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Facts Versus Fables

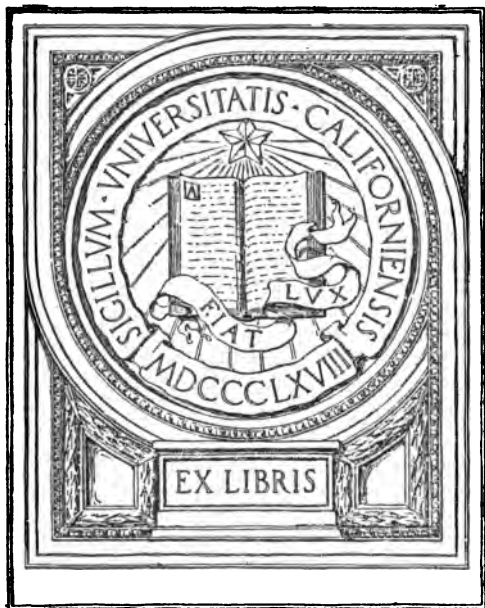
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About the

Present Cost of Good Clothing

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Facts Versus Fables

About the

Present Cost of Good Clothing



Published 1920 by

The HOUSE *of* KUPPENHEIMER

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*All statistics presented
by Charts effective as
compiled May, 1920.*

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THE PROBLEM

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ONLY five dollars' worth of wool in a suit of clothes! Only five dollars' worth in a suit that sells for sixty dollars. Who gets the rake-off? Where is the leak? Says the farmer, "I sell you my wool for five and have to pay you back that five, and fifty-five more before I get my suit." Says the man in the street, "I don't know who gets it, whether the farmer or the clothier; I only know that clothes are too high."

Where is the Leak?

Who got that fifty-five? Who profited? "I didn't," says the retailer. "I didn't," says the cloth manufacturer. "We didn't," say the cutters and the tailors and the buttonhole makers and the thousands of other shop workers. Well, then it must be the manufacturer who killed Cock Robin and pocketed the fifty-five. But, don't be too hasty. More necks are broken by jumping at conclusions than by hanging or falling down elevator shafts. Let's look for the facts and save on necks.

Wool Plus Genius

First off, we'll grant that only five dollars' worth of wool goes into an average suit, though

perhaps two dollars more is nearer the exact truth. Never mind, face the facts at their worst. What then? Well this. When you say wool, do you say all that goes into a suit? No, perhaps not, you answer, a little evasively. What else then? Oh, silk linings and a few buttons. Is that all? By no means. A dozen other things are needed to build into the clothes that a modern man would be willing to wear in the sight of his friends. But there's another thing more important still which isn't a *thing* at all, but without which you'd get no clothes for love or money. And that's *labor*. An amazing amount of human labor intervenes between the sheep's back and yours. Thousands of fingers handle that precious wool before it transforms you from a "forked radish" into a well dressed gentleman. More than that, those *things* and this *labor* have to be fashioned and directed and assembled. The power to imagine and design and assemble and direct is creative genius and genius costs money.

Fables

Already we have gone far enough to see that good clothes do not grow on bushes. Some people talk as if they did. Some of our ancestors once upon a time had a quaint superstition that in a far-off country lambs grew on trees. Here is a picture which an old chronicler used to prove it.



If it were only true! Here is the moral to this fable: If the farmer could grow wool that easily and the clothier could pick finished garments from his berry patch, the two together would deal a body blow to our great common enemy—the High Cost of Living.

But we live in an age of Fact, and not Fable. Mere wishing will neither grow wool nor make clothing. Let us get back therefore from the Middle Ages and down to sober Nineteen Twenty Facts!

Fact Number One

Sheep's wool is clothing for sheep but not for men. If you don't believe it, try walking down the main street of your town with a sheep skin draped over you like the legendary shepherd.



The Shepherd of Old

The morals police and the insanity squad have a benighted perhaps but a very active prejudice against legendary shepherds and their ways. Frankly, your choice is forcibly limited, let us say, to a good three-piece suit or

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The Man of Today

an overcoat, any one of the ingenious creations of the Clothes Artist. Wear one of these and the authorities credit you with good sense and good taste and perhaps other virtues as well.

Fact Number Two

Wool cannot by magic be presto! changed into good clothes. Ali Baba had his "Open sesame." And in old Grimm we used to read the charming fairy tale about the magic table to which you had only to say, "Table be spread," and behold, a banquet. But those fairy tales were either the day dreams of youth or the rosy fancies by which hungry or lazy people satisfied their longings. At any rate, the only magic we can depend on in these days is the magic of hard work plus directive genius.

