the last year—a sum exceeding anything ever before known in the American woolen industry. Yet the average wage is not higher than that in other skilled trades entering into the cost of living.

We believe in good wages for the American skilled working man—the highest wages that expenditure by wage earners themselves will justify. The makers of goods are the consumers of goods in this country. Prices must depend upon wages and consumption.

The American Woolen Company will be a success only so far as it is fair and just to the capital and the labor which it employs and to the public which it serves.

If you believe in the policy of the American Woolen Company in the maintenance of good wages for skilled working men, order your goods promptly this season, and if you carefully select your woolen cloth according to your needs, you will find in the American Woolen Company production such a variety as will make it unnecessary for you to invite foreign importations.

The American Woolen Company begins its exhibit to the trade Thursday, September 9th, and will begin the starting up of its mills Monday, September 13th.

The wage scale will be the same as when the mills were forced to close in July.

The support of the public in the prompt purchase of the goods of the American Woolen Company is invited.

AMERICAN WOOLEN COMPANY

By Order of the Directors

WILLIAM M WOOD, President