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SENATE.

{ REPORT
No. 16.

EMERGENCY TARIFF BILL.

APRIL 28 (calendar day, APRIL 30), 1921.—Ordered to be printed.

Mr. PENROSE, from the Committee on Finance, submitted the following

REPORT.

[To accompany H. R. 2435.]

The Committee on Finance, to whom was referred the bill (H. R. 2435) imposing temporary duties upon certain agricultural products to meet present emergencies, and to provide revenue; to regulate commerce with foreign countries; to prevent dumping of foreign merchandise on the markets of the United States; to regulate the value of foreign money; and for other purposes, report favorably thereon with an amendment, and as so amended recommend that the bill do pass.

The amendment recommended is as follows:
Strike out all of Title II and insert the following:

TITLE II.—ANTIDUMPING.

DUMPING INVESTIGATION.

Sec. 201. (a) That whenever the Secretary of the Treasury (hereinafter in this Act called the "Secretary"), after such investigations as he deems necessary, finds that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of a class or kind of foreign merchandise, and that merchandise of such class or kind is being sold or is likely to be sold in the United States or elsewhere at less than its fair value, then he shall make such finding public to the extent he deems necessary, together with a description of the class or kind of merchandise to which it applies in such detail as may be necessary for the guidance of the appraising officers.

(b) The powers and duties conferred or imposed upon the Secretary by this section may be exercised by him through such agency or agencies as he may designate.

SPECIAL DUMPING DUTY.

Sec. 202. (a) That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and as to which the appraiser or person acting as appraiser has made no report to the collector before such finding has been so made public, if the purchase price or the exporter's sales price is less than the foreign market value (or, in the absence of such value, than the cost of production) there shall be levied, collected, and paid, in addition to the duties imposed thereon by law, a special dumping duty in an amount equal to such difference.

(b) If it is established to the satisfaction of the appraising officers, under regulations prescribed by the Secretary, that the amount of such difference between the purchase price and the foreign market value is wholly or partly due to the fact that the wholesale quantities, in which such or similar merchandise is sold or freely offered for sale to all purchasers for exportation to the United States in the ordinary course of trade, are greater than the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), then under regulations prescribed by the Secretary, the foreign market value shall for the purposes of this section be decreased accordingly.

(c) If it is established to the satisfaction of the appraising officers, under regulations prescribed by the Secretary, that the amount of such difference between the exporter's sales price and the foreign market value is wholly or partly due to the fact that the wholesale quantities, in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the United States in the ordinary course of trade, are greater than the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country of exportation in the ordinary course of trade for home consumption, (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), then under regulations prescribed by the Secretary, the foreign market value shall for the purposes of this section be decreased accordingly.

PURCHASE PRICE.

SEC. 203. That for the purposes of this title, the purchase price of imported merchandise shall be the price at which such merchandise has been purchased or agreed to be purchased, prior to the time of exportation, by the person by whom or for whose account the merchandise is imported, including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less the amount, if any, included in such price, attributable to any costs, charges, United States import duties, and expenses, incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States; and plus the amount, if not included in such price, of any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States; and plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller, in respect to the manufacture, production or sale of the merchandise, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

EXPORTER'S SALES PRICE.

SEC. 204. That for the purpose of this title the exporter's sales price of imported merchandise shall be the price at which such merchandise is sold or agreed to be sold in the United States, before or after the time of importation, by or for the account of the exporter, including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less (1) the amount, if any, included in such price, attributable to any costs, charges, United States import duties, and expenses, incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States, (2) the amount of the commissions, if any, for selling in the United States the particular merchandise under consideration, (3) an amount equal to the expenses, if any, generally incurred by or for the account of the exporter in the United States in selling identical or substantially identical merchandise, and (4) the amount of any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States; and plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller in respect to the manufacture, production, or sale of the merchandise, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

FOREIGN MARKET VALUE

SEC. 205. That for the purposes of this title the foreign market value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United

States, at which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States, except that in the case of merchandise purchased or agreed to be purchased by the person by whom or for whose account the merchandise is imported, prior to the time of exportation, the foreign market value shall be ascertained as of the date of such purchase or agreement to purchase.

COST OF PRODUCTION.

Sec. 206. That for the purposes of this title the cost of production of imported merchandise shall be the sum of—

(1) The cost of materials of, and of fabrication, manipulation, or other process employed in manufacturing or producing, identical or substantially identical merchandise, at a time preceding the date of shipment of the particular merchandise under consideration which would ordinarily permit the manufacture or production of the particular merchandise under consideration in the usual course of business;

(2) The usual general expenses (not less than 10 per centum of such cost) in the case of identical or substantially identical merchandise;

(3) The cost of all containers and coverings, and all other costs, charges, and expenses incident to placing the particular merchandise under consideration in condition, packed ready for shipment to the United States; and

(4) An addition for profit (not less than 8 per centum of the sum of the amounts found under paragraphs (1) and (2)) equal to the profit which is ordinarily added, in the case of merchandise of the same general character as the particular merchandise under consideration, by manufacturers or producers in the country of manufacture or production who are engaged in the same general trade as the manufacturer or producer of the particular merchandise under consideration.

EXPORTER.

Sec. 207. That for the purposes of this title the exporter of imported merchandise shall be the person by whom or for whose account the merchandise is imported into the United States:

(1) If such person is the agent or principal of the exporter, manufacturer, or producer; or

(2) If such person owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in the business of the exporter, manufacturer, or producer; or

(3) If the exporter, manufacturer, or producer owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in any business conducted by such person; or

(4) If any person or persons, jointly or severally, directly or indirectly, through stock ownership or control or otherwise, own or control in the aggregate 20 per centum or more of the voting power or control in the business carried on by the person by whom or for whose account the merchandise is imported into the United States, and also 20 per centum or more of such power or control in the business of the exporter, manufacturer, or producer.