Fact Number Three

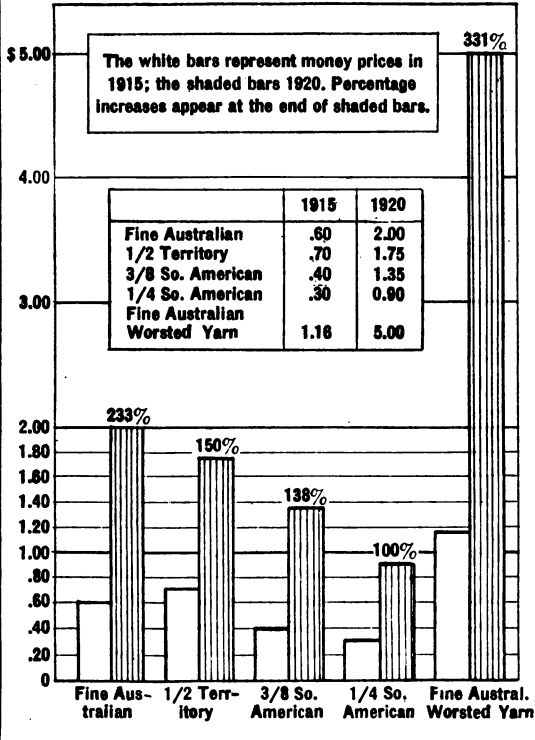
Good wool is scarce, and all wools are expensive. Moreover, they go through expensive processes before they become woolen cloth or clothing. The general opinion prevails that wool supplies are large both in America and abroad. This is only true in part, however. For while there is an abundance of low grade wools and grades that are not generally wanted, higher grades of wool are very scarce, partly at least because the rising taste of the public expresses itself more and more in the demand for the finer grades of clothing. The American public tends to become better dressed.

There is no such thing as cheap wool nowadays. A comparison of wool prices for 1915 and 1920 (as shown by Chart I) makes

CHART I.

COMPARISON OF WOOL PRICES

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plain the high rise in the cost of certain staple grades of wool.

Fine Australian jumped from sixty cents to two dollars a pound—an increase of 233%; $\frac{1}{2}$ Territory rose from seventy cents to a dollar seventy-five—an increase of 150%. Other grades rose from 100% to 138%, while fine Australian worsted yarn soared from a dollar sixteen to five dollars a pound—a leap of 331%. This increase, by the way, as will be seen later, far outstrips increases in the cost of high grade clothing or of farm products. Moreover, it overtops by 100% the increase in wages to the clothing workers.

High Cost of Converting

But disregarding the fact of the huge increase in the cost of wool itself, attention should be focused on the cost of preparing and manufacturing this raw wool into staple cloth. It is not generally known, even to the clothing trade, and has not been sufficiently explained apparently to the public, that the raw wool must pass through eight or ten different processes before it is converted into clothing. There is the cost of transportation, of storage, of factory equipment for converting raw materials, of labor, of designing, selling, taxes, insurance, and other items to be reckoned with; and these costs, like other aspects of modern business, have been mounting rapidly.

CHART II.

**COMPARISON OF MILL COSTS OF A YARD
OF 12 OUNCE SERGE IN 1915 AND 1920**

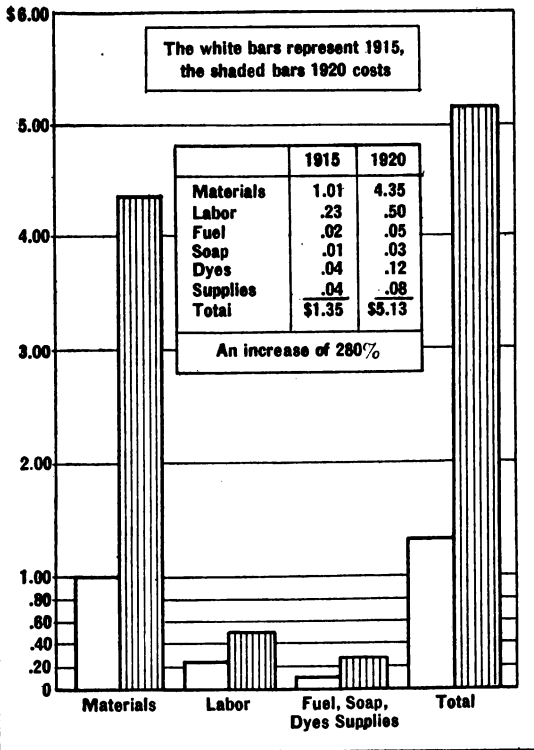
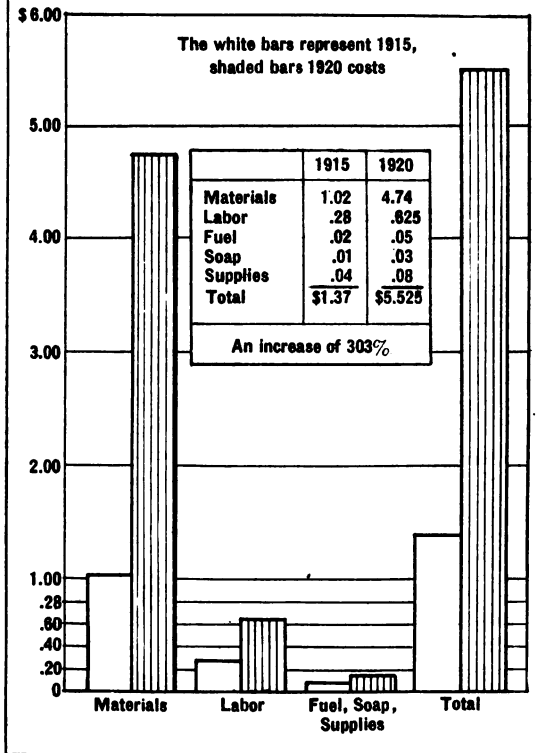


