

SOME ASPECTS OF THE WOOL TRADE OF THE UNITED STATES

SUMMARY

Wool dealing as an intermediary between wool growing and wool manufacturing, 338. — Private sales the basis of the American system, 339. — The American wool trade at the present time. Extent of the traffic, 341. — Organization of the business in the East, the South, the West, on the Pacific Coast, 342. — Attempts to change the existing methods by complete reorganization. New York Wool Exchange, 349. — Partial reorganization, by local warehouses, 352. — And terminal warehouses, e. g. Chicago Wool Warehouse and Storage Company, 353. — Betterment of facilities without change in the existing system, 355. — The Boston Warehouse, 355. — Plan for a conditioning house, 356.

AMONG the many problems encountered in attempting to analyze the industrial development in the United States, one has proved especially difficult of satisfactory solution: What types of "commercial mechanism" (for want of a better term) stand between the producer of raw materials and the consuming manufacturer? In other words: How are the raw materials actually bought and sold?

There is a surprising dearth of material for an adequate study of this problem. And yet the problem appears to have significance, not only in the field of scientific investigation, but also in studies of efficiency and of cost analysis made from the business man's standpoint. Among the many instances of this lack of material, none is more interesting than that which concerns the mechanism of dealings between wool growers and wool manufacturers. There are excellent studies of these industries from various

points of view, but the industry which lies between them — wool dealing — has had no correspondingly adequate treatment.

It is not the purpose of this paper to offer an exhaustive study of the American wool trade, but only to sketch some of its main features, outline some of the attempts which have been made to modify it, and suggest some of the reasons why many of these have yielded no more lasting results.

The volume of wool consumed in the United States is now over five times as great as it was in 1860.¹ During that time American wool growing has been radically changed both in methods, location, and in the character of the output,² and wool manufacturing industries have been completely reorganized.³ But the commercial link between these two — wool dealing — has remained practically unchanged. The dealers are of the same type, and the buying and selling methods remain very much as they were a half century ago. This lack of change has been advanced repeatedly as an evidence of the inherent efficiency of the system. But at the same time it is said that the wool-handling methods in this country are cumbersome, unscientific, and needlessly circuitous and expensive. Unquestionably there are defects, but equally unquestionably the system is, in the main, an effective intermediary between the grower and the manufacturer, and any attempt to overturn the existing methods of the trade must at least offer some other method equally well adapted to American conditions. Relief from such ills as may exist is not to be looked for by modelling our system precisely on that employed elsewhere.

¹ Statistical Abstract of the United States, 1909, p. 560.

² C. W. Wright, *Wool Growing and the Tariff*, chs. vii and viii.

³ Special Reports of the Census, 1905, Part III, p. 87, Table I.

In England nearly all the imported wools are sold at public auctions. Most of the native wools from the south of England take advantage of the same system. In the north, private sale and fairs with competitive bidding are more extensively employed.¹ The wide use of the auction system in England as well as in Australia has its basis in the legal restrictions on the sale of wool used as collateral for loans, as well as in other peculiar local conditions not to be found in the United States.

In Australia, again, since the large percentage of the wool clip used as security for loans forces these wools to pass through a competitive auction sale, there results the necessity of uniform grading, which is best accomplished by the employment of a regulated grading warehouse system. The New Zealand, Cape of Good Hope, and German markets present generally similar conditions and move most of their wools through auction sales. But in practically all of the rest of the world where wool is important in commerce, — in the United States, Uruguay and the Argentine, and Russia, — private sale is the prevailing method.² It is significant that wherever the auction system has been introduced in this country it has succeeded only when an adjunct to the accepted system, not when a substitute for it.

To understand clearly the problems presented by our system of wool dealing, it may be well to recall some of the salient points concerning the commercial movement of wool in the United States, the functions of the wool merchant as they have developed here, and the characteristic features of our wool-buying

¹ J. H. Clapham, *The Woolen and Worsted Industries*, pp. 91–108.

² *Ibid.*, ch. iii.

industries. We can then examine more satisfactorily some of the attempts to change the system.

The average annual consumption of wool in the United States, if we include carpet wools, is now about 500 million pounds. In normal years about three-fifths of this is of domestic production and the remaining two-fifths imported, altho these proportions, of course, show wide variation from year to year.¹ The wool product of the United States in 1909 was nearly 330 million pounds (including 41 million pounds of pulled wool) in the grease, or about 142 million pounds scoured and made fit for spinning; with a value of nearly 90 million dollars.² The imports of wool of all classes during the fiscal year 1908-09 (corresponding for statistical purposes with the crop year) were 266 million pounds in the grease — the imported share being above the average for recent years. These imports had a combined value of 49 million dollars.³ Altogether, then, we have in our total wool supply a raw material worth in an average year 140 million dollars.