OATHS AND BONDS ON ENTRY.

Sec. 208. That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and delivery of which has not been made by the collector before such finding has been so made public, unless the person by whom or for whose account such merchandise is imported makes oath before the collector, under regulations prescribed by the Secretary, that he is not an exporter, or unless such person declares under oath at the time of entry, under regulations prescribed by the Secretary, the exporter's sale price of such merchandise, it shall be unlawful for the collector to deliver the merchandise until such person has made oath before the collector, under regulations prescribed by the Secretary, that the merchandise has not been sold or agreed to be sold by such person, and has given bond to the collector, under regulations prescribed by the Secretary, with sureties approved by the collector, in an amount equal to the estimated value of the merchandise, conditioned: (1) that he will report to the collector the exporter's sales price of the merchandise within 30 days after such merchandise has been sold or agreed to be sold in the United States, (2) that he will pay on demand from the collector the amount of special dumping duty, if any, imposed by this title upon such merchandise, and (3) that he will furnish to the collector such information as may be in his possession and as may be necessary for the ascertainment of such duty, and will keep such records as to the sale of such merchandise as the Secretary may by regulation prescribe.

DUTIES OF APPRAISERS.

SEC. 209. That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and as to which the appraiser or person acting as appraiser has made no report to the collector before such finding has been so made public, it shall be the duty of each appraiser or person acting as appraiser, by all reasonable ways and means to ascertain, estimate, and appraise (any invoice or affidavit thereto or statement of cost of production to the contrary notwithstanding) and report to the collector the foreign market value or the cost of production, as the case may be, the purchase price, and the exporter's sales price, and any other facts which the Secretary may deem necessary for the purposes of this title.

APPEALS AND PROTESTS.

SEC. 210. That for the purposes of this title the determination of the appraiser or person acting as appraiser as to the foreign market value or the cost of production, as the case may be, the purchase price, and the exporter's sales price, and the action of the collector in assessing special dumping duty, shall have the same force and effect and be subject to the same right of appeal and protest, under the same conditions and subject to the same limitations; and the general appraisers, the Board of General Appraisers, and the Court of Customs Appeals shall have the same jurisdiction, powers, and duties in connection with such appeals and protests as in the case of appeals and protests relating to customs duties under existing law.

DRAWBACKS.

SEC. 211. That the special dumping duty imposed by this title shall be treated in all respects as regular customs duties within the meaning of all laws relating to the drawback of customs duties.

SHORT TITLE.

SEC. 212. That this title may be cited as the "Antidumping Act, 1921."

TITLE III.—ASSESSMENT OF AD VALOREM DUTIES.

SEC. 301. That whenever merchandise which is imported into the United States is subject to an ad valorem rate of duty or to a duty based upon or regulated in any manner by the value thereof, duty shall in no case be assessed on a value less than the export value of such merchandise.

EXPORT VALUE.

SEC. 302. That for the purposes of this title the export value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less the amount, if any, included in such price, attributable to any costs, charges, United States import duties, and expenses, incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States, and plus, if not included in such price, the amount of any export tax imposed by the country of exportation on merchandise exported to the United States.

REFERENCES TO "VALUE" IN EXISTING LAW.

SEC. 303 (a). That wherever in Title I of this Act, or in the Tariff Act of 1913, as amended, or in any law of the United States in existence at the time of the enactment of this Act relative to the appraisement of imported merchandise (except sections 2874, 2976, and 3016 of the Revised Statutes, and section 801 of the Revenue Act of 1916), reference is made to the value of imported merchandise (irrespective of the particular phraseology used and irrespective of whether or not such phraseology is limited or qualified by words referring to country or port of exportation or principal markets) such reference shall, in respect to all merchandise imported on or after the day this Act takes effect, be construed to refer, except as provided in subdivision (b), to actual market value as defined by the law in existence at the time of the enactment of this Act, or to export value as defined by section 302 of this Act, whichever is higher.

(b) If the rate of duty upon imported merchandise is in any manner dependent upon the value of any component material thereof, such value shall be an amount determined under the provisions of the Tariff Act of 1913, as in force prior to the enactment of this Act.

DEFINITIONS.

SEC. 304. That when used in this title the term "Tariff Act of 1913" means the Act entitled "An Act to reduce tariff duties and provide revenue for the Government, and for other purposes," approved October 3, 1913.

TITLE IV.—GENERAL PROVISIONS.

STATEMENTS IN INVOICE.

SEC. 401. That all invoices of imported merchandise, and all statements in the form of an invoice, in addition to the statements required by law in existence at the time of the enactment of this Act, shall contain such other statements as the Secretary may by regulation prescribe, and a statement as to the currency in which made out, specifying whether gold, silver, or paper.

STATEMENTS AT TIME OF ENTRY.

SEC. 402. That the owner, importer, consignee, or agent, making entry of imported merchandise, shall set forth upon the invoice, or statement in the form of an invoice, and in the entry, in addition to the statements required by the law in existence at the time of the enactment of this Act, such statements, under oath if required, as the Secretary may by regulation prescribe.

CONVERSION OF CURRENCY.

SEC. 403 (a) That section 25 of the Act of August 27, 1894, entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," is amended to read as follows:

"SEC. 25. That the value of foreign coin as expressed in the money of account of the United States shall be that of the pure metal of such coin of standard value; and the values of the standard coins in circulation of the various nations of the world shall be estimated quarterly by the Director of the Mint and be proclaimed by the Secretary of the Treasury quarterly on the first day of January, April, July, and October in each year."