CHART III.

**COMPARISON OF MILL COSTS OF A YARD
OF 11½ OUNCE WORSTED IN 1915 AND 1920**

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An examination of Charts II and III will yield an interesting insight into just one phase of this converting process and will prove that every item, whether labor, fuel, soaps, dyes or other supplies, has doubled or even trebled in cost from 1915 to 1920. For example: it costs 280% more in 1920 to produce a yard of 12-ounce serge, and 303% more to produce a yard of 11½-ounce worsted. These are not fairy tales, but facts borne out by an elaborate analysis of mill costs.

Fact Number Four **The Romance of Manufacture**

There is nothing unique in the fact that finished clothing represents a big increase in cost over the price of raw wool. If wool could by magic be turned into clothing without the intervention of labor and artistic creation, the wearer of clothes would only have to pay the salary of the magician. Even then, the magician might demand a high royalty for his services. There is absolutely no escape from the high cost of thinking, that is, of artistic and administrative ability; and there is no escape from labor, a lot of labor and expensive labor, in the manufacturing process. In every art and in every industry which turns out a fine product, we run up against the same problem of the difference between raw material and the finished creation. A diamond, for example, when you

come to think of it, is only a pinch of coal dust, but that pinch of dust has undergone a very elaborate manufacture during countless ages in nature's laboratory, so that a fraction of a penny's worth of raw material takes on a value running into thousands and millions of dollars.

A square yard of canvas plus four sticks of wood, plus a little paint makes a picture which will cost from twenty-five dollars to two hundred and fifty thousand dollars, depending not upon the cost of canvas, not upon the cost of paint, not upon the four sticks of wood, but upon the artistic ability of the painter.

A violin is only a dollar's worth of wood and varnish from the standpoint of raw materials, and yet a good violin costs from one hundred to five thousand dollars. A violin bow with perhaps fifty cents' worth of raw materials was valued at five hundred dollars the other day. Not wood or horsehair, but Art!

The steel in a sledge hammer, or the rubber in a rubber valve, or the lead in a lead pipe, or the brass in an ordinary rough casting, represents a large part of the selling price of the manufactured article. But the steel in a razor or in a watch spring, or the rubber in a fountain pen, or the brass in an optical instrument or the glass in a telescope lens or a pair of spectacles, is only an inconsiderable item in the value and price of the finished article. One hundred fifty thousand watch

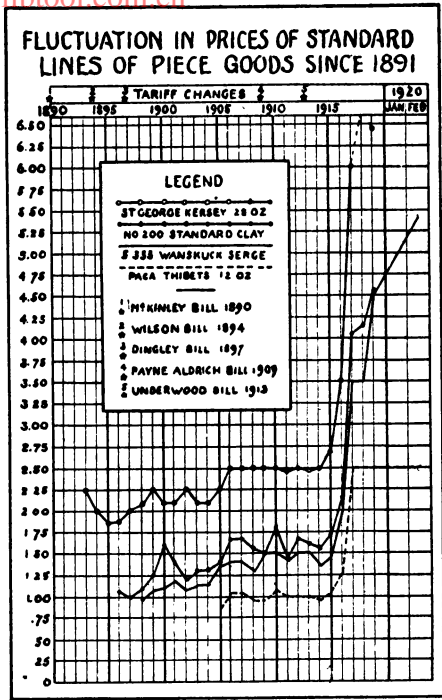
screws can be made out of a pound of steel. For use in the Waltham 7½ Ligne Ladies' watch, eighty four thousand hair springs are made from a pound of steel. The Waltham Company states that this raises the value of that pound of steel from five dollars to thirty thousand dollars. Thirty thousand dollars for five dollars' worth of steel! Sixty dollars for five dollars' worth of wool!

