

PEARL BUTTONS

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

SECOND SESSION

ON

H. R. 7705

AN ACT TO AMEND SECTION 339 OF THE TARIFF ACT OF
OCTOBER 3, 1913, IN RESPECT TO THE TARIFF
ON BUTTONS OF SHELL AND PEARL

DECEMBER 15-16, 1919

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PEARL BUTTONS.

MONDAY, DECEMBER 15, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE ON FINANCE,
Washington, D. C.

The subcommittee met at 10 o'clock a. m., pursuant to call, Senator James Watson presiding.

Present, Senators Watson (chairman) and Curtis.

Senator WATSON. We think that a proponent of the bill should first be heard as to why these changes should be made, and the desirability of the changes, and if you have some one selected for that purpose, we would be very glad to hear him.

Mr. ADKINS. We will ask you first to hear Mr. D. A. Willis, of Muscatine, Iowa.

STATEMENT OF MR. D. A. WILLIS, PENNANT PEARL BUTTON CO., MUSCATINE, IOWA.

Mr. WILLIS. My company is now the Pennant Pearl Button Co., but formerly I was with the Vienna Pearl Button Co., and I mention that fact as a matter of record, because of various things that happened before we changed the name.

Senator WATSON. Were you heard before the Committee on Ways and Means of the House?

Mr. WILLIS. Yes, sir; the recent subcommittee, Judge Green in the chair.

Senator WATSON. That is to say, in the recent hearing before the Committee on Ways and Means of the House you testified as a witness?

Mr. WILLIS. I did; yes, sir.

Senator WATSON. I have not had time to look that up. Was your testimony there full and complete?

Mr. WILLIS. As it related to the importation mostly of blanks. I am a manufacturer of these pearl buttons, and also an importer of fresh-water pearl button blanks from Japan and China.

Senator WATSON. Have you a written statement here?

Mr. WILLIS. I have just notes here.

Senator WATSON. Is your testimony that you propose to give here substantially what you gave before the House committee, or is it a variation from that?

Mr. WILLIS. I do not want to repeat anything I said there, if I can help it. Of course, there may be some things I would have to call your attention to to illustrate, that I gave before.

Senator WATSON. You are a manufacturer of pearl buttons, are you?

Mr. WILLIS. Yes.

Senator WATSON. Where?

Mr. WILLIS. Muscatine, Iowa.

Senator WATSON. How long have you been manufacturing pearl buttons?

Mr. WILLIS. I have been in the pearl button business, manufacturing and selling them, for 40 years.

Senator WATSON. Were you in business somewhere else prior to Muscatine?

Mr. WILLIS. Oh, yes. I started my business in the pearl-button line in Newark, N. J., in 1879 or '80.

Senator WATSON. Did they manufacture pearl buttons in the United States at that time?

Mr. WILLIS. We tried to. I want you to feel, gentlemen, that I am not only speaking for myself and the other manufacturers, but that I am speaking for the 20,000 people engaged in this industry in the factories, digging shells and in various occupations connected with the industry.

And while I have referred to the conditions in 1879, when we first went into the business, that will illustrate that the same conditions prevail to-day in regard to our industry as they did then. We manufactured pearl buttons from ocean pearl shells, and fresh-water shells were unknown up to that time, and we found that it was impossible to make the buttons here in competition with the goods from Austria. At that time many goods came in, such as were known as Vienna thirds, at 8 or 10 cents a gross on cards, and of course we could not compete with that. So we finally gave our factory away, you might say, or our machinery away, to keep from paying storage on the lathes.

This business has not been a wonderful success for everybody, because you can find that there were a great many failures in it. The industry started in the early days with the failure of the The Pearl Button Co. of Detroit, a very large concern, and then the Anchor Pearl Button Co., in Providence, R. I., and recently the Empire Pearl Button Co. of New York has been sold out at sheriff's sale, inventoried, I believe, at about \$400,000 and the assets brought about \$85,000.

Senator WATSON. You said "recently." What do you mean by that?

Mr. WILLIS. Well, last month; and these assets consisted of machinery that at the present time is very high and in great demand, yet you can see what a pearl button factory does when put under the hammer.

Senator WATSON. Is that because of bad management?

Mr. WILLIS. Well, they had been in business 20 years. I could not tell you exactly, but they were one of the first fresh-water pearl button manufacturers, and they had had a long experience in the ocean pearl-button business.

Prior to 1890 no one thought, as you can see by the little outline I have given, that pearl-button manufacturing could be successful in this country. The pearl buttons came from Austria, Germany, or

any of the other European countries, and the comparative cost of producing such goods in this country made it impossible to manufacture pearl buttons in quantities. However, the tariff act of 1890, commonly known as the McKinley bill, with a specific rate of tariff of $2\frac{1}{2}$ cents per line plus 25 per cent ad valorem, accomplished the seemingly impossible achievement. Since then American machinery and various labor saving devices have been utilized, and besides this the shells that were lying in the rivers throughout the Central West have been used for making pearl buttons. Previous to that time these shells could not be used, although various experiments were tried, on account of the high cost of labor here as compared with the low European labor.

A specific rate of duty on pearl buttons, although not on any other buttons, was retained in every tariff bill since the McKinley bill until October 4, 1913, when the present bill was enacted. In other words, the present bill is the first one since the American industry was established in which no protection of a specific nature was given.

Senator WATSON. We are familiar with the McKinley tariff in regard to manufacturing in Austria, etc., and elsewhere abroad. But, you say that the same rate of duty was maintained?

Mr. WILLIS. Oh, no; a specific rate. The McKinley rate was reduced by the Wilson rate, I believe, 1 cent a line. They gave us $1\frac{1}{2}$ cents instead of $2\frac{1}{2}$ cents.

Senator WATSON. But in the Underwood-Simmons law there is no protection.

Mr. WILLIS. We have found it not much of a protection. There is some protection in the nature of ad valorem duty, but it does not apply so as to do us the maximum amount of good.

Senator WATSON. But there is no specific duty?

Mr. WILLIS. No specific duty. The manufacturers of fresh-water pearl buttons feel absolutely certain that if the abnormal war conditions existing since 1914, or about six months after the present tariff bill went into effect, had not come to pass, the pearl button business of this country, especially the fresh water branch of it, would at present be in a very precarious condition, if not totally ruined.

The temporary condition of this, or any other industry, is no criterion. Nevertheless, up to a few months ago, and throughout the war period, any manufacturer or any jobber of pearl buttons could have bought all the pearl buttons necessary to supply his wants in this market, or from the domestic manufacturers, although there was a scarcity in most of the other lines of goods manufactured in this country. During the past three months, when labor conditions have become more acute, there may have been a temporary shortage of certain lines, and I will illustrate to you in a moment just how that shortage occurs. It is a mistaken idea merely to compare the Japanese fresh-water shell buttons in competition with the fresh-water shell buttons of this country. On account of the cheapness of their labor, the Japanese can produce buttons from Sazai and Awabi Ocean shells, which shells only produce a cheap grade of goods, and goods made from those cheap grades of shells gave us the first competition we had from Japan?

Senator WATSON. When?

Mr. WILLIS. Oh, I should say we felt that competition several years ago.

Senator WATSON: How many years ago—10?

Mr. WILLIS. Or, possibly in 1910—maybe 8 or 9 years. In the past few years large quantities of these cheap ocean shell buttons have been sold here. The nature of manufacturing fresh water shell buttons in this country is such that it is absolutely necessary to work up the entire shell, the product of which consists of first grade, medium grade, and cheap grade. I would like to illustrate by showing you samples. You see, gentlemen [indicating] this is one of our western river shells.

Senator WATSON. Is that a Mississippi River shell?

Mr. WILLIS. Well, it came either from the Mississippi or one of the adjacent streams—maybe from the White River, one of its tributaries.

Senator WATSON. They are practically all alike?

Mr. WILLIS. They are practically all alike; yes, sir. You will notice we have several discs cut out of that. Those are from the thick part of the shell. We can sell those, but we could not produce enough, perhaps, of this part of a shell [indicating] to supply all the demand, as it may come along of the dry goods trade, who use the buttons sewn on cards, unless we could utilize this part of the shell [indicating thin part of shell].

Now, our opponents claim that these corners and skirts and all that [indicating] should be thrown away, and does not cut any figure. But you will realize that we can not, when we pay \$60 or \$70 a ton for those shells, afford to throw that away; and in order to conduct this business successfully you must work the shell up as you go along. You can not throw that out and come back to it. If we produced these buttons under present conditions, the Japanese product, which is about the same as our cheaper fresh water shells, can undersell us.

Senator WATSON: Is there a difference in the quality of the shell?

Mr. WILLIS. If there is, it is in favor of the Japanese. I will illustrate that all to you, and show the samples in a short time.

It is not only the Japanese competition that will have to be provided for. We have got plenty of it, and will have more and more all the time from the Philippines.

Senator WATSON. Let us take that shell which you held up there. There were some holes you had made, or so many cuts in that shell. Why did you not cut out all the rest?

Mr. WILLIS. Because we can not sell that part of the shell in competition with the Japanese product of the same make.

Senator WATSON. Why?

Mr. WILLIS. Because the Japanese product is brought over here and sold at 4 or 5 or 6 cents a gross, which represents about half the cost of our first operation, which is cutting the shell.