(b) For the purpose of the assessment and collection of duties upon merchandise imported into the United States on or after the day of the enactment of this Act, wherever it is necessary to convert foreign currency into currency of the United States, such conversion, except as provided in subdivision (c), shall be made at the values proclaimed by the Secretary under the provisions of section 25 of such Act of August 27, 1894, for the quarter in which the merchandise was exported.

(c) If no such value has been proclaimed, or if the value so proclaimed varies by 5 per centum or more from a value measured by the buying rate in the New York market at noon on the day of exportation, conversion shall be made at a value measured by such buying rate. For the purposes of this subdivision such buying rate shall be the buying rate for cable transfers payable in the foreign currency so to be converted; and shall be determined by the Federal Reserve Bank of New York and certified daily to the Secretary, who shall make it public at such times and to such extent as he deems necessary. In ascertaining such buying rate such Federal Reserve Bank may in its discretion (1) take into consideration the last ascertainable transactions and quotations, whether direct or through the exchange of other currencies, and (2) if there is no market buying rate for such cable transfers, calculate such rate from actual transactions and quotations in demand or time bills of exchange.

(d) Sections 2903 and 3565 of the Revised Statutes are repealed.

(e) Section 25 of such Act of August 27, 1894, as in force prior to the enactment of this Act, and section 2903 of the Revised Statutes, shall remain in force for the assessment and collection of duties on merchandise imported into the United States prior to the day of the enactment of this Act.

INSPECTION OF EXPORTER'S BOOKS.

SEC. 404. That if any person manufacturing, producing, selling, shipping, or consigning merchandise exported to the United States fails, at the request of the Secretary, or an appraiser, or person acting as appraiser, or a collector, or a general appraiser, or the Board of General Appraisers, as the case may be, to permit a duly accredited officer of the United States to inspect his books, papers, records, accounts, documents, or correspondence, pertaining to the market value or classification of such merchandise, then while such failure continues the Secretary, under regulations prescribed by him, (1) shall prohibit the importation into the United States of merchandise manufactured, produced, sold, shipped or consigned by such person, and (2) may instruct the collectors to withhold delivery of merchandise manufactured, produced, sold, shipped or consigned by such person. If such

failure continues for a period of one year from the date of such instructions the collector shall cause the merchandise, unless previously exported, to be sold at public auction as in the case of forfeited merchandise.

INSPECTION OF IMPORTER'S BOOKS.

SEC. 405. That if any person importing merchandise into the United States or dealing in imported merchandise fails, at the request of the Secretary, or an appraiser, or person acting as appraiser, or a collector, or a general appraiser, or the Board of General Appraisers, as the case may be, to permit a duly accredited officer of the United States to inspect his books, papers, records, accounts, documents, or correspondence, pertaining to the value or classification of such merchandise, then while such failure continues the Secretary, under regulations prescribed by him, (1) shall prohibit the importation of merchandise into the United States by or for the account of such person, and (2) shall instruct the collectors to withhold delivery of merchandise imported by or for the account of such person. If such failure continues for a period of one year from the date of such instructions the collector shall cause the merchandise, unless previously exported, to be sold at public auction as in the case of forfeited merchandise.

DEFINITIONS.

SEC. 406. That when used in Title II or Title III or in this title—

The term "person" includes individuals, partnerships, corporations, and associations, and

The term "United States" includes all Territories and possessions subject to the jurisdiction of the United States, except the Philippine Islands, the Virgin Islands, the islands of Guam and Tutuila, and the Canal Zone.

RULES AND REGULATIONS.

SEC. 407. That the Secretary shall make rules and regulations necessary for the enforcement of this Act.

TITLE V.—DYES AND CHEMICALS.

SEC. 501. (a) That on and after the day following the enactment of this Act, for the period of six months, no sodium nitrite, no dyes or dyestuffs, including crudes and intermediates, no product or products derived directly or indirectly from coal tar (including crudes, intermediates, finished or partly finished products, and mixtures and compounds of such coal tar products), and no synthetic organic drugs or synthetic organic chemicals, shall be admitted to entry, or delivered from customs custody in the United States or in any of its possessions unless the Secretary determines that such article or a satisfactory substitute therefor is not obtainable in the United States or in any of its possessions in sufficient quantities and on reasonable terms as to quality, price and delivery, and that such article in the quantity to be admitted is required for consumption by an actual consumer in the United States or in any of its possessions within six months after receipt of the merchandise.

(b) Upon the day following the enactment of this Act the War Trade Board Section of the Department of State shall cease to exist; all clerks and employes of such War Trade Board Section shall be transferred to and become clerks and employes of the Treasury Department and all books, documents, and other records relating to such dye and chemical import control of such War Trade Board Section shall become books, documents and records of the Treasury Department. All individual licenses issued by such War Trade Board Section prior to the enactment of this Act shall remain in effect during the period of their validity, and the importations under such licenses shall be permitted. All unexpended funds and appropriations for the use and maintenance of such War Trade Board Section shall become funds and appropriations available to be expended by the Secretary in the exercise of the power and authority conferred upon him by this section.

SEC. 502. That this title may be cited as the "Dye and Chemical Control Act, 1921."

TITLE I.

EMERGENCY TARIFF.