Of our imported wools a little over one-half are coarse carpet wools, which constitute what is virtually a separate commodity. If we consider clothing and combing wools alone, we find that the annual consumption is about 400 million pounds, of which about one-fourth are imported. Our domestic clip is nearly all wool of the clothing and combing types, and constitutes the remaining three-fourths, — about 300 million pounds.

¹ Statistical Abstract of the United States, 1909, p. 590.

² Bulletin, National Association of Wool Manufacturers, December, 1909, p. 524.

³ Bureau of Statistics, Department of Commerce and Labor. Report on Commerce and Navigation, 1909, pp. 352-353.

Tho the United States is the third largest wool-producing country in the world, its trade in domestic wools is almost entirely intramural. No appreciable quantity of our domestic wools is exported. This eliminates from our wool-handling system a form of buying dominant in the colonial wool markets, and very important even in the British. Thus we have one very marked difference between our wool-handling business and that of other countries,—whether the great wool-growing countries or colonies which export their product, or England, which is quite as much a wool assembler and distributor in the world's trade as a buyer for manufacture. British exports of wool in normal years will amount to about one-third of the importations. Buying for re-export to dealers is clearly a much simpler commercial operation than buying for separation into closely graded lots to be sold to mills for specialized manufacture.

Furthermore, our American-grown supply is very promiscuous and uneven in its character, calling for much greater risk and demanding much more detailed knowledge in handling profitably; and this variety is increased by the fact that the domestic supply is inadequate in quantity for our own consumption and is supplemented each year by large quantities of imported wools. This diversity offers a contrast with even British conditions, and makes our wool-handling problem one calling for special developments in the buying side of the business. Wool buyers form the conspicuous part of the working force of the American wool-handling system, and it is their work which constitutes the chief draft on the wool merchant's expense account.

The selling side of the business, on the other hand, has been influenced largely by the high degree of

geographic concentration of the wool-manufacturing industries in New England and the Philadelphia section. Massachusetts and Pennsylvania produced over one-half of the United States output of woollen manufactures in 1905.¹ This, more than any other one factor, seems to explain the present localization of wool dealing in Boston and Philadelphia. In selling, the organization of the business is simple as compared with that in buying. Tho the sale of wool determines the dealer's ability to make his business profitable, it involves no problems or methods analogous to those in its purchase. Most of the dealers are constantly in touch with the wants of their own clients or of other large buyers, and wool selling is largely a matter of promptness to take advantage of indicated conditions, personal touch with buyers, and a considerable element of luck. Such, in brief, are the two ends of the wool merchant's equipment.

The work of gathering and disposing of American-grown wools varies materially in the different producing regions. The "fleece" wools of the states east of the Mississippi make a little over one-third of the annual clip. They are largely (about 70 per cent) of what is known in the trade as "medium" grade. The percentage of "fine" is largest in West Virginia, Pennsylvania, and Ohio,² but speaking generally, the eastern type of wool comes from cross-bred sheep raised quite as much for mutton as for wool. Wool growing in the East is an incident of general farming, and the flocks are relatively small, seldom over one thousand sheep and much more frequently under

¹ Special Reports, Census, 1905, Part III, p. 87, Table 2.

² Bulletin, National Association of Wool Manufacturers, Dec. 1909, Table 1, opposite p. 524.

five hundred. It is a characteristic feature of this part of the supply, therefore, that these wools come upon the market in small lots. The wools from each state, again, are designated in the trade both by state and grade, as Ohio XX, Ohio quarter-blood, Wisconsin quarter-blood, etc. The wools of the same grade from different states will differ in value, character, and shrinkage — Ohio wools of one grade, for example, being worth, say, three cents a pound more “in the grease” than the same grades from Wisconsin. The average amount of “shrink” (or the loss of weight in scouring) is the main element accounting for these fixed differences in price, but they are due in part to variations in breeding types, weather conditions, and other causes.¹

Formerly most of the wools from this part of the country were of a much purer Merino stock, but the growing importance of the mutton trade has changed the character of the clip from “fine” or fairly full-blood Merino wools, suitable for carding, to its present high percentage of cross-bred wools of “medium” grade or lower, adapted to combing for the manufacture of worsteds.² It may be observed in this connection that the trade terms “fine,” “medium,” “low medium,” etc., do not refer to the degree of salability of the wools. They are merely an indication of their general character. The “medium” and “low medium” wools are the longer, coarser, and stronger wools of the cross-bred sheep, and these very properties give them value for worsted spinning. When the demands of fashion are strong for worsted goods and light for woolen goods the prices of the

¹ Interviews with Philadelphia and Boston wool merchants.