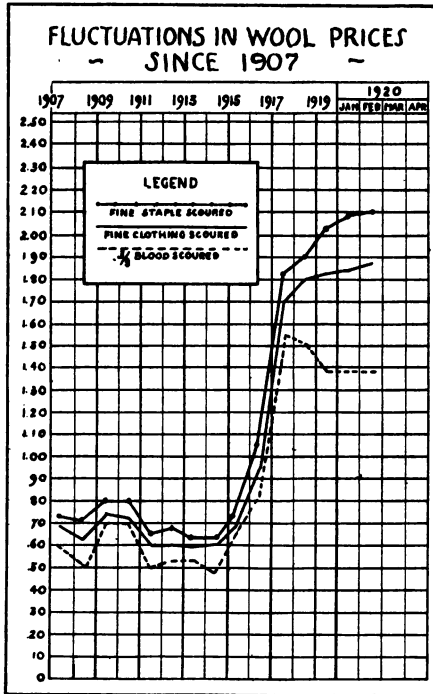
The point is clear that it is not the raw material, but what you do with the raw material which not only makes the raw material serviceable, but increases its value. This is not the fable of the Golden Fleece, but the Romance of Modern Manufacturing. It is not magic, but genius and hard work.

Fact Number Five Dislocations and Sprains

Fine cloth is not a matter of politics. A comparison of Charts IV and V will show a close relationship between the rising curve of four staple cloths and three staple grades of raw wool. It is true there were some fluctuations in the price of piece goods under our varying tariff policy from 1891 onward. But the real skyward tendency of the price of cloth did not manifest itself fully until after America went into the war. The history of the dramatic shift in prices it is not necessary to rehearse here. It is sufficient to say that the

CHART IV





cost of cloth was dislocated like the costs of other commodities, because the world's attention was focused for five years upon the manufacture of destructive munitions and army equipment. Raw materials were thrown into the hopper wholesale to feed and clothe and shoe an army for battle. An artificial vacuum was created. The law of supply and demand began to operate on a dramatic scale. Raw materials, finished materials and wages soared incontinently. And we are still feeling the effect of that tremendous dislocation. But in addition to the depletion of normal manufacture caused by the rush to supply the warring Governments, and beyond the expensive shifts and changes and expansions of productive machinery which the war demanded, it is safe to say, with the United States Commissioner of Labor Statistics, that by far the most important cause of increased prices is the enormous additions to the circulating medium, money and its substitutes, during the past four years. This is not the whole explanation of the increased cost of clothing, but it is one very significant sidelight thrown upon it.

Fact Number Six
The Game of "Follow the Leader"

Wool is not the only thing that enters into the manufacture of fine clothing. A dozen other important materials are used, and every

CHART VI.

**DIAGRAM SHOWING INCREASED COSTS
OF COTTON LININGS, CANVAS
ALPACAS, ETC. FROM 1914 TO 1920**

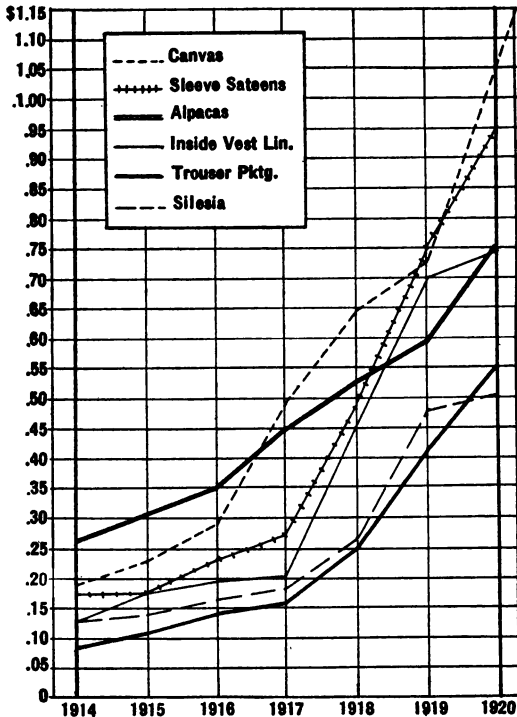


CHART VII.