The necessity for the enactment into law of Title I is so well stated in the report of the Ways and Means Committee upon this bill that

the statement is incorporated and made a part of this report. The statement is as follows:

The rates of duty carried in Title I of this bill were agreed upon during the last session of Congress to cover emergency conditions which still exist. They will be in force for six months. It is not the purpose of the committee to make them permanent. The rates of duty to follow them in the permanent tariff bill are now being carefully considered in the committee.

The bill provides for the following rates of duty:

- Wheat, 35 cents per bushel.
 - Wheat flour and semolina, 20 per cent ad valorem.
 - Flaxseed, 30 cents per bushel.
 - Corn or maize, 15 cents per bushel.
 - Beans, 2 cents per pound.
 - Peanuts or ground beans, 3 cents per pound.
 - Potatoes, 25 cents per bushel.
 - Onions, 40 cents per bushel.
 - Rice, cleaned, 2 cents per pound; rice, cleaned for use in manufacture of canned foods, 1 cent per pound; uncleaned rice, 1½ cents per pound; rice flour, meal, etc., 1 cent per pound; rice paddy, three-fourths of 1 cent per pound.
 - Lemons, 2 cents per pound.
 - Oils: Peanut, 26 cents per gallon; cottonseed, coconut, and soya bean, 20 cents per gallon; olive, 40 cents per gallon in bulk, 50 cents per gallon in containers of less than 5 gallons.
 - Cattle, 30 per cent ad valorem.
 - Sheep: One year old or over, \$2 per head; less than 1 year old, \$1 per head.
 - Fresh or frozen beef, veal, mutton, lamb, and pork, 2 cents per pound. Meats of all kinds not provided for herein, 25 per cent ad valorem.
 - Cattle and sheep and other stock imported for breeding purposes, free.
 - Cotton, with staple of 1½ inches or more, 7 cents per pound.
 - Wool, unwashed, 15 cents per pound; washed, 30 cents per pound; scoured, 45 cents per pound.
 - Wool, advanced beyond washed or scoured condition, 45 cents per pound in addition to rates of duty imposed by existing law.
 - Sugars, tank bottoms, sirups of cane juice, melada, concentrated melada, concrete and concentrated molasses, testing by polariscope not above 75°, 1.16 cents per pound; each additional degree by polariscope, four one-hundredths of a cent per pound additional; molasses not above 40°, 24 per cent ad valorem; molasses above 40° and not above 56°, 3½ cents per gallon; above 56°, 7 cents per gallon.
 - Butter and substitutes therefor, 6 cents per pound.
 - Cheese, and substitutes, 23 per cent ad valorem.
 - Milk, fresh, 2 cents per gallon; cream, 5 cents per gallon.
 - Milk, preserved, condensed, sterilized, 2 cents per pound; sugar of milk, 5 cents per pound.
 - Tobacco, wrapper and filler, \$2.35 per pound; if stemmed, \$3 per pound; filler, unstemmed, not especially provided for, 35 cents per pound; if stemmed, 50 cents per pound.
 - Apples, 30 cents per bushel.
 - Cherries, 3 cents per pound.
 - Olives, in solutions, 25 cents per gallon; not in solutions, 3 cents per pound.
- One of the most serious obstacles to the revival of industry is the paralysis of agriculture. Title I of this bill, to protect certain farm products, is submitted to Congress for the welfare of the nation as a whole. It is not sectional. It is not for the benefit of one class, because its passage will be for the good of all. The purchasing power of farmers has been in large part destroyed and must be restored before good times can be hoped for.
- While it is true that we are in the grip of a nation-wide industrial and business depression, which has distressed many, impartial observers are of the opinion that agriculture is the hardest hit of all. In addition to abnormally low prices, and in some instances no price at all, practically everything the farmers buy is from 50 to 100 per cent higher than prewar levels.
- The consuming public and the commercial public have an absolute and definite interest with the farmer in helping him to make cost of production and a fair profit. The primary interest of the consuming public in the farmer is that he keep on producing food. The farmer will do that only if he makes a profit on his productions. If he must sell his commodities below cost of production he must go out of business or

lower his standard of living to such an extent that he is a public menace. In either event the consuming public will suffer.

The same holds good in respect to the so-called commercial sections of the public. The automobile manufacturers expected to sell many tractors, trucks, and cars in the rural sections of the United States. They would have done so if the farmer had continued to make profits. The instant commodity values collapsed, farm credits closed, and the farmers were unable to purchase anything except actual necessities of life. The inevitable result was a collapse, not merely in the automobile industry, but in every collateral industry.

Automobiles are here used simply as the illustration of one out of dozens of distinct and separate important industries so affected.

There is now a large surplus of farm products in this country caused partly from underconsumption, but chiefly by the dumping here of great quantities of foreign products. This surplus will continue to increase so long as present world conditions exist. Our country alone among the large consuming countries of the world is able to pay for imported commodities. In this country is the one market where cash and credit conditions and exchange rates make it possible to buy and hold the world's surpluses until consumptive demands can absorb them, or until the same can be sold abroad, sometimes, unfortunately, on time. In other words, we have been buying the surplus of other countries for cash and reselling them abroad on time.

Wheat is one of the products which have been admitted to our country in large quantities which have seriously disturbed and depressed our domestic market to the great loss of wheat growers. The months of September, October, November, and December are those during which the marketing of wheat is most active. During those months last year our markets were demoralized by the receipt from Canada for domestic consumption of 32,777,889 bushels of wheat, a substantial portion of it going to the Minnesota mills. This amount has been since increased to over 44,600,000 bushels. And still more serious, it is estimated that there are 35,000,000 bushels of wheat at Fort William, Canada, awaiting the opening of navigation, which will be within a week, to be shipped to American ports for domestic consumption. Domestic wheat prices can not withstand the pressure brought by continually increasing our surplus by importation. As a result of these importations, prices have declined rapidly, being now far below the cost of production, and the American wheat grower faces destruction. It is essential that this bill be passed quickly in order to prevent the dumping of the wheat just referred to, as well as other commodities mentioned in the bill.