Senator WATSON. On account of price?

Mr. WILLIS. Surely.

Senator WATSON. Not on account of quality?

Mr. WILLIS. Oh, no.

We expect a large amount of competition from Austria as soon as they get to making goods, and from Czeckoslovakia and all those places which formerly held the pearl-button business.

To illustrate what the Japanese can do, the French formerly had an immense pearl-button business and Takase shells were the chief

shells used for making their buttons, and that business has practically been transferred to Japan on account of the cheaper labor there, and these Japanese have made the most wonderful progress that you can imagine. They are making very beautiful goods, as fine as I ever saw.

New competition will develop in the near future, and it is only on account of war conditions that the imports from those countries during the past five years are so small. I would like to refer to page 16 of the Tariff Commission's report, which states that the trade in pearl buttons has shifted from European to oriental countries.

I would like to go into the labor costs of Japan, if it meets with your approval.

Senator WATSON. That is just what we want, exactly.

Mr. WILLIS. I want to get it where you will understand it, and if you will only ask me questions about things I do not make clear I will be glad to explain, because it seems impossible to those connected with the business that these things are not understood properly.

As basis for the labor cost in Japan I will refer to the Financial and Economic Annual for Japan for 1916, pages 60 and 61, showing the comparative daily wages in industries like the button industry to be from 6 cents to 26 cents per day. That 6 cents would represent the labor of the female and the 26 cents that of the men. You will understand that on a general average like that there would be some exceptional cases where perhaps the very skilled workers might run up to 45 or 46 cents per day.

Senator WATSON. How long have they been making pearl buttons in Japan?

Mr. WILLIS. Well, not so very long.

Senator WATSON. Six or eight years?

Mr. WILLIS. In your records there you have one of the Tariff Commission's reports—

Senator WATSON. I am asking you. I can look all this up, of course.

Mr. WILLIS. I do not know how much beyond the time I have been engaged in the business, but I should say about 10 or 15 years.

Senator WATSON. Do you have any idea in your mind, without referring to the statistics, as to the increase in that business in Japan? Has it gradually increased?

Mr. WILLIS. Oh, tremendously. In one case I was looking over a record, and it amounted to \$20,000 a year; and in the next year it had increased tenfold and twentyfold and was going right on up by leaps and bounds.

Senator WATSON. Has it been steadily increasing since the war began?

Mr. WILLIS. It has steadily increased.

Senator WATSON. Since the war began?

Mr. WILLIS. Oh, yes; because they had the market of the world.

Senator WATSON. Precisely; that is what I wanted to get at.

Mr. WILLIS. Yes.

Senator WATSON. Have you in your mind a record of the imports into this country from Japan?

Mr. WILLIS. Oh, yes; we have got that all.

Senator WATSON. You can put that all in as you go along.

(The data submitted by Mr. Willis is here printed in full as follows, from Tariff Information Series No. 4:)

Pearl or shell buttons (below 26 lines), entered for consumption.¹

Fiscal year.	Rates of duty.	Quantity.	Value.	Duties.	Actual and computed ad valorem rate.
1910.....	1½ cents per line per gross and 15 per cent.	<i>Lines.</i> 4,440,270.23	\$107,046.48	\$82,601.04	<i>Per cent.</i> 77.22
1911.....		3,196,304.64	100,112.00	62,961.41	62.89
1912.....	do.....	2,142,511.00	65,605.05	41,978.44	63.99
1913.....	do.....	3,784,137.00	91,280.00	70,454.10	77.18
1914.....	do.....	698,718.25	20,572.00	13,560.58	65.95
1915.....	45 per cent. ²	<i>Gross.</i> 477,043.00	140,118.00	65,753.10	45.00
1916.....		693,089.00	194,959.00	87,731.55	45.00
1916.....		1,554,559.00	402,291.00	181,030.95	45.00
1917.....		3,088,744.00	800,527.00	302,937.15	45.00

¹ Small imports from Cuba not shown.

² Below 26 lines after tariff act of 1913.

Senator WATSON. I will state to the various witnesses that what we want is the definite, specific information as to this business—competition in Austria before the war and in Japan since the war, as to imports from each country since the war began, and as to the relative cost of production here and abroad—that is all we want. We do not give a snap for anything else, but we want specific, succinct information, and on that we will base our conclusion. We want authoritative costs of production so as to find the danger of the competition, if there be danger from that.

Mr. WILLIS. Let me take the relative cost of production. First, I will show you the cost of production over a long period of years in Japan and show you there has been no particular advance—there has been some, you know. If a thing costs a cent over there and you advance it 50 per cent in comparison with our costs here, it amounts to nothing at all.

Quoting from a letter received by me from the American consul at Kobe, Japan, dated May 15, 1913, in which he gives as the total manufacturing cost of a 14-line button from a Takase shell, which is the highest-priced and most difficult shell to work of all the shells they work over there, was 45½ cents per thousand pieces, otherwise, 6½ cents per gross.

Senator WATSON. What do you mean by 14-line button?

Mr. WILLIS. Fourteen-fortieths of an inch. The line measure is 40 lines to an inch, and 14 or 16 lines means so many fortieths of an inch.

These Trocas or Takase buttons, you will see, are very beautiful things; some of the most beautiful pearl buttons that are made are made from that shell.

I tried to work that same shell in Muscatine in 1913, and could not do it; even paying 15 cents per gross for the first operation. You see, the Japanese finish the whole button for practically 6½ cents per gross, and without doubt that 6½ cents, which applies to that special pattern, which is a very difficult one [showing sample]—

Senator WATSON (interposing). Do you mean to say you imported this kind of shell to try it?

Mr. WILLIS. Oh, yes. I worked these shells way back in 1885 or 1886.

Senator WATSON. When did you try to manufacture that kind of shells in Iowa?

Mr. WILLIS. The last time?

Senator WATSON. Yes.

Mr. WILLIS. In order to find out what the competition was and what I could do to meet it, when the Underwood tariff went into effect I had some of these shells, and I tried to work them, and I guess most all other manufacturers did so. That was our chief competition—buttons made from that shell when this bill became operative, because that took all of our shirt trade and waist trade and many other lines away from us who used a nice button.

I spoke of that American consular letter, and I will continue a little further there.

For the very cheap ocean shells our consul reports a total manufacturing cost of 13 cents per thousand pieces, or 1½ cents per gross. Those were the shells I referred to as Awabi and Sazai shells, which are very low-grade shells. I would like to read the comments in this letter regarding machinery.

In reference to the consular reports of May 8—

Senator WATSON. Do you make that grade of button to which you are just referring?

Mr. WILLIS. Not any more.

Senator WATSON. Why do you not make it any more?

Mr. WILLIS. I am in the fresh-water button business. I went out of the ocean-button business because I saw I could not successfully manufacture against foreign competition.

Senator WATSON. Did Japanese competition drive you out of that line of pearl-button manufacturing?

Mr. WILLIS. It was Austrian and German competition. The Japanese competition had not gotten in very strongly until about 1913, along there when the Underwood bill became operative.

Senator WATSON. When did you try to make pearl buttons out of that kind of ocean shells?

Mr. WILLIS. About 10 years ago.

Senator WATSON. Has anybody in this country been making pearl buttons out of ocean shells since?

Mr. WILLIS. Oh, yes; there is a great industry.

Senator WATSON. In it yet?

Mr. WILLIS. Oh, yes, sir.

Senator WATSON. Where do they get those shells?

Mr. WILLIS. West Australia and from many of the Pacific Islands, the Island of Tahiti, the Straits Settlements, and along through there—Madagascar and the Japan Islands.

Senator WATSON. There is no tariff on the raw material?

Mr. WILLIS. There is no tariff on the raw material.

Senator WATSON. And never has been?

Mr. WILLIS. Never has been.

Senator WATSON. The raw material comes in free?

Mr. WILLIS. Here is this consul's letter, which is very interesting and which gives a statement of costs under date of May 15, 1913, of the various operations, and with your approval I would like to have that letter put into the record.

Senator **WATSON**. Certainly; that is all right.

(The letter referred to from the American consul at Kobe, Japan, submitted by Mr. Willis, is here printed in full as follows:)

AMERICAN CONSULAR SERVICE,
Kobe, Japan, May 15, 1919.

The PENNANT PEARL BUTTON Co.,

(Formerly the Vienna Pearl Button Manufacturing Co.),

Muscatine, Iova.

(Formerly the Vienna Pearl Button Manufacturing Co.,

514-516 Broadway, New York, U. S. A.)

GENTLEMEN: I have been forwarded for reply by the American consul general at Yokohama a copy of your letter to him of the 16th ultimo, in which you desire some information with regard to the manufacture of pearl buttons in this consular district.

I am unable to obtain any figures as to the amount manufactured here, but in 1911 there were 67,169 gross, worth \$18,869, exported to the United States, and in 1912, 187,668 gross, valued at \$28,126.

The following is the price paid for labor employed in making size No. 14 line of takase shell:

Boring out the blanks from the shell, 11½ cents per 1,000 pieces or 7 gross.

Shaping surface, 6 cents per 1,000 pieces or 7 gross.

Cutting into shape, 13½ cents per 1,000 pieces or 7 gross.

Boring holes, two holes, 5 cents per 1,000 pieces or 7 gross.

Boring holes, four holes, 6 cents per 1,000 pieces or 7 gross.