DIAGRAM SHOWING INCREASED COSTS
OF SILK LININGS, BUTTONS AND SPOOL SILK
FROM 1914 TO 1920

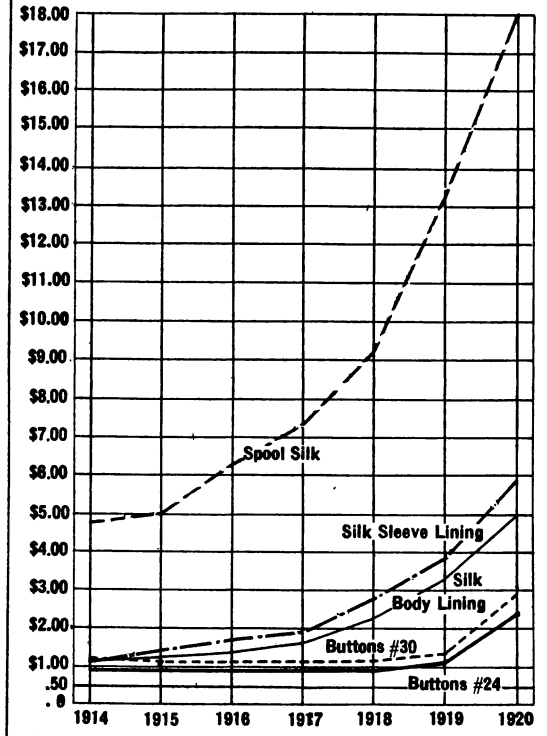
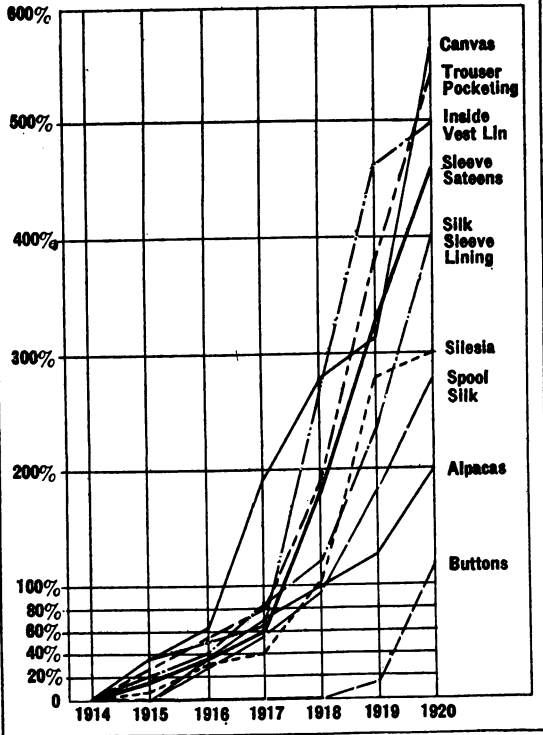


CHART VIII.

DIAGRAM SHOWING PERCENTAGE INCREASES
IN COSTS OF LININGS, TRIMMINGS, BUTTONS AND
SPOOL SILK FROM 1914 TO 1920



one of these items has played "Follow the Leader" in jumping upward since 1914.

Chart VI shows the increased money cost of such items as sleeve sateens, trousers pocketing, silesia, inside vest linings, alpacas and canvas; and Chart VII shows the increases in the cost of buttons, silk; linings and spool silk. There is absolutely no exception to the general rising trend of these different articles, and for some of them the rise is startling. An even better idea of the uniform upward tendency and the tremendous altitudes which these various materials have reached is given by Chart VIII in which the money costs have been reduced to percentages. This chart looks like a bundle of sky rockets. It is perfectly clear that not a single one of the sky rockets failed to explode and go up. Even buttons have risen enormously within the last year; but cotton linings, silk and canvas appear as the most lively rockets.

People complain about clothing having doubled in price. This seems like a very mild performance when compared with the 200% increase in the cost of alpacas, 300% for spool silk and silesia, 400% for silk sleeve lining, 500% for inside vest lining and nearly 600% for canvas.

We are now in a little better position to answer the question of who got the Fifty Five Dollars. At least, we know where some of it went.

Fact Number Seven

The Garment-Workers and Their Wages

Labor as one of the most important elements in production has increased enormously in cost since the beginning of the war. There is a chronic shortage of labor in the clothing industry. This is due in part to the fact that European immigration has been suspended for several years. It was almost wholly cut off by the war; but even without the war the literacy test in our immigration law cut down the immigration from those sources upon which the garment trades had ordinarily relied for keeping up their stock of labor. And the tide flows outward instead of inward. Thousands of textile and garment workers already in this country have gone back to their European homes. Other thousands went during the war into other industries which paid better wages. The industry has had to break in thousands of beginners to take their places. Breaking in is always an expensive process. It costs from fifty to three hundred dollars to train a new operator in a tailor shop. This item in labor costs is usually overlooked in public discussions, but must not be overlooked in any fair study of present day manufacturing expense.

There is another fact to consider. The consumer of clothing has profited for a generation past. There is no doubt that he got his clothing too cheaply. For several reasons.