² Wright, *Wool Growing and the Tariff*, ch. vii.

“low grade” wools “in the grease” often are as high as those for fine wools, and at times even higher.

As a result of the conditions under which it is grown, the greater part of the “fleece” wool supply is first assembled in ungraded lots by local merchants. These middlemen may be either local wool merchants who usually buy outright the small lots brought in by farmers, or the local general merchants who handle wool in connection with a general merchandise business, either on a factorage, or on a regular purchase basis. It is nearly always from these, rather than from the wool growers, that the Boston or Philadelphia merchant draws his eastern supply, and during normal years most of the business is done on a merchant, rather than a commission basis. In sluggish seasons the commission method is employed more freely by those small initial collectors of wool, but in years of wide fluctuations in price, all risks are shifted to the coast merchant as soon as he can be induced to take them. In a few cases eastern mills buy, in the “fleece” wool sections, direct from representatives who collect small lots for them. Occasionally, an eastern merchant may attempt to secure his supply direct from the farmers, but this method is expensive, slow, and pays only under exceptional circumstances. Most of the purchases in the east are of “bunched” lots bought by the representatives of eastern dealers who make regular circuits among the “country” merchants.

The “southern” wools are uniformly poor in character, and are almost a negligible factor of the wool supply, usually amounting to not more than about one-twentieth of the country’s clip. They are, however, handled in much the same way as the fleece wools of the eastern states.

The great body of the domestic wool supply comes from the sheep ranges of the states west of the Missouri river. Montana and Wyoming together raise each year about as much wool as all of the states east of the Missouri and north of the Potomac. And these two with Idaho, New Mexico, and the three Pacific Coast states, contribute each year considerably more than all the other states of the Union combined.¹

These wools, known under the general term of "territory" wools, offer many sharp contrasts with the "fleece" wools of the east. They are clipped to a larger extent from wool sheep, as distinct from mutton or cross-bred sheep, since the Merino and other high-grade wool-producing strains still predominate on the western ranges, notwithstanding a substantial increase in cross-bred strains. The percentage of "fine" and "fine medium" grades among the "territory" wools is, therefore, relatively large. Throughout the western wool-growing states the typical flock is very large (often as high as five thousand sheep, and sometimes eight or even ten thousand), and consequently the wool comes into the market in large lots. The accompanying large capital and the characteristic business sagacity of the western flockmaster almost entirely eliminates any middleman like the country merchant of the east, except in the Pacific Coast states. Throughout the west the characteristic form of sale is direct to the "buyer" sent out by the wool merchants, or even by the mills of the Atlantic Coast.²

In years when conditions produce recklessness among buyers the western buying methods are ma-

¹ Bulletin, National Association of Wool Manufacturers, Dec. 1909, p. 524.

² Interviews with buyers and flockmasters in Billings, Montana.

terially modified by the practice of buying wool "on the sheep's back" months before it is ready for shearing, and hence long before its real value can be so much as guessed at. The year 1909 was such a year. An unusually heavy drop in prices during the early winter months combined with a confidently anticipated subsequent rise led many buyers to make large purchases of this kind, and by the end of February there were being offered, for ungrown wool, prices which in normal years would be considered good for high-grade clips. It is estimated that over one-half, and perhaps as much as two-thirds of the year's clip of "territory" wools was sold in this way. Such speculation is generally condemned by wool buyers as being altogether unsafe. But even those who condemn it most sharply are occasionally found to practise it.

The wool-handling methods of California and the Oregon-Washington district vary somewhat from those prevailing in the rest of the west — partaking of the nature of both the eastern and western systems. In California considerably more than one-half of the clip is usually sold to eastern buyers direct, while the remainder moves through San Francisco commission houses.¹ The California, Washington, and Oregon wools are almost the only wools clipped in this country which are shipped in bales. This baling is done at grading warehouses, and the bales, being of graded wool, are sold by sample.