The sheep raisers are in desperate condition. Ninety per cent of the 1920 wool clip is still in their hands, and there is no sale for it at any price. There is now in this country two years' supply for the manufacturers, and 100,000,000 pounds are on ships headed for our ports. In addition to this, millions of pounds of frozen lamb have been imported and are now in cold storage.

Peanuts and peanut oil imported directly from Japan, but produced chiefly in China and India, have already broken the price of American peanuts to a ruinous point and will probably cause abandonment of a large percentage of the peanut acreage. Peanuts are produced primarily in China, India, and Central Africa. Any one of these countries produces far more than the United States, under the most primitive methods of culture and with the cheapest possible labor. No growers of America can compete with them. If the peanut industry of the United States is worth preserving, the imposition of a duty is essential. It is not a case of reducing the cost of peanuts to the consuming public. It is a case of allowing a great American industry to survive and of preventing the complete control in the future of the price of the commodity from being lodged in a handful of foreign speculators and merchants.

Beans are raised in China and Japan on land that has an average current value of approximately one-tenth of the American bean land; by labor that is paid approximately one-twentieth of corresponding American farm labor. Even the hand picking is done by child and woman labor which costs the Chinese and Japanese less than one-twentieth of the corresponding cost in this country. Chinese women are paid 17 cents per day.

It is impossible to raise beans in New York, Michigan, Colorado, or California for less than 6 cents a pound. Nevertheless the Japanese merchants can land Chinese beans on the Pacific coast for anywhere between 2 and 3 cents a pound without losing a penny on the transaction. Chinese beans are now for sale in all portions of the United States at prices below the American cost of production, and the American bean producer is distressed and helpless.

The farmers of the United States with their high standards of production and high standards of American labor are placed in direct competition with the products of an entirely different civilization, under which much lower wage and labor standards

are maintained. It is a conflict between the American civilization and the economic expression of the oriental civilization. In such a conflict the American farmer is completely beaten unless the Government gives him the artificial assistance of protective duties. Without a protective differential the American bean industry is doomed. Already the bean acreage of Colorado and adjoining States has been reduced in three years to one-fourth of the 1918 acreage.

In California a similar result is noted for the districts devoted to small beans. In Michigan a reduction of about 50 per cent is indicated by preliminary reports.

Much the same conditions are found in respect to rice and other farm products imported from Japan and China. American growers of peanuts, beans, rice, and other products which are imported from China and Japan can not reduce their cost of production to compete with the oriental standards of living; they can not increase the production per acre so as to equalize the enormous advantage of the oriental cheap labor. They can not make even the cost of production without the aid of protective duties. Without this aid the grower will go out of business and the people will buy these commodities in the future at whatever price the foreign speculators choose to place upon them.

Some people say that the farmers must find relief by increased sales to foreign countries. This might be efficacious if the foreigners were financially able to buy. The citizens of our own country bought nearly \$900,000,000 worth of farm products from foreign countries last year. Save this good home market with its good American dollars for American farmers and do not compel them to sell their surplus to foreigners on time.

The revival of the agricultural industry will help to put 3,000,000 idle men to work, and when they are profitably employed they will in turn help to restore the normal domestic consumption of farm products.

From the standpoint of the public it is believed the costs of retail will not be materially affected by reasonable duties on farm products. Under our present very faulty distribution system, which is sadly in need of reformation, the prices paid to farmers seem to bear little relation to the final sales price. For instance, we have seen the price of wheat reduced in half during recent months and the cost of bread remains at the same exorbitant price in most if not all the cities. Onions and some other products which are now unsalable on the farm excepting at far below cost of production are selling in the stores at about the same price as formerly.

Some people may be disposed to say that if an industry is not particularly important to the country, it might be best to let the industry die and try to secure cheaper foreign products; but it ought always to be remembered that the foreigner, with the monopoly in his hands, may take advantage of it. It has been found at times that when the foreigner has a monopoly on something America needs, the American consumer is squeezed bitterly, without the least possible chance to protect himself. Therefore it is unwise to drive out an industry and permit complete control to go into the hands of a group of foreigners not subject to regulation from this country. Where the industry is important, such as the primary agricultural industries of the country, there is no excuse whatsoever for permitting the industry to be abandoned by reason of the inability of the farmers to make a profit.

The prosperity of this country is based primarily on agriculture. If the American public permits class after class of American farmers to be driven out of their industries by competition from one source or another, the whole country will be impoverished gradually but surely. The farmer will not be the only sufferer; the whole public will go down with him. This is the teaching of history.

The sooner the average man realizes that his interest is absolutely inseparable from that of the agricultural producer, the sooner will the entire country be on a more prosperous footing.

For further details relative to the items included in Title I reference is made to pages 5 to 23, both inclusive, of Report No. 1 of the Ways and Means Committee, Sixty-seventh Congress, first session.

The amendment proposed by your committee strikes out all of Title II relating to antidumping and substitutes therefor four new titles, as follows:

Title II. Antidumping.

Title III. Assessment of ad valorem duties.

Title IV. General provisions.

Title V. Dyes and chemicals.

TITLE II.

ANTIDUMPING.

The amendment proposed in Title II relating to antidumping is a substitute for Title II of the House bill with the exception of section 214.