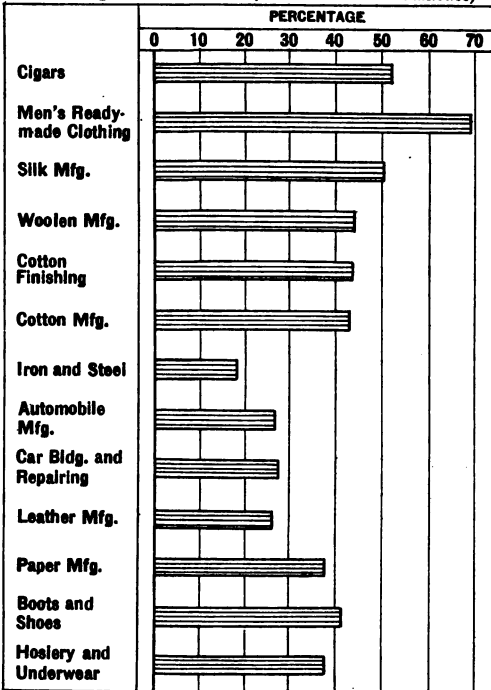
Partly because of the comparatively low wages which were paid to the garment workers in the old days. Partly because of the competition of the sweat shop. Reliable clothing manufacturers have always fought the sweat shop, but at the same time competition and a large supply of immigrants, together with the attitude of the consumer, conspired to keep the level of wages down.

But the sweat shop is a thing of the past. The clothing manufacturers are paying a fair wage for a fair day's work. Moreover, the garment workers are highly organized into a union, The Amalgamated Clothing Workers of America, which includes probably 90 per cent of all the workers in the men's garment industry. The demands of the Union have accelerated the normal tendency of a rising wage level.

These facts will help to explain Charts IX and X. Chart IX shows how recent increases in the wages of workers in the men's ready-made clothing industry make it tower above all of the other great basic industries in the United States. From May, 1918 to January, 1920 the men's ready-made clothing workers increased their wages by about 70%. Compare this with the increase to iron and steel workers which ran a little over 18%; or with automobile manufacturing which ran a little over 25%; or with boot and shoe workers, who received somewhat over 40% increase.

CHART IX

**COMPARATIVE INCREASES IN WEEKLY EARNINGS
IN THIRTEEN BASIC AMERICAN INDUSTRIES.
PERCENTAGE INCREASES MAY, 1918 — JANUARY, 1920**
(Official figures from U. S. Department of Labor Statistics)

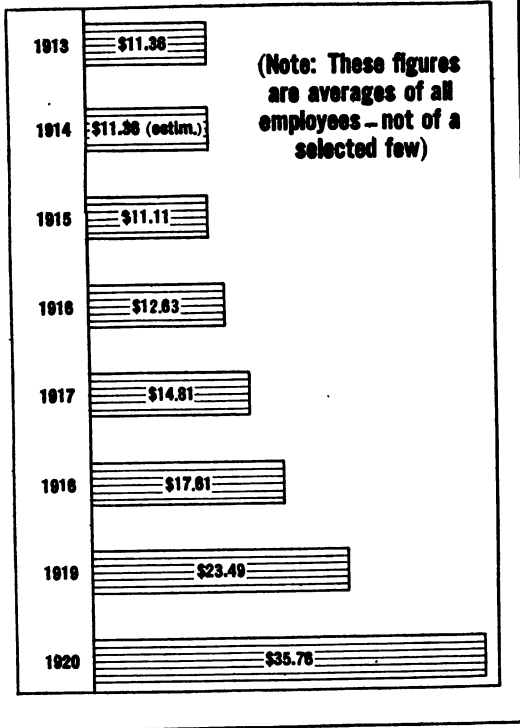


It is significant that the whole group of textile workers, including the clothing workers, silk workers, woolen mill workers, cotton manufacturing and cotton finishing workers, outstripped all their brothers, with the sole exception of the cigar makers, in the race for prosperity. Here is some of the explosive powder which sent up the rockets pictured on a preceding chart.

These figures may be stated in another way. In May, 1919 the iron and steel industry stood at the top of the list of thirteen representative industries from the standpoint of wage increases for the previous year. Men's ready-made clothing stood fifth from the top so far as gross general averages of wage were concerned, and fourth on the list from the standpoint of percentage of increased wage. But the figures of May, 1919 did not reflect the increases which were made in the men's ready-made clothing industry due to the 1919 agreement and wage settlement with the union. The figures for October, 1919 showed the effect of this settlement and registered a distinct rise in the relative position of the clothing industry, for by that time it had jumped to third place on the list. It still remains in the third place from the standpoint of gross average weekly wages; *but from the standpoint of percentage increases, figured say from January 1919 to January, 1920, it tops the list.*