Bleaching, 2 cents per 1,000 pieces or 7 gross.

Polishing, 1½ cents per 1,000 pieces or 7 gross.

Sewing paper, 5 cents per 12 gross.

For sizes Nos. 15 to 20, 2½ cents; sizes Nos. 21 to 24, 3½ cents; sizes Nos. 25 to 30, 10 cents increase from above charges except No. 7.

For Awabi, Sazai, Hirase, and Tamagai the average is 10 per cent to 13 per cent less than Takase charges.

For size No. 14, Shinjin shell:

Boring out the blanks from the shell, 4 cents per 1,000 pieces or 7 gross.

Shaping surface, 3 cents per 1,000 pieces or 7 gross.

Boring holes, two holes, 2 cents per 1,000 pieces or 7 gross.

Boring holes, four holes, 3 cents per 1,000 pieces or 7 gross.

Polishing, 1 cent per 1,000 pieces or 7 gross.

Sewing paper, 3½ cents per 12 gross.

The above prices are approximately the same as those being paid by manufacturers at Osaka.

As regards machinery, there are only one or two factories that employ any; the tools being used by most makers are of the most simple and primitive description.

For further information on this subject, I would refer you to a report appearing in the Daily Consular and Trade Report of May 8, 1909, published by the Bureau of Manufactures (now the Bureau of Foreign and Domestic Trade), Department of Commerce and Labor (now the Department of Commerce), at Washington, D. C.

If there are any other points on which you would desire further information, I will be pleased to ascertain same for you. I may say that American capital is largely interested in the Osaka Gas Co.

Very respectfully, yours,

GEO. N. WEST,
American Consul.

Mr. WILLIS. And I just want to call your attention to one or two items here: "As regards machinery there are only one or two factories that employ any; the tools being used by most makers are of the most simple and primitive descriptions." The Japanese, or, as it used to be, the Austrian, have very little power. The Japanese uses a foot lathe, and he works the lathe with his foot. These beautiful buttons are manufactured largely by that process. He has no overhead. The buttons are largely made in their homes, and al-

though here and there a little power will be employed it does not amount to anything in its effect on the whole industry.

Senator WATSON. Have they none of our machinery over there?

Mr. WILLIS. Yes; now they have. They are supplied with cutting lathes and with automatic machinery. A number of them have been sent over there and they will copy the whole thing. They will develop tremendously even if this $1\frac{1}{2}$ cents per line is applied, because I will show you that $1\frac{1}{2}$ cents per line plus 15 per cent on the better grades of goods works the other way and does not amount to 45 per cent ad valorem.

You see, they say, "Tools and machines are of the most primitive description."

Senator WATSON. You seem to contradict yourself. You say at one time that they are doing this with foot power, and the next time that they have got our machines over there and are going on.

Mr. WILLIS. They have only recently had our machines sent over.

Senator WATSON. Then up to this time they have not had them?

Mr. WILLIS. No product that we know of has been made with machinery. It has only arrived there recently. The development, however, is going to take place—it has not yet—by our method of manufacturing buttons with the use of machinery.

Senator WATSON. What is the difference in the efficiency of the individual Jap as compared with the individual in this country; that is, how much more could the fellow in this country make with our kind of machinery than the fellow over there?

Mr. WILLIS. As to money or as to products?

Senator WATSON. I am trying to show the exact competition, if I can.

Mr. WILLIS. As a producer I do not think that you could ever beat the skill of the Jap at this business. It is simply wonderful, and I will show you in a few minutes that their efficiency is wonderful. You see, they have accomplished in a few years—of course, they have copied from what we have done—what it took 10 or 15 or nearly 20 years for us to accomplish, and in lines we could never work in this country they have been very efficient.

This consul on May 15, 1913, refers to another consular report that contains a report of the German consul relative to the efficiency and the development of the pearl-button industry in Japan, and he says to me here, "For further information on this subject, I would refer to a report of hearing in the Daily Consular and Trade Report of May 8, 1909, published by the Bureau of Manufactures," etc.

My reason at this time for investigating the Japanese industry was to learn what the competition was going to be under the Underwood tariff, as I represented the manufacturers at those hearings, since it looked to me as though we were going to be put out of business.

I have called your attention to the interesting report of that German consul. You would not care for any of that data, except that it just confirms what our consul says.

Senator WATSON. When you say "Japan"—

Mr. WILLIS (interposing). I mean Japan and China.

I would just like to mention in that connection here that it was only in 1916 that we learned that the Japanese discovered large quantities of fresh-water shell both in Japan and China, and they began to

export those buttons into this market in competition with our buttons, and I sent over there and purchased large quantities made from both of these shells [indicating shells on committee table]. Those shells compared very favorably with ours; they are even, I should say, much better.

You will understand that there is a shell of ours [indicating], and here is a Japanese fresh-water shell. Of course, they do not all run as large as that, but from this they make very, very cheap goods, and they work up every bit of the shell. The shell that makes the very fine Chinese fresh-water button is that shell.

Senator WATSON. Has the Chinaman developed in this business?

Mr. WILLIS. He is developing; he is engaged in developing the shells. There have been lots of blanks cut there by that development. The Japanese have controlled that up to the present time, but I am positively assured by officials in China that they are going to develop it for themselves if they can do it.

Senator WATSON. And they can not if the Japanese can prevent it?

Mr. WILLIS. Those are what are known as Chinese Dobu shells. Here is our shell that will compare with it [indicating].

Senator WATSON. Of course, we can not tell by looking at that sample as to the quality; that is a matter of testimony.

Mr. WILLIS. I will show you some of the blanks later on cut from this shell.

Senator WATSON. You say they make a finer quality of button than our shell?

Mr. WILLIS. They make a finer quality of button than this shell [indicating] and they will compare very favorably with that shell [indicating]. Of course, having worked these shells possibly more than any other manufacturer in this country, I have discovered what the possibilities are in the shell. There are possibilities in it, so that I have been selling it as an oriental pearl button—buttons that were made from that shell—and an oriental pearl button is a button, as I consider, that comes from the Orient.

In comparison with these reports of labor costs over there, you will find that this German report goes into it very carefully and shows that in a period of four years there had only been a slight advance in labor costs of pearl buttons in Japan.

According to our consul's report dated September 5, 1917, which is four years from the previous report that I referred to a few moments ago, the manufacturing cost of pearl buttons from this most difficult shell had only increased $1\frac{1}{2}$ cents per gross on size 14, and on the cheaper ocean shell button the increase in manufacturing cost has been somewhat less per gross.

During 1917 the fresh water shell from China and Japan were extensively worked. They started in in 1915 or 1916, but they got them out extensively in 1917.

Our commerce reports of October 3, 1917, page 38 gives the labor cost of making Chinese and Japanese fresh water shell buttons, that is, the Chinese made from that [indicating]. On account of the extreme thickness—you will notice that is a thick shell and this of medium size—the labor cost in manufacturing is about the same as the better grades of ocean shells over there. The labor cost in Japan

of making a 14 line was less than 36 cents per thousand pieces or about 5 cents per gross—that is this shell [indicating].

Senator WATSON. What would it be here?

Mr. WILLIS. The labor cost of making that for the first operation would be probably three times that to cut this shell up to-day, or, two and a half times for the first operation. We pay 12 cents to cut a shell like that in 14 line. There are 14 different operations to finish a pearl button.

Senator WATSON. How much would it cost in Japan to finish a gross of those pearl buttons and how much would it cost in your factory?

Mr. WILLIS. To finish a gross of these, as I have shown you here, is 5 cents for the total labor cost.

Senator WATSON. That is labor and material cost?

Mr. WILLIS. Labor cost—we do not figure material over there, because they buy these shells from China.

Senator WATSON. It does not make any difference where they buy them—they have to buy them. What is the cost laid down? Can you give this information, what is the cost of a gross of those pearl buttons manufactured in Japan, laid down in San Francisco?

Mr. WILLIS. Without duty?

Senator WATSON. Without duty.

Mr. WILLIS. I should say those would cost anywhere from 5 to 6 cents up to 10 cents.

Senator WATSON. Can you divide now, and specify how much is labor, how much is material, and how much is transportation?

Mr. WILLIS. I can tell you exactly what the labor is.

Senator WATSON. Tell us what the labor is, then.

Mr. WILLIS. The labor, as I have shown you, is 5 cents per gross of 144 pieces.

Senator WATSON. Finished?

Mr. WILLIS. Finished; as it enters the custom house the cost is 5 cents, that is, the labor cost.

Senator WATSON. And then what is it in your factory, finished, one gross?

Mr. WILLIS. I should say it was 30 or 35 cents to-day on this thick 14-line button.

Senator WATSON. I am talking about precisely the same kind of button. Do they make the same kind of button?

Mr. WILLIS. Yes, sir.

Senator WATSON. And it is in your factory 30 to 35 cents?

Mr. WILLIS. Yes, sir.

Senator WATSON. Can you tell, which it would be 30 or 35 cents?

Mr. WILLIS. It is rather difficult, for the reason that we make first quality out of this, it is assorted all first quality, and when we finish our product, we have to assort the buttons and there is a certain portion which has to go into the low grade and unsaleable grade, and so you have to apportion the costs.

Senator WATSON. That is just what I am trying to get at. They do the same thing, do they not? They assort too?