The House bill made it necessary for the appraising officers to look for dumping in the case of each importation of merchandise and in the case of merchandise procured otherwise than by purchase, required a bond of the importer that would obligate him to furnish the collector upon the sale of the merchandise the selling price of the merchandise and to pay any additional dumping duties that might be found due. It is the opinion of your committee that the House provision is too drastic and places too great a burden upon the administrative officers of the customs service and upon the importer. It is also the opinion of your committee that it is unnecessary to make each appraising officer look for dumping in the case of every importation and that it is unreasonable to require the various appraising officers to determine the comparability of each class of merchandise together with the foreign market value and the purchase price in each case, regardless of whether or not an industry is being injured or is likely to be injured by such importation. It is believed that the dumping of merchandise into the United States can be prevented by imposing the dumping duties upon merchandise in cases in which the Secretary, after due investigation, has instructed the appraising officers to apply the antidumping provision.

The antidumping title of the proposed amendment is so drafted that it will apply only in cases in which the Secretary of the Treasury, through such agency or agencies as he may designate, determines that the importation of dutiable or free foreign merchandise is injuring or is likely to injure an industry in the United States or is preventing an industry from being established in the United States and that such foreign merchandise is being sold or is likely to be sold in the United States or elsewhere at less than its fair value. It is manifest that the determination of whether or not an industry is being injured or is likely to be injured should not be placed in the hands of the individual appraising officers at the various ports of entry. See section 201 of the proposed amendment.

SECTION 202.—SPECIAL DUMPING DUTY.

In cases in which the Secretary determines that there is likely to be dumping, subdivision (a) of this section imposes a duty in addition to the duties imposed by existing law equal to (1) the amount by which the purchase price or the exporter's sales price is less than the foreign market value, or (2) in the absence of foreign market value the amount by which the purchase price or exporter's sales price is less than the cost of production.

Subdivision (b) permits an adjustment in the foreign market value when an article is sold in larger quantities for exportation to the United States than in the case of sales for foreign home consumption or for exportation from the country of production to countries other than the United States. This subdivision is deemed necessary to obviate the necessity of establishing the dumping duty in many cases by use

of "cost of production." Your committee is advised that wholesale sales for exportation to the United States are usually larger than in the case of other wholesale sales in the foreign countries.

Subdivision (c) permits a similar adjustment in the foreign market value (when the dumping duty is determined by comparing the foreign market value and the exporter's sales price) when the wholesale sales of the exporter in the United States are in larger wholesale quantities than the sales of like articles in the foreign country of production for home consumption or for export to countries other than the United States.

The special dumping duty imposed will be determined in the following manner:

1. If the merchandise is sold by the foreign seller to an American purchaser having no interest in the business of the foreign seller and the American purchaser purchases the merchandise at less than the foreign market value, the special dumping duty will be the difference between the foreign market value and the purchase price.

2. In case the merchandise is sold, by a foreign seller having an interest in the American purchasing agency or by a foreign seller in which the American purchasing agency has an interest, at a price below foreign market value, the special dumping duty will be the difference between the foreign market value and the exporter's sales price.

3. If there is no foreign market value, the special dumping duty will be the difference between the cost of production and the purchase price. It is believed that it will seldom be necessary to use this method except in cases in which the article is only sold for export to the United States.

This section is a substitute for section 207 of the House bill.

SECTION 203.—PURCHASE PRICE.

The term "purchase price" is defined to be the price at which the imported merchandise has been purchased or agreed to be purchased prior to the time of exportation by the person by whom or for whose account the merchandise is imported and to include the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, plus the amount, if not included in such price, of (1) any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; (2) any import duties imposed by the country of exportation which have been rebated or which have not been collected by reason of the exportation of the merchandise to the United States; and (3) plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller in respect to the manufacture, production, or sale of the merchandise, which have been rebated or which have not been collected by reason of the exportation of the merchandise to the United States. The term "purchase price" does not include any amount attributable to any costs, charges, United States import duties, and expenses incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States.

In short, the term "purchase price" is defined to include the amount paid for the merchandise and all other amounts paid to place it in condition for shipment to the United States from the country of exportation, plus any export tax paid on such merchandise. In order that any drawback given by the country of exportation upon the exportation of the merchandise, or any excise tax which is refunded or not collected upon the exportation of the merchandise shall not constitute dumping, it is necessary also to add such items to the purchase price.

The definition of "purchase price" in this section and "exporter's sales price" in section 204 are substituted for the definition of "sales price" in section 206 of the House bill.

SECTION 204.—EXPORTER'S SALES PRICE.

The term "exporter's sales price" is defined to be the price at which imported merchandise is sold or agreed to be sold in the United States, before or after the time of importation, by or for the account of the exporter. Such price includes the cost of all containers and coverings, and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States.

In order that any drawback given by the country of exportation upon the exportation of the merchandise, or any excise tax which is refunded or not collected upon the exportation of the merchandise shall not constitute dumping, the term "exporter's sales price" is defined to include such items.

The definition of "exporter's sales price" requires the deduction from the aforementioned sums of any amount included in such price attributable to (1) any costs, charges, United States import duties, and expenses, incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States, (2) any commissions for selling the particular merchandise in the United States, (3) an amount equal to the expenses generally incurred by or for the account of the exporter in the United States in selling identical or substantially identical merchandise, and (4) the amount of any export tax paid on the merchandise.

In substance, the term "exporter's sales price" is defined in such manner as to make the price the net amount returned to the foreign exporter.

SECTION 205.—FOREIGN MARKET VALUE.