CHART X

**INCREASE IN WEEKLY WAGES OF EMPLOYEES IN
MANUFACTURING DEPARTMENT
B. KUPPENHEIMER & CO., FROM 1913 TO 1920**



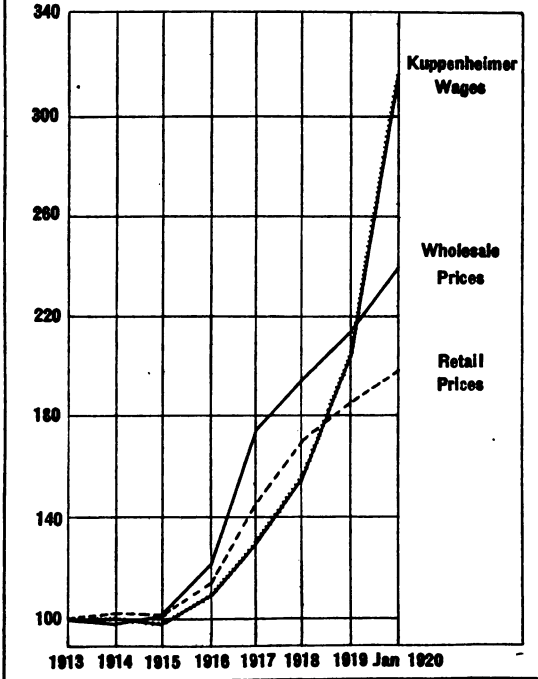
An even clearer picture of the huge increases in the wages of the clothing workers may be obtained from a study of B. Kuppenheimer & Company's pay roll. Chart X reveals that from 1913 to 1920 the average weekly wage of all employees in the manufacturing department trebled, rising from eleven dollars thirty-six cents per week in 1913 to thirty-five dollars seventy-six cents per week in March, 1920. It must be emphasized that these figures are the average of *all* employees, including the various apprentices and beginners, and is not the average of a selected few high class workers. Some of these workers are earning abnormally high wages because of their scarcity value.

There is a great dearth of certain types of skilled operators, and the pressure for production and deliveries has been so great that manufacturers have not had the time properly to educate new additions to the ranks of their skilled operators. The clothing manufacturers are not throwing away money with a reckless hand, but are simply caught by the law of supply and demand and have increased their wage scale partly to maintain a decent standard of living, partly to preserve a just balance between money wages and real wages, and partly also to retain an efficient labor force which has been vigorously competed for by other industries.

There is still another way of looking at this matter of wages. Chart XI indicates

CHART XI

**COMPARATIVE CHART
SHOWING HOW INDEX FIGURE OF KUPPENHEIMER
SHOP PAYROLL HAS SOARED ABOVE INDEX
FIGURE OF BOTH RETAIL AND WHOLESALE PRICES
OF STAPLE COMMODITIES 1913-1920**



clearly how the Kuppenheimer pay roll has soared above the price level of both wholesale and retail prices. Taking 1913 as the basis, the **wholesale price level** of a large group of commodities reported on regularly by the United States Department of Labor, and including farm products, food, clothing, fuel, metal products, lumber and building materials, and household furnishings, rose to 214.5 by December, 1919. During the same time, the retail level of twenty-two fundamental articles of food in the United States rose to 197 in December, 1919. For the same period, the Kuppenheimer pay roll rose to 206.8 for the average of 1919, and stood at 315 in March, 1920. Such figures spell decent working conditions, justice and prosperity for the garment workers, and they might well be a subject for honest pride in the industry.

These increasing wages, while they do not tell the whole tale of the increased cost of clothing, are amongst the most important elements in that increase. For we have to figure not only upon the increased wages of the workers in the cutting rooms and tailor shops of the manufacturer, but we also have to remember the increased labor cost in the prices of woolen cloth, cottons, silks and all the other materials which go into a suit of clothes.

There is a still further item of labor cost which must not be overlooked. Within the

last year, more overtime has been required than ever before in the history of the garment industry. This was necessitated by the tremendous demand for clothing to refill depleted stocks, and by the extreme shortage of labor. It is to be recalled, also, that in the Spring of 1919 the working week was cut from forty-eight to forty-four hours, which meant that all time over forty-four hours per week must be paid for at time and a half. This excessive amount of overtime has, therefore, appreciably raised the cost of production. It has probably meant also in the long run a somewhat declining productive ability on the part of the average worker during his regular straight working time. A long period of overtime tends to strain the energies and health of the workers, and this strain registers itself in lower output. This in turn must express itself in higher unit manufacturing costs, for whatever impairs unit output raises unit cost.