Mr. WILLIS. They have to sort, too.

Senator WATSON. Precisely.

Mr. WILLIS. It is a most difficult thing to go over to Japan and get any accurate information from the factories there; they are not going to give us any information—if they do give information, you will find it misleading.

We can show you what they have sold in this country in competition with us.

Senator WATSON. That is what we want.

Mr. WILLIS. That is the same illustration I used though not the same samples, during that button controversy before Judge Prouty, who was here five or six years ago.

Here are 12 dozen buttons that are sold by a great big house in Chicago—Sears, Roebuck & Co.—one dozen of which is ocean pearl and one dozen of which is that difficult to make self-shank button, and the rest are in all the sizes that compare with ours. There [indicating] is the Japanese fresh-water button, made out of Chinese shells.

Senator WATSON. Chinese River shells manufactured in Japan?

Mr. WILLIS. Yes.

Senator WATSON. That is to say, these represent different varieties?

Mr. WILLIS. Those are the actual buttons. Of course, I do not know what those cost, but I do know what Sears-Roebuck are selling them for, and I guess everybody knows Sears-Roebuck do not sell any buttons without a pretty good profit. They sold those buttons at 48 or 49 cents per one gross, assorted sizes, up to 24 line, including one dozen Takase. It is reasonable to suppose, looking over the catalogue and knowing what we sell them and knowing the prices at which we sell the goods to them f. o. b. Chicago, that there is not less than 50 or 60 per cent profit in those goods, and they are sold at either 48 or 49 cents for one gross of buttons put up in that cotton bag. They wanted me to duplicate those buttons, and I could not make the poorest quality there for the price that they landed the goods in their house at that time, and they have got large quantities and there have been great quantities of that button ordered for merchants in this country. Whether they will get them in right now, since business is brisk over there the same as it is in other parts of the world, I can not tell.

Senator WATSON. Are there any importations from Austria?

Mr. WILLIS. No; they have not started to work. But some of our shells are being shipped out and they will undoubtedly—

Senator WATSON. You say "our shells"—what do you mean by that?

Mr. WILLIS. We have shipped shells to Austria, out of which buttons will be made and brought back here. I had imported small quantities to see what could be done, and really they are cheaper than we could make them. The labor used to be \$3.50 or \$4 and \$4.50 per week, and they finished the whole button in one family, and did not have any overhead.

Senator WATSON. Take \$3.50 a moment. What was the difference in the average wage paid in Austria and New York factories doing the same business and making the same button?

Mr. WILLIS. We will take the men labor. A man in Austria, as you will see from these reports, perhaps made \$3.50 or \$3.75, and some \$4 of our money per week. In my factory—I have the reports

here that show that they made an average of \$14.40 for the same work. This was in 1912 or 1913.

Senator WATSON. Doing the same thing?

Mr. WILLIS. Doing the same thing, yes. I have worked these statements out, and I do not think there is the slightest question as to their accuracy.

Senator WATSON. The tariff under the McKinley bill and under the Dingley law was sufficient to protect you in that differential, so that you kept right on doing business and increasing and expanding?

Mr. WILLIS. The business has increased and expanded in this country. But the business had to start. Hundreds and hundreds of failures and great amounts of money were sunk, even when we first started to do business under the Dingley tariff. We had to develop machinery. I worked for years on a machine and spent thousands of dollars on it, and finally threw it away. These things developed very slowly and a great amount of money was lost.

Senator WATSON. This increased tariff that you are asking here is not so much against Austrian importation as against Japanese importation?

Mr. WILLIS. It is not against any country in particular. We are not going to have any monopoly.

Senator WATSON. I am talking about competition.

Mr. WILLIS. It is simply to cut out a low grade of buttons that prevent us from selling our low grade. Otherwise, the buttons made from the thin part of this shell [indicating] that I showed you a moment ago can not be sold. I will show you—I am sorry that it did not get in the record, because Mr. Hull particularly asked me to give him a schedule of the equivalents in ad valorem duty, when you figure the per cent on the cost against the 1½ cents per line plus 15 per cent ad valorem, and I am going to give those figures here and ask that they be put into the record.

Senator WATSON. Yes, that will be all right.

(The schedule of equivalents in ad valorem duty submitted by Mr. Willis is here printed in full as follows:)

DECEMBER 15, 1910.

Equivalent of 1½ cents per line plus 15 per cent, showing per cent of cost when figured in total ad valorem.

16 line cost.	Present duty, 45 per cent.	1½ cents per line.	15 per cent ad valorem.	Total new duty.	Per cent of cost.
\$0.04	\$0.018	\$0.24	\$0.006	\$0.248	615
.06	.027	.24	.009	.249	415
.08	.036	.24	.012	.252	315
.12	.054	.24	.018	.258	215
.25	.113	.24	.038	.278	111
.33	.149	.24	.050	.290	88
.40	.18	.24	.060	.30	75
.50	.225	.24	.075	.315	63
.58	.261	.24	.087	.327	56
.75	.338	.24	.113	.353	47
.85	.383	.24	.128	.368	43
1.00	.450	.24	.150	.390	39
1.25	.563	.24	.188	.428	34
1.50	.675	.24	.225	.463	31

Largest amount of imports in ocean pearl are in goods that cost 50 to 60 cents in Japan.

At the time of our consul's report, dated Kobe, September 5, 1917, my representative was in Japan ordering quantities of these fresh-water blanks, and I believe that he took this up with the consul there, and the consul gave him these figures, and he went around in the various places where he bought the blanks and substantially confirmed the statement as far as it was possible to do so, and the correctness of that is proven by the contracts for the blanks, of which we have a large number in very large quantities placed at that time over there, and of which we have received shipments from time to time, and I have memorandums of all these shipments.

FEATURES OF KOBE'S PEARL-BUTTON INDUSTRY.

[Vice Consul E. H. Dooman, Kobe, Japan, Sept. 5.]

The wages that are paid in Kobe's pearl-button industry were discussed in Commerce Reports for May 16, 1917. Only takase and sazae shells, however, are used to any extent in this immediate vicinity. Japanese and Chinese dobu are cut in the neighborhood of Kyoto, Nara, in the outlying villages of Osaka Prefecture, and in the island of Awaji. Aside from the fact that these shells can be worked more easily than takase and sazae shells, workmen in the country districts are satisfied with smaller wages, on account of the lower cost of living. The local family system also tends to keep these workmen from leaving for the larger cities, where higher wages are obtainable. Wages per 1,000 buttons in sen (1 sen=\$0.00398) are as follows:

Shells.	Line.									
	14	16	18	20	22	24	26	28	30	32
TAKASE SHELL.										
Cutting.....	.25	.25	.25	.28	.30	.35	.40	.48	.60	.70
Facing.....	.30	.30	.40	.45	.35	.75	.90	1.20	1.50	1.70
Drilling.....	.08	.08	.09	.10	.11	.13	.16	.18	.20	.25
Grinding.....	.07	.07	.07	.09	.10	.10	.13	.15	.17	.19
Polishing.....	.02	.02	.02	.02½	.02½	.02½	.03	.03	.03	.05
SAZAE SHELL.										
Cutting (top).....	.12	.12	.12	.16	.16	.16	.16	.....	.....	.....
(side).....	.10	.10	.10	.14	.14	.14	.14	.....	.....	.....
Facing.....	.08	.08	.08	.11	.11	.11	.11	.....	.....	.....
Drilling.....	.04	.04	.04	.05	.05	.05	.05	.....	.....	.....
Grinding.....	.06	.06	.06	.08	.08	.10	.10	.....	.....	.....
Polishing.....	.02	.02	.02	.02½	.02½	.02½	.02½	.....	.....	.....
CHINESE DOBU.										
Cutting.....	.25	.25	.27	.28	.35	.40	.45	.....	.....	.....
Facing.....	.25	.25	.25	.28	.31	.30	.42	.....	.....	.....
Drilling.....	.07	.07	.09	.11	.13	.17	.19	.....	.....	.....
Grinding.....	.10	.10	.10	.15	.18	.22	.32	.....	.....	.....
Polishing.....	.05	.05	.05	.07½	.10	.10	.12	.....	.....	.....
JAPANESE DOBU.										
Cutting.....	.12	.12	.15	.18	.21	.20	.35	.....	.....	.....
Facing.....	.08	.08	.08	.10	.10	.13	.19	.....	.....	.....
Drilling.....	.06	.06	.08	.08	.10	.12	.12	.....	.....	.....
Polishing (not ground).....	.04	.04	.04	.06	.06	.08	.08	.....	.....	.....

The apparent discrepancy in the costs of grinding and polishing takase and sazae shells, which are harder than Japanese or Chinese dobu, is explained by the fact that manufacturers using the former shells have equipped their factories with machinery capable of putting buttons through these processes more rapidly than the great majority of those factories where only dobu buttons are manufactured.

From the above report the following table will show the total labor cost in Japan for making buttons from Chinese fresh-water shells, known as Chinese dobu, and Japanese fresh-water shells, known as Japanese dobu, and comparing with labor costs in America for same work.

The above report gives the prices in Japanese money for making 1,000 buttons, or 7 gross, but in the following comparison, I have reduced the figures to 1 gross, and the prices are per gross in American money:

Labor cost per gross.