In the Willamette Valley in Oregon, where about a million and a half pounds of wool are sold each year, the growers have been fairly successful in pooling their small lots into larger lots to be sold *en bloc* either by direct competitive bid or through a commission

¹ Report, Industrial Commission, vol. vi, pp. 335, 336.

house. In eastern Oregon during the past five or six years about forty per cent of the wools have been sold on "sealed bids" submitted by the buyers on appointed days. This system is peculiar in that submitted bids are binding on the bidders, but the grower may refuse all bids if he chooses to do so. The remaining portion of the eastern Oregon wools moved by private sale.

The work of the "buyer" sent out by the eastern wool merchant houses is the most important, most complex, and most uncertain feature of wool handling as it is practised in this country. The wool buyer is required to be a clever judge of the profit-yielding powers of each lot of wool bought, but the price he offers cannot be based on that judgment alone. There are crop data for the wool clip of the various wool-growing countries, but in this country these find no centralized point of interpretation such as is offered by the London wool auctions, or as may be found in the cotton and wheat-handling exchanges which do so much to stabilize prices in those commodities. The individual interpretation of these data lies at the bottom of the whole wool price-making system in this country. It is responsible for such sudden outbursts of speculation as occurred in the "sheep's back" buying craze in 1909, and it makes the buyer's position often very precarious. Collusion on the part of the buyers, or pooling by the flockmasters may be resorted to, but under ordinary conditions uncertainty and instability characterize this branch of the business.

The functions of the eastern wool merchant, so far as the domestic wools are concerned, resolve themselves into purchase of large blocks of high-grade "territory" wools, purchase or handling on

commission of numerous small lots of medium or low-grade "fleece" wools, assembling these, grading them, and storing them in lofts at the chief buying centers for eastern mills, ready for purchase in graded lots for delivery in quantities and at prices to suit their manufacturing customers. Many of these merchants also assume functions of a financial nature. It is not an uncommon practice for them to advance to the growers of the west, or to the small merchants of the east, substantial sums of money on consigned wool, or even on prospective clips, and it is sometimes necessary for the merchant to carry his manufacturer customer for months or even, in some cases, until he can realize on his manufactured product.

The handling of imported wools, while sometimes conducted as a special business, is more often combined with trade in domestic wools. As a rule it involves outright purchase, either direct through buyers sent out from here to cover the London, Liverpool, or Australian auctions or to buy in the Argentine or Cape markets, or else through brokers or agents permanently located on the other side.

It is clear that the actual work performed by the wool merchant is an important and complicated service and that it would not be easy to dislodge him from his recognized position. But that the service he renders is susceptible of improvement is indicated with equal clearness by the efforts which have been made and are now making to modify the organization or methods of the wool trade. These efforts may be placed in three general groups according to their underlying objects:

1. Those aiming at a complete reorganization of the American wool-handling system by

the concentration of the buying, selling, financing, and other phases of the business at some eastern point, and the introduction of the English auction system. The most noteworthy example of this type of effort was the New York Wool Exchange.

2. Those aiming at partial reorganization by bringing the buyers for eastern mills into closer contact with the wool growers, thus wholly or partially eliminating the eastern wool merchant.
3. Those aiming to preserve the existing system, giving due recognition to the place and work of the eastern wool merchant, while improving his equipment and facilities.

The New York Wool Exchange not only furnishes the most striking example of the first type of effort to modify the wool-handling system, but it was by far the most comprehensive attempt. This enterprise attempted to revolutionize nearly every phase of wool handling in this country. It not only undertook to perform much of the work of the wool merchant, but it aimed to change completely the established American methods of wool buying and selling by the introduction of the London system of public auctions. It was also an attempt to shift the center of the wool trade from Boston to New York, and to persuade New York bankers to look on wool paper as favorably as Boston bankers do.

Ample capital was secured for the enterprise during 1894, and a handsome building was erected in West Broadway, New York City. On the ground floor was a banking equipment for occupancy by the bank which was a part of the enterprise. The first floor

contained a huge salesroom, above which there were two floors of warehouse for storage which, with outside leased lofts, gave a capacity for 25,000,000 pounds of wool. The remaining five or six floors were occupied by offices for wool merchants and by a suite of rooms for the New York Wool Club.¹

Arrangements were made for auction sales on stated days, rules being drafted similar to those prevailing in the London sales. Quotations based on these sales were made public and an attempt was made to group these under heads sufficiently descriptive to make them useful to wool buyers generally. The first sale aroused a fairly wide interest. But each subsequent one developed some new inadequacy either in the system or in the equipment for carrying out the Exchange plans, and in November, 1898, after about two years of dwindling activity, the Exchange closed its doors and passed out of existence — salesroom, warehouse, newspaper publication, and the Tradesmen's National Bank, which was to have taught the New York bankers how to handle wool paper. The building, still known as the Wool Exchange Building, is now used for office purposes. The failure was complete.²

Numerous causes have been assigned for this total collapse. Some of these have to do with the personnel of the management and control, others relate to the unnecessary mechanical handling costs³ involved in putting wool into the hands of the mill buyers by this method. It is probable that each of these had some effect, but even if they had not been operative, such an enterprise, particularly in

¹ Bulletin, National Association of Wool Manufacturers, Sept. 1894, p. 316.