The term "foreign market value" in the case of consigned merchandise is defined to be the price, at the time of exportation of the imported merchandise to the United States at which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country from which exported in the usual wholesale quantities and in the ordinary course of trade for home consumption, or if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States. Such value includes the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States.

In the case of merchandise purchased or agreed to be purchased by the person by whom or for whose account the merchandise is

imported, prior to the time of exportation, the foreign market value is obtained in the same manner as it is in the case of consignments except that it is ascertained as of the time of the purchase or agreement to purchase instead of the time of exportation.

This section combines under the definition of "foreign market value" the definition of "foreign home value" and "the value to countries other than the United States" appearing in sections 203 and 204 of the House bill.

SECTION 206.—COST OF PRODUCTION.

The term "cost of production" is defined to include—

(1) The cost of material and labor costs in producing identical or substantially identical merchandise at a time preceding the date of shipment of the imported merchandise which would ordinarily permit the manufacture or production of such merchandise;

(2) The usual general expenses;

(3) The cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States; and

(4) An addition for profit equal to the profit which is ordinarily added, in the case of merchandise of the same general character as the imported merchandise, by manufacturers or producers in the country of manufacture or production who are engaged in the same general trade in manufacturing or producing the same class of merchandise.

This section provides that in no instance shall the usual general expenses included in determining the cost of production be taken at an amount less than 10 per cent of the material and labor costs. It further provides that the addition for profit in determining the cost of production shall in no instance be less than 8 per cent of the sum of the labor and material costs and the amount added for general expenses.

The purpose of this definition is to create a constructive foreign market value based on the cost of material and labor at a time preceding the date of shipment of the imported merchandise which would ordinarily permit the manufacture or production of such merchandise in the usual course of business. It is not limited to the actual cost of the imported merchandise. This section is a substitute for section 205 of the House bill.

SECTION 207.—EXPORTER.

The term "exporter" is defined to include not only the foreign exporter, but also the importer, in cases where the latter is financially interested in the former, or vice versa, whether through agency, stock control, resort to organization of subsidiary corporation, or otherwise.

SECTION 208.—OATHS AND BONDS ON ENTRY.

This section requires in the case of imported merchandise of a class or kind as to which the Secretary has made public a finding requiring the appraiser to look for dumping, that the exporter, as defined in section 207 of the proposed amendment, shall furnish a bond binding such exporter (1) to report to the collector the exporter's sales price of the merchandise within 30 days after such merchandise has been

sold or agreed to be sold in the United States, (2) to pay on demand from the collector the amount of any special dumping duty imposed under the dumping title, and (3) to furnish to the collector such information as may be in his possession and as may be necessary for the ascertainment of such duty and to keep such records as to the sale of such merchandise as may be required by the Secretary.

The purpose of this provision is to insure a report to the collector of the exporter's sales price in cases where the imported merchandise has not been sold prior to importation.

SECTION 209.—DUTIES OF APPRAISERS.

This section requires the appraiser, in the case of all imported merchandise, whether dutiable or free of a class or kind as to which the Secretary has made a finding directing the appraiser to look for dumping, to report to the collector the foreign market value or the cost of production, as the case may be, the purchase price and the exporter's sales price and any other facts which the Secretary may deem necessary for the purposes of this title. This section is a substitute for section 208 of the House bill.

SECTION 210.—APPEALS AND PROTESTS.

This section gives the same right of appeal and protest from the decisions of the appraisers and collectors under the anti dumping title as under existing law.

This section is a substitute for section 209 of the House bill.

SECTION 211.—DRAWBACKS.

This section extends the drawback provision of existing laws to the special dumping duty imposed by Title II of this bill.

This section is a substitute for section 213 of the House bill.

SECTION 212.—SHORT TITLE.

This section makes the short title of Title II the "Antidumping Act, 1921."

TITLE III.

ASSESSMENT OF AD VALOREM DUTIES.

This title is a substitute for section 214 of the House bill. Section 214 of the House bill merely amended section 25 of the act, entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," approved August 27, 1894, by adding the following proviso:

In the estimation and liquidation of duties upon any imported merchandise the collector of customs, or person acting as such, shall not in any case estimate the depreciation in currency at more than 66 $\frac{2}{3}$ per centum.

To illustrate the application of this provision the report of the Committee on Ways and Means upon this bill gives the following example:

The German mark is now worth, let us say, 2 cents in our money. As a matter of fact, its exchange value is less than 2 cents, while the gold value of the German mark is 23.8 cents. Two German marks will purchase in the home markets of Germany a

quantity of goods which when exported to and delivered into this country are in some instances valued at and sold for a sum ten times greater. Under existing law, however, we collect duties only upon the exchange value of the mark, to wit, upon 2 cents. This would result on an invoice for 1,000 marks in the collection of only \$5 in duty upon a 25 per cent ad valorem basis, whereas when the depreciated currency is limited as proposed in this bill, 1,000 marks would equal \$80 and the duty collected would be \$20.

It is the opinion of your committee that in many instances this proviso would result in creating an embargo or would divert the merchandise into other countries where the currency has not depreciated to so great an extent and cause it to be sold from such countries to the United States in the currency of the country of exportation.

Title III of the proposed amendment substitutes for this proviso a provision requiring the assessment of ad valorem duties upon the basis of the foreign home market value or the export value, whichever is higher. At the present time ad valorem duties are assessed upon the basis of the foreign home market value. The effect of the proposed amendment will be to increase the duties collected in the case of all importation of merchandise in which the export value is higher than the foreign home market value. It is believed that there are many such cases. See section 301 of the proposed amendment.

SECTION 302.—EXPORT VALUE.