	Size.						
	14	16	18	20	22	24	26
CHINESE DOBU SHELLS.							
Japanese.....	Cents. 5	Cents. 5	Cents. 5½	Cents. 6½	Cents. 7½	Cents. 9	Cents. 10½
American.....	25	26	27	32	36	40	45
JAPANESE DOBU SHELLS.							
Japanese.....	2	2	2½	3	3½	4½	5
American.....	23	24	25	28	32	36	40

Refer to Tariff Information Series No. 4, page 82, for scale of wages paid for making fresh-water pearl buttons in Japan.

Coming down to our labor costs I would just like to give you a comparative statement of the cost of 1913 for cutting our fresh-water shells and compare that with the succeeding years. In March, 1913, the average per day of our cutters was \$2.41; the average per week of six days was \$14.46. In 1918 the average per day had increased to \$3.75, and the average per week of six days to \$22.50. In June, 1919, the average per days was \$4.22; the average per week of six days, \$25.32; and last week, the last pay roll we made up, the average per day was \$4.83, and the average per week of six days, \$28.90. You see, against a Jap making a few cents, what chance have we got when we pay \$28.98 per week for the first operation?

Senator WATSON. Those were the cutters?

Mr. WILLIS. Yes, sir.

Senator WATSON. How much more did it cost you to make a gross and finish them last week than in 1913, the whole cost, including all operations?

Mr. WILLIS. The shell cost is nothing, except the labor to dig the shells.

Senator WATSON. That has increased, has it not?

Mr. WILLIS. Very much—100 per cent.

Senator WATSON. I am asking if you can give me a comparison of the cost of making a gross in your factory in 1913 at Muscatine, Iowa, as compared with the cost last week. When you make your cost comparisons, do you make them in gross or what quantity? How do you make the comparisons in your own establishments?

Mr. WILLIS. Cost comparison with what?

Senator WATSON. Cost comparisons with previous years or months.

Mr. WILLIS. We just figure the various operations up and the increase in everything and just compare them.

Senator WATSON. Day's product, week's product, or month's?

Mr. WILLIS. Any way that the case demands.

Senator WATSON. Any old way?

Mr. WILLIS. You can make it by the day or week.

Senator WATSON. However, you do make it, that is the way I want you to make it for us.

Mr. WILLIS. You mean by the gross?

Senator WATSON. Precisely, if you do make it that way. However you do make the comparison, I want you to make that comparison

so that I can get it, if you please. I want to know how much it cost you to run now and produce the same quantity that it did in 1913.

Mr. WILLIS. I can only answer that now, by stating we are paying about 100 per cent more than in 1913.

Senator WATSON. You gave the cost on one operation?

Mr. WILLIS. I have not come to the others.

Senator WATSON. All right; I may have anticipated you.

Mr. WILLIS. The wages paid female workers runs from \$12 to \$20, whereas a good average in 1913 was about \$10 to \$11.

Senator WATSON. How many people do you employ in your factory?

Mr. WILLIS. At the present time we are running about 50 per cent. Possibly altogether my total force would be 175 to 200 people.

Senator WATSON. What is the most you ever employed?

Mr. WILLIS. Perhaps 300.

Senator WATSON. What year was that?

Mr. WILLIS. I think 1915.

Senator WATSON. What was the cause of the falling off?

Mr. WILLIS. Shortage of labor, the war, and the arsenal being right close by.

Senator WATSON. Did the market have anything to do with it?

Mr. WILLIS. No; there was a good demand.

Senator WATSON. You can sell all you can make?

Mr. WILLIS. Just at present; yes, sir.

Senator WATSON. And if you had 300 people working for you, could you still sell all you make?

Mr. WILLIS. I could not tell, but we think at present under these unusual conditions we could.

Senator WATSON. Is the American product of pearl buttons supplying the American demand?

Mr. WILLIS. On the whole, I should say, yes, sir. Of course, there is a demand for the finer goods which we do not make, that possibly others might make in this country.

Senator WATSON. I am talking about the country over.

Mr. WILLIS. I believe it would; yes, sir.

Senator WATSON. Do you believe if amply protected—I express no opinion about it—that the American product could easily supply the American demand?

Mr. WILLIS. There is no question about it, in my mind.

Senator WATSON. Of all grades of pearl buttons?

Mr. WILLIS. Except one or two high grade, fancy quality, that would not make a general business such as our factories could handle. We have some very large factories and immense investments, whereas some man by handwork might turn out something very beautiful, for instance, compared with these buttons.

Senator WATSON. That is an exception?

Mr. WILLIS. Yes, sir.

Senator WATSON. Let me go back to the original proposition. You have now 175 people working for you. How many of those are men?

Mr. WILLIS. Of those, 70 are men.

Senator WATSON. How many are women?

Mr. WILLIS. The rest are girls and women except the force like engineers and heads of departments, or something like that.

Senator WATSON. What is the youngest labor that you employ, either male or female?

Mr. WILLIS. The youngest—we are not allowed to employ anybody under 14, and I do not think we have anybody under 16, and they are compelled to go to school.

Senator WATSON. Under the Iowa law?

Mr. WILLIS. Under the Iowa law; yes.

Senator WATSON. And that averages all through the country as to the law?

Mr. WILLIS. I believe as far as those laws are concerned they apply generally out there.

Senator WATSON. Do you know how that compares with labor in Japan?

Mr. WILLIS. The labor in Japan is so trifling—

Senator WATSON (interposing). I know; but I am talking about whether you employ men, women, boys, or girls, whether under 14 or over 14 years of age.

Mr. WILLIS. You can see the comparison between 40 cents a day and what we are paying, \$4.22.

Senator WATSON. That is true; but I am trying to find out whether boys, girls, men, or women?

Mr. WILLIS. That would be the best skilled workers that they are paying 40 cents and our cutters are getting \$4.50.

Senator WATSON. Do you know whether they do employ children under 14 years of age in the pearl-button factories in Japan?

Mr. WILLIS. Their economic journal says 14 years or under; so I believe they employ them under. Reference is made to this in Tariff Information Series No. 4, page 82, giving a statement of work done by half-grown girls.

Senator WATSON. All we want to know is the competition you are compelled to meet anywhere in the world, and just what that competition is, and if you can show what it is in raw material, or labor, or whatever that differential is, then on that we can base a conclusion as to the tariff that is necessary.

Mr. WILLIS. Have I made it clear, so that you can understand the vast difference—

Senator WATSON (interposing). I understand it so far as you have gone. But that is just what we want to know. If you can tell us what the differential was as compared with Austria before the war and what the differential now is compared with Japan, then we would have a basis upon which to proceed, and that does not take long to tell that.

Mr. WILLIS. You can not take an average where we are more or less making a minor operation two or three times a week; you have to take the departments in detail and compare it that way.

Senator WATSON. All right; you make your comparison in your own way, and I will catch it.

Mr. WILLIS. I have just shown you where the most skillful workers, according to their own economic record, our own counsel, and my son's investigations show that the male workers in the various operations make 26 to 50 cents as an outside figure, for the very best work to-day, and that 50 cents includes skilled workers that put the patterns and engraving on, whereas our men who only perform

the first operation, that is, cut the shells, now make as I have shown there an average of \$4 and over per day.

Senator WATSON. If you were sitting here and making a tariff bill, you could not take the first operation or the second operation. You would have to take only the final cost of product there and here, and then that is the difference that you must equalize.

Mr. WILLIS. Will you pass over that a little?

The next witness to be heard has these comparative costs all figured out.

Senator WATSON. All right; you go right on with your statement.

Mr. WILLIS. I have a few things here. I would like to mention some of the advances we are paying at the present time. The increase in the cost of shells is 100 to 150 per cent; machines, 100 per cent; tools, 200 per cent; chemicals, 125 per cent; thread, 160 per cent, and these compare with other things at the present time, which have advanced from 138 to 400 per cent, as in the case of various goods which go into clothing.

I would like to show the competition the Japanese give us on the best grades of buttons, made from our special fresh water shells: I refer to the better grades sold by Sears Roebuck; those compare favorably with our better grades of staple buttons, and I have illustrated to you why we can not work to advantage the thin part of the shell.

Senator CURTIS. We understand that.

Mr. WILLIS. In the general statements of the value of buttons imported, as I understand it, those are the entry values. For instance, if there is \$1,000,000 imported, that means the entry into the custom-house, and by the time you add the duty and expenses and profit, that would mean the selling value of about \$1,750,000. So that in all these statements of the imports they are rather misleading, because they have not added the duty and expenses, etc., as I understand it, and I think I am right.

I now come down to a copy of a brief that has been filed by importers. I presume it is all right for me to discuss that?

Senator WATSON. Certainly.

Mr. WILLIS. In this statement they have stated that all these cheap grades that they bring in here come in competition only with the scraps of our shells. You would hardly call all of that "scrap" [indicating], and we can not work successfully unless we can have a market for them.

They also state that there is only 3½ per cent of that used, and according to this brief you would suppose that all these buttons were sold on cards to the dry goods jobbing trade, at least that was the impression I got from reading it over hastily.

The dry goods jobbing trade only use about 12 per cent of the entire product of these goods. The balance of it goes to the manufacturers of underwear, the big mills, and the shirt and shirt-waist manufacturers, and producers of all those kinds of goods. If there was only 3½ per cent of it imported at the present time, there is no reason why that will not increase and become 6, 8, or 20 per cent in the near future. I have a sample here of those thin Japanese buttons. [Exhibiting samples of buttons to the subcommittee.]