² *Ibid.*, Dec. 1898, p. 361.

³ Interviews with wool merchants in New York, Boston, and Philadelphia.

New York, would have had to meet other and more fundamental difficulties. Chief among these are the lack of uniformity in American breeding and packing methods, and the peculiar character of our buying market.

The lack of uniformity in American breeding methods perhaps does more than any other one thing to make close or accurate grading of our wool impossible. Neither wools from any given locality, nor even special clips have a closely uniform character.¹ Most of them cannot safely be bought from the flockmaster or farmer without undergoing individual examination. When the Wool Exchange attempted to list and prescribe a minimum number of standard classes, it was unable to reduce the list to as few as 200 main classes, and the relations between these were very hazy. This is in sharp contrast with the relatively simple grading systems for cotton and wheat, and also shows a marked difference from conditions in either the English or Australian wool-auction warehouses, where the varieties are much less diverse. Since this lack of uniformity and lack of care in packing domestic wools makes a guaranteed sale without individual examination very hazardous, grading and classing clip by clip becomes obviously a function which must be performed somewhere in the selling process and makes wool dealing in this country more than a mere commercial operation.

The peculiar character of our buying market is another great obstacle to the success of such an enterprise as the New York Wool Exchange. The three classes of patrons for such an enterprise would be the wool merchant, the large manufacturer, and the

¹ Bulletin, National Association of Wool Manufacturers, Dec. 1898, pp. 363-368.

small manufacturer. The first of these would not profit materially by such a handling method unless the Exchange could cover the wool trade so completely as to enable him to dispense with the buyers he now sends out. This is hardly conceivable. The large manufacturer might get some substantial benefit from a compact handling system of this kind, but he alone would reap any great advantage. The small manufacturer who buys closely and must confine himself to specific quantities of carefully graded wool for delivery at fixed times would be unable to get what he wanted at the Exchange except in rare instances. In nearly every respect the wool merchant can serve him better. Both before and since the New York Exchange similar enterprises have been advocated. This, however, is the only one ever actually put in operation.

The second group of attempts to better American methods of wool handling — those aiming at bringing growers and manufacturers into closer contact — have also failed to accomplish what was expected of them. These attempts first took the form of local grading and auction warehouses at wool collecting points in the west. Warehouses of this type are to be found at Billings, Big Timber, and Great Falls, Montana, and at various points in Oregon, California, and in the southwest. These, as a rule, furnish fairly satisfactory storage facilities. Moreover, to the grower they supply an opportunity to list and store his wool and the privilege of offering it for competitive bids on the lot, on set days and under more or less complete rules for selling and delivery; while to the wool buyer they offer a chance for careful inspection of the lot and for equality of opportunity in bidding. Some of these local warehouses and

exchanges are operated by local growers' associations, and others, particularly in the southwest, are owned and operated by the local dealers either as companies or as associations, in which cases they are used to divert the wool trade of the particular district to special points and often are accompanied by other inducements such as free storage or reduced handling charges.¹ Some of the local warehouses have been in existence since the early nineties, but as a whole they have not brought about the directness of contact between grower and manufacturer which was their original purpose. They have, however, proved to be a valuable convenience for the eastern merchant buyer at many points.

The latest development in the second group has been the establishment of warehouses located at the eastern terminals of the transcontinental railroads, and operated as co-operative storage and sales depots, where it was planned that the growers should offer their clips direct to the manufacturers. The Wyoming Wool Growers' Association in 1908 built a warehouse in Omaha and put in it during its first season about a million pounds of wool. Auction sales were announced for December of that year,² but the mill buyers failed to respond, most of the sales made were to the same old eastern buyers, and the auction bidding feature failed altogether. The warehouse is now used for ordinary storage purposes and the auction feature has been abandoned.³

A plan much more elaborate and much better worked out is that of the National Wool Warehouse and

¹ Report, Industrial Commission, 1900, vol. vi, p. 330.