This section defines the term "export value" to be the price at the time of exportation of the merchandise to the United States at which such or similar merchandise is sold or freely offered for sale for exportation to the United States to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade. The term "export value" also includes the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States and the amount of any export tax imposed upon such merchandise. The definition states that the "export value" shall not include any amount included in such price attributable to any costs, charges, United States import duties, and expenses incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States.

SECTION 303.—REFERENCE TO "VALUE" IN EXISTING LAW.

This section is an administrative provision and in short provides that the term "value" wherever used in existing law or in Title I of this bill, with certain specified exceptions, shall be construed to refer to actual market value as defined under existing law or export value as defined by section 302 of the proposed amendment, whichever is higher. The exceptions referred to relate to cases in which commercial value is meant, and not actual market value or export value.

SECTION 304.—DEFINITION OF "TARIFF ACT OF 1913."

This definition provides that the term "Tariff Act of 1913" shall mean the act entitled "An act to reduce tariff duties and provide revenue for the Government, and for other purposes," approved October 3, 1913.

TITLE IV.

GENERAL PROVISIONS.

SECTION 401.—STATEMENTS IN INVOICE.

This section gives the Secretary of the Treasury authority to require invoices of imported merchandise and all statements in the form of an invoice to contain, in addition to the statements required by existing law, such other statements as the Secretary may deem necessary together with a statement as to the currency in which the invoice is made out, specifying whether gold, silver, or paper.

SECTION 402.—STATEMENTS AT TIME OF ENTRY.

This section authorizes the Secretary to require the owner, importer, consignee, or agent, making entry of imported merchandise, to set forth upon the invoice or statement in the form of an invoice, and in the entry, in addition to the statements required by existing law, such other statements as the Secretary may deem necessary and to require the statements to be made under oath, if the Secretary deems the same necessary.

SECTION 403.—CONVERSION OF CURRENCY.

Under the existing law and executive orders in the case of imported merchandise the United States consuls in the various foreign countries have to certify the value of the currency in which the invoice is made out as of the date of certification. In many cases the consuls fail to make the certification and in such cases it becomes necessary for the importer to pay duty on the gold basis and to ascertain the correct value of the currency, which can only be readjusted in a final reliquidation and is dependent upon the obtaining of a consular certificate.

This frequently results in the assessment of excessive import duties and necessitates a great amount of unnecessary labor on the part of the importer and the Treasury officials in making the proper adjustments in order to refund the excess duties so collected. The present system requires the ascertainment of the value of foreign currency values thousands of miles away from the port of entry. The proposed amendment would permit the ascertainment of the value of foreign currency in the United States, at which point it is readily ascertainable with a greater degree of accuracy. It provides that in cases in which the foreign currency varies by 5 per cent or more from the value measured by the buying rate in the New York market at noon on the day of exportation, the conversion shall be made at a value measured by such buying rate. The Federal reserve bank of New York is authorized to determine the buying rate and the proposed amendment provides that the buying rate shall be the buying rate for cable transfers payable in the foreign currency to be converted. The section requires the Federal reserve bank of New York to certify the exchange rates to the Secretary of the Treasury daily and requires the Secretary to make such rates public for the use of the collectors and appraising officers in assessing duties.

SECTION 404.—INSPECTION OF EXPORTER'S BOOKS.

This section prohibits the importation into the United States of merchandise manufactured, produced, sold, shipped, or consigned by any person, partnership, corporation, or association manufacturing, producing, selling, shipping, or consigning merchandise refusing to permit a duly accredited officer of the United States to inspect any books, papers, records, accounts, documents, or correspondence pertaining to the market value or classification of imported merchandise.

SECTION 405.—INSPECTION OF IMPORTERS' BOOKS.

This section prohibits the importation of merchandise into the United States by or for the account of any person, partnership, corporation, or association refusing to permit a duly accredited officer of the United States to inspect any books, papers, records, accounts, documents, or correspondence pertaining to the value or classification of imported merchandise.

SECTION 406.—DEFINITIONS.

This section defines the term "person" to include individuals, partnerships, corporations, and associations; and the term "United States" to include all Territories and possessions subject to the jurisdiction of the United States, except the Philippine Islands, the Virgin Islands, the islands of Guam and Tutuila, and the Canal Zone.

SECTION 407.—RULES AND REGULATIONS.

This section authorizes the Secretary of the Treasury to make all necessary rules and regulations for the enforcement of the act.

TITLE V.

DYES AND CHEMICALS.

At the present time the importation of coal-tar dyes and certain chemicals is regulated by means of licenses issued by the War Trade Board Section of the State Department, under the provisions of the trading with the enemy act approved October 6, 1917, and the proclamation of the President of February 14, 1918. It is deemed advisable to continue the present licensing system for a period of six months after the enactment of the proposed amendment in order that the Congress may have ample time to enact into law permanent tariff legislation covering importations of dyes and chemicals. The proposed amendment is deemed to be necessary because the powers of the War Trade Board Section of the State Department to grant licenses for the importation of dyes and chemicals are limited to the duration of the present war. The proposed amendment is limited to the dyes and chemicals the importation of which is now limited by licensing, and provides for the granting of licenses upon substantially the same terms as under the requirements for the importation of dyes and chemicals from enemy countries.

The proposed amendment provides for the transfer of the functions of the War Trade Board Section, including its clerks and employees, books, documents, and records, to the Treasury Department. The proposed amendment also provides that any unexpended funds and appropriations made for the use and maintenance of the War Trade Board Section shall be available to be expended by the Secretary of the Treasury in the exercise of the power and authority conferred upon him by the proposed amendment.