Here [indicating] is an 18-line button blank—that is, the blank from which these very cheap buttons are made; those blanks we im-

ported. That blank is made out of their shell. These thin shells are smaller than that. These blanks here [indicating] cost us to land, in 16 line, 4 cents per gross, I think. That means at the customhouse, and if you would add 50 per cent to the figures on that you would find that they cost us about 6 cents.

Senator WATSON. Do you make that sort of a blank yourself?

Mr. WILLIS. Yes, sir; we are making large quantities of them.

Senator WATSON. Do you import those from Japan to finish here?

Mr. WILLIS. Yes, sir. You see here are contracts for those things, and the Japanese are perfect wonders for what they do. It would be impossible for anybody to describe what they do. They take these Chinese shells and they sell us the thick part at one price and the thin part at another, and often the thin part of the shell averages thicker than our general run of the best quality blanks here.

Senator WATSON. Why is that?

Mr. WILLIS. Our workers would not cut a shell that way. They want to cut the whole thing and let the average go in.

These contracts here are a very good thing to base the advance that has taken place on, because these contracts are dated August, 1917, and in order to stimulate them I first advanced the price 10 per cent, and then I advanced it another 15 per cent, so that the last goods that came in recently had only an advance of 25 per cent over the price of two years ago.

Senator WATSON. You say our laboring men will not cut the thin part of that out?

Mr. WILLIS. Oh, yes; our people want to cut that, but we can not afford to have it cut because it will make a button that comes into competition with these Japanese buttons made from those blanks here [indicating] and they can undersell us 50 per cent.

Senator WATSON. On account of the price of labor?

Mr. WILLIS. On account of the price of the Japanese product being less than the cost that this would be to us.

I also see on this brief here that these gentlemen speak about sending out letters all over the country, and they have some replies in which various names are set forth as to the scarcity of buttons, etc. I do not think that they can substantiate those statements from the various people who have replied there. If you do not object I might mention those.

Senator WATSON. Why, certainly.

Mr. WILLIS. For instance, there is a very large house in Chicago to whom an inquiry was sent, and their reply is signed by the head of the house as president—it is not necessary to mention the name.

Senator WATSON. It does not make any difference.

Mr. WILLIS. It is not a private, personal affair. It was sent to John V. Farwell Co., and the reply was signed by John V. Farwell, president. I have personally sold that house during my business career, I estimate, not less than \$500,000 worth of pearl buttons, perhaps more. There never was a time that Mr. Farwell personally ever looked at a sample, and it would be reasonable to suppose that with all his other duties, as head of the great house, that he would not know the fresh water button from a salt water button. But, of course, when we talk about 45 per cent and somebody tells him what the manufacturers are going to get out of this thing, naturally he thinks 45 per cent is a great big amount. But he intimates he does

not want the industry injured. I think he is very fair. We will mention another gentleman up in the Northwest named Mallory, with Wyman, Partridge & Co. There are various reasons for this young man being a little sore, because I used to sell his house buttons at the rate of \$5,000 or \$10,000 a year, for a period of 25 years, and when we found it was unprofitable for us to make buttons up and carry them three or four months, and then sell them to him on three or four months' time, we changed our terms from that to 1 per cent off the 10th of the following month. That did not meet with his approval to have goods sold to him that way. Here is another gentleman from St. Louis. He talks about the 45 per cent. He is with the Rice-Stix Drygoods Co. I sold these people quantities of goods made from those takasa shells eight or nine years ago that came into this country under 1½ cents per line and 15 per cent ad valorem, the same duty that we ask now, and he never had any trouble getting goods.

Importers in the jobbing houses can make more money on the Japanese importations, and naturally they want to sell them.

You take the other gentleman, M. E. Smith & Co., who states that the price was raised on him from 55 to 81 cents, but I can show you that he sent orders a long time after he states the price was 55 cents, and we only charged him 65 cents. I have copies of them here, and other people in the room had orders at the same time at the same prices, and he told my representative that he had placed very large orders at 55 cents, one year ahead, and written on that order was "subject to a reduction in price if the market is lower," or words to that effect. You will notice in his statement here that he says these buttons can go down just as fast as they went up. He never was more right in anything he stated than that they can drop tremendously fast.

They may have sent out a thousand letters and received, I do not know how many, replies. But you can scare a man into thinking he is not going to get materials to run his factories quicker and easier than anything else. But there is no truth in the statements.

The importers have in their Exhibit No. 3 a comparative statement of duty, and to look at that you would think that on a 50-cent gross button there was \$2.96 duty.

And they have figured this out on a 16 line, and, with your permission, I would like it to go into the record.

They have taken 1 yen as 50 cents, with 45 per cent duty and figured out the equivalent at 1½ cents per line, plus 15 per cent ad valorem as being 590 per cent on that button. They do not state that is on 12 gross, but the per cent of duty would not change.

Senator WATSON. When you say "they," whom do you mean?

Mr. WILLIS. The importers. I have got this statement figured out, and I will admit that a button at 4 cents value that enters the customhouse from Japan, 16 line taking 1½ cents per line, plus 15 per cent ad valorem, the per cent of cost figures out about 600. But you increase the foreign cost 2 cents and make the button 6 cents per gross, and then you find the per cent cost drops 200 per cent just in that 2 cents per gross.

Senator WATSON. What is the actual thing—what right have you to increase it 2 cents?

Mr. WILLIS. These are foreign costs, because these things apply on a size and on the foreign cost.

Senator WATSON. Then it is really a real price we are quoting?

Mr. WILLIS. Yes, sir; absolutely.

Senator WATSON. Not a hypothetical proposition you are putting up?

Mr. WILLIS. This statement here is the statement of the importers. (The statement referred to, submitted by Mr. Willis, is here printed in full, as follows:)

Exhibit 3.

Present duty.	Line duty.	Ad valorem duty.	New duty.
Yen, 1.00, \$0.50, at 45 per cent, \$0.23.....	2.88	\$0.08	\$2.96, about 590 per cent.
Yen, 1.50, \$0.75, at 45 per cent, \$0.34.....	2.88	.11	\$2.99, about 400 per cent.
Yen, 2.00, \$1.00, at 45 per cent, \$0.45.....	2.88	.15	\$3.03, about 300 per cent.
Yen 3.00, \$1.50, at 45 per cent, \$0.68.....	2.88	.23	\$3.11, about 207 per cent.
Yen 6.00, \$3.00, at 45 per cent, \$1.35.....	2.88	.45	\$3.33, about 111 per cent.
Yen 8.00, \$4.00, at 45 per cent, \$1.80.....	2.88	.60	\$3.48, about 87 per cent.
Yen 10.00, \$5.00, at 45 per cent, \$2.25.....	2.88	.75	\$3.63, about 72 per cent.
Yen 12.00, \$6.00, at 45 per cent, \$2.70.....	2.88	.90	\$3.78, about 63 per cent.
Yen 14.00, \$7.00, at 45 per cent, \$3.15.....	2.88	1.05	\$3.93, about 56 per cent.

Above figures are for 12 gross.

Senator WATSON. We have been having tariff arguments on a good many things. What is the difference between the tariff you are asking and the tariff of the McKinley and Dingley bills?

Mr. WILLIS. As a proportion of $1\frac{1}{2}$ is to $2\frac{1}{2}$, as a proportion of 15 is to 25 per cent. In other words, the McKinley tariff was $2\frac{1}{2}$ cents per line, plus 25 per cent ad valorem, and what we are asking now is what we always had— $1\frac{1}{2}$ cents per line, plus 15 per cent.

These comparative statements here show the minute you come down the line to a dollar foreign cost. You see that the ad valorem rate, when taken in the equivalent, $1\frac{1}{2}$ cents per line, plus 15 per cent, is very much less than the present duty; in fact, it is 39 per cent where the present duty is 45 per cent. You see they have figured this thing out so that all these figures they have submitted are for 12 gross. But they do not state that in "Exhibit 3." But the rate per cent would not be changed materially by their figures, but it is more convenient to figure on the basis of one gross, because that is the unit of sale in this country.

As you come down to the foreign cost of a dollar for these buttons, the rate per cent is only 39 per cent ad valorem, whereas our present duty is 45 per cent.

Senator WATSON. I think this explains it from your viewpoint. Which of these constitute the larger volumes of importation?

Mr. WILLIS. The largest volumes of importations, as you will see—the largest imports from ocean pearl costs 50 or 60 cents in Japan. On these 4-cent goods there is no question but that they will be shut out of this market if the proposed duty becomes a law. In the brief the importers file they say their ocean shells are inferior to our ocean shells. I presume they made a mistake, because there are no pearl shells in American waters on this coast.

Senator CURTIS. Where do you get your ocean pearls?

Mr. WILLIS. We do not get any. The ocean pearls come from the South Sea Islands, Australia.

Senator CURTIS. Why can you not get them from Australia?

Mr. WILLIS. We are not in that business. We could not manufacture them.

These are what the importers call the inferior [indicating], and these are most beautiful things and show the most skilled work in the button business. Look at the way they are put up. They are made from the rough shell and every one of these buttons are bleached out to that color. They have got a cat's eye, a brilliant stripe in them, and all that has to be brought out by the worker.

Senator CURTIS. Bleached out?

