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THE WOOL INSTITUTE, INC.  
STATEMENT ON THE CONDITION OF THE WOOLEN  
& WORSTED INDUSTRY AS OF AUGUST 15th, 1928

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THE SITUATION CONFRONTING THE INDUSTRY  
AT THE TIME OF THE ORGANIZATION OF THE INSTITUTE  
ON FEBRUARY 15th, 1928

During the past six months, the Institute has come in direct, intimate contact with 85% of the Mills in the Woolen and Worsted Industry.

The facts brought out through this relationship throw an entirely new light on the situation.

For several years directly preceding February 15th, 1928, the consumption of Woolen and Worsted Cloth in this country ranged in value from a low of approximately \$550,000,000 to a maximum of \$700,000,000 annually.

As there were 361 Mills equipped with 65,515 looms on February 15th, the average basis of operation varied in those years between 60% and 75% of the total single-shift loomage capacity of the Industry.

Under those conditions, the Wool Weavers could not have expected any tangible change for the better in the near future as the result of either—

- (a) An immediate increase in the consumption of Wool Fabrics, or
- (b) The elimination of looms through the 'Survival of the Fittest', as only 7% of the available machinery, or 2 1/3% a year, had definitely gone into the discard during the preceding three years, against an apparent surplus of at least 30% in the total equipment.

When the productive capacity of any Industry exceeds the prevailing demand for its product by a wide margin, senseless and ruinous competition can only be avoided, as has been thoroughly demonstrated in other Major Industries, through the development of the exchange of Manufacturing and Marketing intelligence between the majority of those making up the Industry.

The information which has been obtained through the close contact which has been established between the Mills and the Institute definitely shows that the unfavorable conditions then existing were in no way due to any insurmountable obstacle, or to organic weaknesses which could not be overcome within a relatively short time.

Those conditions were the natural results of the existence of excess productive capacity over current demand without the means of obtaining relief, which are absolutely essential under the changed ratios between supply and consumption which are prevalent in all important Industries throughout the World.

Extreme pressure to obtain business culminated in promiscuous price-cutting, reaching a point where only the relatively few most efficient Mills could earn a reasonable profit, and even their margin has lately been seriously jeopardized as the result of unrestricted competition.

That is a brief outline of the situation during the period of Marketing Woolen and Worsted Fabrics for the Fall of 1928, which was already well underway when the Institute was organized on February 15th, 1928.

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