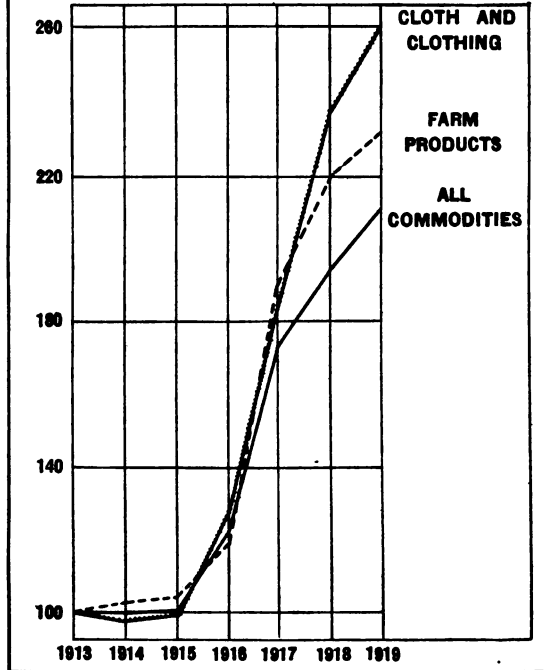
Fact Number Eight

In spite of all these factors, the cost of clothing has not risen out of serious proportion to many other commodities. This fact comes out very clearly on Chart XII. Clothing at the end of the period from 1913 to 1919 stood only a little above the level of wholesale prices of farm products. During that period from 1913 to 1919, the index of wholesale prices of

CHART XII

**COMPARISON OF INDEX NUMBERS OF
WHOLESALE PRICES OF (1) ALL COMMODITIES
(2) FARM PRODUCTS, (3) CLOTHING, 1913 TO 1919**

(Official figures from U. S. Bureau of Labor Statistics)



all commodities reported by the United States Department of Labor rose from 100 to 212. During the same period, the index of the wholesale price of cloths and clothing rose to 261, while the wholesale price of farm products rose to 234. Note that this index figure includes cloth as well as clothing, and recall the fact that fabrics have risen out of all proportion to finished clothing. It is very significant that among the farm products showing an increase are sheep, mutton, salt pork, butter, eggs, milk, wheat, corn, oats, rye, barley, rice and potatoes. Such facts would indicate that the increasing costs of all these commodities are the result of national market conditions, and even international conditions, quite beyond the reach of the individual manufacturer or retailer or consumer. They show that, on the whole, the price of clothing is not out of line with other fundamental elements in a normal standard of living.

Fact Number Nine

The cost of clothing is not to be charged to politics or profiteering. The last report of the United States Bureau of Labor Statistics includes an article on the Improbability of Decrease in Prices and Cost of Living, prepared by the Commissioner himself. In the course of this brief article, the Commissioner analyzes the causes of the high cost of living and points out that, if prices are to be lowered,

the causes operating to boost prices must be attacked; that the amount of money and checks in circulation must be reduced and the quantities of really necessary goods increased. "The financing of the war," he says, "has made two dollars grow where but one dollar grew before." (Or, as a great banker, Mr. Frank Vanderlip, put it the other day, "We are trying to do business with a forty eight cent dollar.")

This fact, when added to the further fact that there has been an enormous destruction of economic goods and of the farms, mines, forests, and factories supplying these goods, explains the enormous and world-wide decrease in the purchasing power (value) of money, which causes increased prices. "As long as the people have twice as many dollars with which to buy a smaller number of commodities, prices are bound to remain high. It will take a long time to deflate the world's inflated currencies or to inflate the world's deflated supply of goods. The profiteer is being blamed on all hands for the increase in prices. Undoubtedly, profiteering of a most reprehensible sort has existed and does exist today, but the profiteer is a result of ever-increasing prices rather than a cause thereof. His influence in boosting prices is negligible. *If all the profiteers in the world could be apprehended and thrown into jail or lined up and shot, it would have no appreciable influence upon prices.*" (U. S. Monthly Labor Review, Feb. 1920, p. 95)

Conclusions

These, then, are the facts. These are the reasons why there is nothing to be alarmed about in the fact that a sixty dollar suit of clothes contains only five dollars' worth of wool, or that clothes cost twice as much as they formerly did. This might be true even under the normal conditions of production which prevailed before the war, but since 1916 the world's productive machinery has become dislocated or at least severely sprained. There is inflation of currency; there is labor unrest; there have been long and costly strikes in the textile industries; there is disturbed psychology; and there is an undercurrent of worry lest the world go bankrupt and civilization collapse. All these pathological conditions not only complicate the process of manufacture, but also increase its cost. They act like brakes upon the productive machinery or like friction in some of its bearings. Reputable clothing manufacturers like THE HOUSE OF KUPPENHEIMER are honestly striving to oil the machinery and keep it working steadily and economically. So long as we do this, we believe we are acquitting ourselves of our part of the grave responsibility of furnishing to the American people one of the great fundamental necessities of civilized life.

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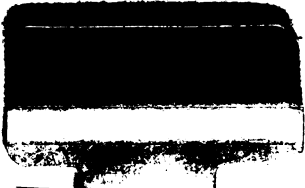
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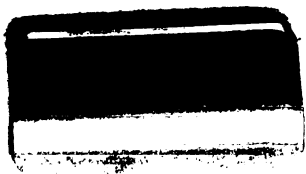
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