Mr. WILLIS. They are rather greenish looking, and they bleached it out to bring it to that color. But that will show the progress. Two or three years ago these goods were nothing to what they are now, and the skill with which the Japanese have developed this industry is perfectly wonderful.

That is a button there [indicating] that costs, as they state on the other side, about 58 cents; that is ocean pearl. If we had 1½ cents per line on that, plus per cent—

Senator WATSON. Costs 58 cents, where?

Mr. WILLIS. At the customhouse without duty. That is the foreign cost.

Senator WATSON. Fifty-eight cents in Yokohama?

Mr. WILLIS. Either in Yokohama or in San Francisco, it makes no difference. You get about the same price from either.

That button there costs about 58 cents; if you gave us 1½ cents per line plus 15 per cent, that button, if the high prices prevailing at present were maintained, would only pay the equivalent of 56 per cent; it would be advanced 11 per cent, or about 6 cents per gross, or a half cent a dozen.

When you come to a little more expensive button, say, \$1 foreign cost, the duty would only be 39 per cent here; that is the equivalent of the duty we ask. So you see, while this duty we ask would shut out 4 and 6 cent buttons that should not come in and destroy our industry, it would really be a lower rate of duty on the better product, and in that way the thing would average up.

We are not going to have any monopoly or anything like that, if you should give us what we ask, because these buttons are going to be imported no matter what duty may be put on them; and it is reasonable to suppose that even the Japanese efforts will increase, but they will give us a chance to live.

When I asked Mr. Underwood to give me a rate, he said, "I will give you 40 per cent," that is, the equivalent. I said "I know, Mr. Underwood, but that will not do us any good. It is like giving us a dinner and tying our hands. It is there; we can not touch it." "Will 80 per cent ad valorem do you any good?" I will say, "No; give us 1½ cents instead of 80 per cent, and we can live, because it would shut out 4 and 6 cent buttons, and we can sell the product of the thin parts of our shells."

Of course, I can show various illustrations, but inasmuch as they have used the 16 line, I have given the illustration on the same line, and that is what Mr. Hull asked me for, and I do not know how it failed to reach the stenographer.

I do not know that there is anything more I want to say, unless you want to ask questions.

Mr. ADKINS. We will now ask you to hear Mr. F. C. Vetter.

STATEMENT OF MR. F. C. VETTER, HAWKEYE PEARL BUTTON CO., MUSCATINE, IOWA.

Senator WATSON. When was the pearl-button industry first established on the Mississippi River.

Mr. VETTER. I think, in 1802, if I remember correctly. I think the tariff board gives that report here. However, there was prior to that time an effort to make buttons from fresh-water shells, but it had not been successful, owing to the fact that it had no protection.

Senator WATSON. Is there any difference in the essential quality of fresh-water shell and salt-water shell?

Mr. VETTER. As to their quality?

Senator WATSON. Yes.

Mr. VETTER. Oh, yes. The sea shell is much the better. We could not, no matter what Congress might do for us in the way of protecting us, make the equal of a salt-water button out of fresh-water shell. It is a different shell entirely. The salt-water button would in no way come in contact with our button. Understand, Senator, I am not familiar with the salt-water button, and I do not speak authoritatively in regard to it, but I understand that the Japanese marine shell, as they call it. Osaka and some others Mr. Willis mentioned that I am not familiar with by name, do come in very severe competition with people who manufacture salt-water buttons in our country.

Senator WATSON. I just wanted to inquire generally.

Mr. VETTER. And while it may not hit us very badly, it does not injure them seriously.

Senator WATSON. I was getting at the proposition as to whether or not, as a raw material, the salt-water shell was better than the fresh-water shell.

Mr. VETTER. In 1913, when the old tariff act was withdrawn, and we were given an ad valorem duty, up to that time we were running very full, complete—all prosperous friends—and it was not, I think, more than 90 days until we commenced feeling the effect of the goods coming into this market from abroad—from Austria. We did not hear of Japan at that time. The goods commenced coming in in large quantities—the tariff went into effect September 13, 1913—and in six months—

Senator WATSON (interposing). I want to ask you a question before you go any further: Is it a fact that after we put on a tariff in the McKinley bill that a large number of Austrians came from Austria into this country and worked in the pearl-button factories in this country?

Mr. VETTER. I think that was true in so far as the salt-water business is concerned. I am not familiar with that and could not answer from personal experience.

Senator WATSON. Was that in your factory, Mr. Willis?

Mr. WILLIS. I started to work the ocean pearl business again. We worked with the Austrians who came to this country and applied to us for jobs, and we hired them.

Senator WATSON. From the Austrian pearl-button factories?

Mr. WILLIS. Yes, sir.

Mr. VETTER. This tariff affected us so that within a period of six months after becoming a law we were running four days a week and eight hours a day. In nine months from the time the tariff was passed our plant was completely shut down, and it was a large one. I saw what was coming, in advance, and I saw that from conditions we had to immediately protect ourselves. I went to Europe. In the meantime we had been getting some buttons from Europe. This jobber and this manufacturer would throw them out to me and say "We can not buy your buttons. This is what is coming in," and they were far superior in quality to our goods.

Senator WATSON. Why?

Mr. VETTER. Because ocean pearl, and ours were fresh-water pearl; second, the price was almost as low as we could make the fresh-water button for. Well, when you considered the quality, compared with the price, they just simply tabled us and took that merchandise.

I went to Europe and went down to Bohemia, in Austria, for the purpose of buying buttons and importing them, and when I got down to Vienna I found, after considerable looking around there and investigation, perhaps the best place to get these buttons from would be up in Tachau. So, Senator, when I got up to Vienna and found, just as Mr. Willis stated here awhile ago, that the majority of this business was done in their homes, by foot power, I looked over a pretty good-sized factory, and after talking with the American consul at Vienna, who gave me all the information, in fact, helped me very much, so that I went up there practically with the purpose of buying buttons. But when I got there I found the prices he was going to ask me, I thought possibly I could make more money by purchasing the plant from him, and we arranged through Edward Kantz & Co., of Hamburg and Vienna, a very large exporting house, whereby we would take over this plant, and I arranged for a payment of \$25,000.

Senator WATSON. Where was this plant?

Mr. VETTER. It was in Tachau, near Prague, in Bohemia. I was going to get a check the next morning, and something struck me that I ought not to do that. I had been out the day before to the tomb of the duke who had been assassinated, over which the war broke out. I came from there down to Paris to investigate the French method of making buttons, and theirs were interesting us very much. But I thought I had not better bite off too much at one time; that one plant was enough, and I finally arranged whereby I would pay their representatives in New York for this plant. You know the result. Before I got to New York the war had been declared and, of course, they dropped everything, and it probably saved our firm \$25,000. We were fortunate in that, but, nevertheless, Senator, the real fact is that if that had not happened we would have been out of business unless we had gone over into those countries and manufactured. There is no question about that at all. We had the greatest tariff we ever had in our lives during the war, the result being that in 1915 and 1916 business was good. After the war had been declared it seemed that everything was stagnant; we could not get any action at all. You know how stocks went all over the

country. There was an enormous amount of shell on the White and other rivers that went down in price to a figure I had not heard of for 10 years. I said to my business associates, "It does seem to me that we ought to buy this shell." And one of my business associates was away on a trip, and the remainder of us decided that we should buy them. And I bought shells for 50 cents on the dollar, owing to this panic that had reached the country because of the war. The result was that we bought an enormous amount of shell. I went to Chicago and borrowed \$75,000 to stock up.

We made this purchase, and in 1915 and 1916 business commenced picking up, and the result was our concern made the largest earnings it ever made in our business history. The people on the other side had stated that, and it is true—and I have made no denial of it in the hearings before the Ways and Means Committee—that our firm made the largest earnings it ever made in the history of the business in those two years, but not because it was a protective tariff we made it on. It was a condition over which no one had any control, and one that we made a tremendous amount of money on because of being far-sighted enough to protect ourselves with shell for two years at prices 50 per cent lower than they had been in 10 years, and on that purchase alone our firm made over \$150,000. Some of my manufacturing friends have long since clapped me on the shoulder and said, "You made a killing," using their own words.

That condition put things on a different basis from making it on a manufacturing proposition, and the transaction really had no bearing on the manufactured product.

If you will refer to page 21 of the Tariff Report, series No. 4, you will find in the second paragraph as follows [reading]:

Despite the increased cost of raw material and labor in 1914, as compared with 1904, the price of fresh-water pearl buttons shows a considerable decrease. Using the census figures as a basis, the average price per gross in 1904 was 29.40 cents, whereas in 1914 the average price was 22.50 cents, a decrease of 6.90 cents per gross.

Although the year 1914 was an unfavorable one for the fresh-water button industry, the view of foreign and domestic commerce, in a statistical summary of that year, reported, in part, as follows:

Our friends have laid particular stress on that particular thing that we have been benefited. I might take this opportunity of stating that this tariff report states that in 1914 it was unfavorable.

I want to tell you that in 1914 our firm absolutely lost money in red figures, and the ledger stood \$3,689 and here is our report right off the ledger.

We make sworn statement, and we have not alone that, but we have the audit of Baker, Vawter, Wolf & Co., who audited our books for us continuously, and the income tax at Washington is based on those figures and of records.