² Bulletin, National Association of Wool Manufacturers, Dec. 1908, p. 357.

³ Interviews with wool merchants in Boston.

Storage Company of Chicago. This is a concern incorporated under the laws of West Virginia with \$400,000 capital. The National Wool Growers' Association is heavily interested in the enterprise, and its members subscribed for \$250,000 of the stock, the remainder coming from Chicago merchants.

In 1909 a fireproof warehouse five stories high 150 × 250 feet, with good rail connections, was built in Chicago, and it has been equipped with handling systems designed to reduce to a minimum all moving and storage costs. Each wool-growing stockholder is under agreement to deliver each year for three years not less than 5000 nor more than 6000 pounds for each \$50 share of stock he holds. In this way the warehouse is guaranteed for three years an annual total of at least 25 million pounds of wool. It was the original purpose to induce the eastern buyers, and especially the mill buyers, to come to Chicago to make their purchases.¹

The original plan has been modified during the past year, and now the wool is merely assembled for storage in Chicago and is sold entirely on a commission basis, partly through a Chicago sales office, but chiefly through branch selling offices in Boston and Philadelphia.² These selling offices keep stocks on hand and sell to the mills by private sale exactly as if they were the usual type of merchant or commission house, all sales being made on the usual commission of one cent per pound. This enterprise, therefore, has achieved its original purpose of direct contact between the grower and the mill, not by its original plan of compelling the mill buyer to come to a storage warehouse for his wool, but by going into the wool

¹ Bulletin, National Association of Wool Manufacturers, Dec. 1909, p. 520.

² Interviews in Boston.

merchant business and taking the wool to the mill buyer.¹

These efforts to "eliminate the middleman" in the wool business of this country appear not only to have failed to do so, but also to accomplish anything except in so far as they have established institutions which the middleman could make use of, or as they have done his work in the established way.

The third group of efforts to improve the wool-handling methods of the country by recognizing the merits and utilizing the form of the present system, while correcting some of its defects, bids fair to accomplish results far more satisfactory than even the best achievements of the other two groups.

The new wool warehouse in Boston is the newest and most striking illustration of this group of changes. The warehouse has a storage capacity of over 100 million pounds, or more than one-third of the clipped-wool yield of the country in ordinary years. Moreover, it is so constructed as to reduce all the necessary costs of wool handling and storage to an absolute minimum. The persons by whom it has been erected are in close association with the American Woolen Company; and it has been leased to dealers from whom that company is supposed to purchase most of its wool.² This enterprise represents a distinct advance in the physical equipment of the Boston wool

¹ An interesting feature of the work of the National Wool Warehouse and Storage Company is the effort it is making to better packing methods of the "territory" wools. The president of the company, J. E. Cosgriff, is spending several months of this season in holding meetings of flockmasters and bankers in the wool-growing states and demonstrating to them the advantages of greater care in packing methods,—the elimination of such practices as "false packing," "double fleeces," etc., and is urging other reforms such as the use of paper twine for fleece tying. He is also at work on plans for standardizing of breeding practice. It is hoped that in this way the company may raise the standard of the wools passing through its hands, and perhaps ultimately put the American breeding and packing methods on a par with those which prevail in Australia.

² Bulletin, National Association Wool Manufacturers, Dec. 1909, p. 523.

trade, and it will be followed, no doubt, by other devices to meet the rise in the handling costs at the chief wool market of the country.

One line of improvement which is being given serious attention by Boston wool merchants, altho it has not yet assumed concrete form, is the betterment of selling methods by introducing a modification of the Bradford conditioning house plan. Under the present methods of wool selling a merchant may send, for instance, three "sample bags" of wool of established grade to three separate mills for scouring test. He may be convinced that the three bags are identical in grade, and yet the return from the tests may show a variation of from three to seven cents in the scoured basis price, according to the test methods applied at the different mills. A conditioning house, making a disinterested test by invariable standard methods, would give a fairer basis for the transaction from both sides. One Boston dealer estimates the annual losses to the wool trade from improper scouring tests alone at not less than \$5,000,000.

The place of the wool merchant as an intermediary between the wool grower and the wool manufacturer in this country seems to be firmly established. He performs a function which cannot be performed either safely or satisfactorily by grower or manufacturer except in isolated cases, and, on the whole, he does well his risky and complicated work. If the wool-handling methods of the United States are capable of material betterment it is along the line of increasing the efficiency of the wool merchant's methods and equipment, and not by the elimination of this type of middleman.

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