Mr. COLLADAY. I would like the gentleman to state, if he can, what has been the total amount of business done by the 19 manufacturers represented here, on this side of the matter, for the years 1917, 1918, and 1919.

Mr. VETTER. I can not speak for all; I can speak for our own firm.

Mr. COLLADAY. In the course of the hearing, perhaps, someone on your side will give this information.

Mr. VETTER. I want to read into this record these tariff reports. I would like to refer to certain pages which I think cover the whole matter. I can answer it right from the Tariff Report. I want to refer to page 22 of the Tariff Report, to which I have already referred [reading]:

The report of the Commissioner of Fisheries for 1916 shows that 9,746 fishermen were employed in the fresh-water mussel industry, besides 585 shoremen and boatmen, and the value of their products was \$1,202,000. These fishermen, together with the 9,500 persons employed in the factories gives a total of nearly 20,000 persons engaged in the fresh-water pearl-button industry alone.

I want to say that that report is very near accurate. I never knew it was in there until last night, and I said there was 40,000 tons of shell dug in the year 1916, and the average price as sold on the market was \$30 a ton, and that would be \$1,200,000; and they merely got a few thousand dollars more than that. So it is very accurate indeed. It shows a total at that time of 20,000 people employed in the fresh-water industry. However, that covered the fishermen and all.

We will go back down here to the same page and take their own statement.

Senator WATSON. What is that?

Mr. VETTER. It is the report of the Tariff Commission. [Reading:]

The shells are variable in form and thickness, in the yield of buttons per ton, and in the proportional amount of waste. Furthermore, the shells of any one species differ in these respects according to size and to locality from which taken, the number of shells in one commercial species having varied from 4,000 to 30,000 in a ton.

I want to impress for a moment upon your mind that tremendous deviation. In the same particular species about the size and thickness would vary until one ton would yield 4,000 shells while the other ton would yield 30,000 shells. What would be the result? The one ton of 30,000 shells would mean that those would be very thin—would mean that that per cent of buttons would be 80 per cent of this very cheap stuff that they had been importing in from Japan to sell at 5 or 6 cents per gross, which is away below the cost of our cutting price.

You understand that in manufacturing a class of shell you can not go to the river and select your shell from that man who is working by the ton gathering those shells. The fisherman must sell all of his shells, because he could not afford to sell me his choice shells, and then hold the others for another purchaser, because the other fellow would refuse to buy. On that shell, just as it comes into our factory, under absolute expert accountants' figures, our production runs from that shell 70 to 73 per cent of this inferior or poor-grade stuff.

Senator WATSON. You imply you buy then all his products?

Mr. VETTER. We buy all his products from the river.

Senator WATSON. As we say, in the coal regions, "the run of mine."

Mr. VETTER. That is exactly true, as "coal mine run."

Senator WATSON. Then can you use all of that product in the manufacture of some kind of buttons?

Mr. VETTER. That is just where I want to get, Senator. Prior to the time this fresh-water shell button came in from Japan we were able to sell every bit of that product.

During the time we were protected by a specific duty—from 1904 until 1913, as the tariff report shows—the highest price I ever know of the 24 line sold at 40 cents, and I imagine that is true in the entire pearl-button business. I speak of 1904 to 1914. Before that it did sell at a higher price, but with a specific duty it continually went down. To-day the 24 line is selling at higher than that. Of course, the shell at that time cost from \$10 to \$20 a ton; and to-day it costs us anywhere from \$50 to \$100, depending upon the choice quality that you might buy off of the different rivers. The quality of shell in one river is better than on another.

That high-priced shell we get in and cut it. Of course, our cutting prices are doubled. In certain instances they have more than doubled.

Senator WATSON. Then, for the pearl-button purposes the shell taken out of the Mississippi River differs in quality from the pearl taken out of the White River?

Mr. VETTER. That is, they will both make pearl buttons, but one will make a higher grade. I think that the White River, in Arkansas, produces the highest grade of pearl. I think that the next is from your own State.

Senator WATSON. From the Wabash?

Mr. VETTER. Yes; and the White River in your own State. But I think that the White River in Arkansas is supreme, as we have found it in our manufacture.

As you get those shells together and, as Mr. Willis very well explained here a while ago, when you get those few buttons and you asked him what did he do with the balance of the shell—in 1914 we could sell this balance, or until the time this Japanese fresh-water stuff came in, more readily than the first-class buttons.

Senator. I have seen our shelves so loaded with first-class buttons that I did not know what to do; and I was worrying and could not sell them, while the low-grade stuff sold continuously; and that was true up until 1917.

Senator WATSON. Why was that true?

Mr. VETTER. It was because the demand on that cheap stuff at that time was not affected by the Japanese imports. This cheap stuff was so much cheaper in comparison with buying the other goods that they preferred it; and, of course, prior to the war it was every manufacturer's motto to make goods cheaper and get a large production.

Senator WATSON. In other words, the cheaper button drove the better button out of the market because the great majority did not know the difference between the cheaper button and the really good ones?

Mr. VETTER. I think you are right.

After the war came on this happened. The Japanese came in and sold them still cheaper than we did. What effect would those cheap buttons have on us? What effect would that have on our business? It put us in this position: Our cheap stuff laid on the shelf. They sold it cheaper. This condition was brought about: The manufacturers of shirts, etc., could get such an enormous increase in price on their manufactured shirts and underwear that they said, "Well, what is the difference; we can add 50 cents on the garment and we will just buy first-quality buttons," and the first-quality buttons have continuously advanced. Why? The demand was excessive; second, the

cost of production of lower qualities has been added on them, because we can not sell those lower qualities and the cost of production must be put somewhere; and whether it may seem fair or not, the first-quality buttons are bearing the load, while the cheap stuff is on our shelves; and I have on hand right now, I believe, without exaggeration, on our shelves 800,000 gross of cheap buttons lying there that I will be mighty glad to sell to my friends on the other side if they will just relieve me of them at anything like cost. But I do not want to sell the goods to them at away below the cost simply because they can buy them from Japan, as I can not afford to do it.

Right here I want to cite the tariff report in regard to Japan—this is for 1918. The tariff report here shows that a butt—these [indicating] all come from Japan; these are the goods Japan delivers to us, and I will show you the ranges and what it cost and everything else in a minute. Here are the heavy buttons, here are the original samples just the way they come from Japan.

Senator WATSON. Are these superior grades?

Mr. VETTER. They are mighty superior.

Senator WATSON. How about that [indicating]?

Mr. VETTER. It is heavier than our average mussel shell that Mr. Willis showed to you.

The only reason they have not put us clear out of business is because they have not been able to increase their plants as rapidly as we have here. If they could have increased and delivered the goods they would have put us out of business long before this.

On page 24 of the Tariff Commission's report, it just goes to show relative cost paid for making buttons between America and Japan. I want to say that this cost given here of 1918 is of no value to-day, because the American manufacturers' cost is more than double, and the Japanese manufacturers' cost has also increased. But, Senator, while that is true, if you will add 25 per cent increase to the Japanese cost as shown in series 4 of the Tariff Commission's report, on page 24, it does not mean anything, as their costs are so much lower than ours. On the other hand, our costs have doubled, which, if added to the cost as shown on page 24 of the Tariff Commission's report, you will note there is a tremendous differential in favor of the Japanese.

This is what they call a "butt." We will use the word "thick." The United States price on 14 line, as given by the Tariff Commission, is 13 cents a gross. The Japanese price is 7 cents; the United States price on the 16th line is 15 cents a gross, while the Japan price is 8 cents, and so on up. The higher up you get the figure the higher differential you get.

That price is laid down with duty paid in this country; it is not the price over in Japan as the tariff report shows. Then it says [reading]:

It is claimed by manufacturers that this action will result in the placing of orders for blanks in Japan, in the gradual elimination of the shell-fishing industry in the United States and in the closing of the cutting plants.

But since 1917, as Mr. Willis shows, the importation of blanks have been principally 16, 18, and 20 line—the usual size for shirts, because that is where the big volume goes—the low cost of Japanese labor makes it possible to produce. [Reading continued:]

These branches of the industry furnish employment to a very large proportion of the total amount of labor employed in the industry.

It further says on page 25:

The large number of cutting and finishing plants engaged in this industry, together with the steady decrease in cost of these buttons to the consumer, is an evidence of keen domestic competition among the manufacturers.

Mr. STREUSAND (of counsel for importers' association). Do you know that the very same 14-line button you just mentioned as being your price in 1913 is now selling on the American market at 33 cents?

Mr. VETTER. I will tell you no, that you are not referring to the blank. I refer to the blanks exclusively. If you are referring to the finished buttons, you are quite wrong in bringing the matter up here. If you are referring to blanks I want to tell you you are absolutely wrong, because I have the prices here.

October 21, this year, where I cabled the order, and I will show—

Mr. STREUSAND (interposing). Do you know, Mr. Robinson, one of the men you are sitting with sold those buttons at 33 cents?

Mr. VETTER. I am not talking about finished buttons.

Mr. STREUSAND. When you read 14-line buttons?

Mr. VETTER. No; I am talking about the blanks, comparing the blank with American-manufactured blank, and I am not discussing the finished button, because I had in mind possibly giving you all the advantage of the blank that we might be in a position to continue in business if they did not give us protection, by going over there and making 90 per cent of our buttons over in Japan, and bringing the article over here and finishing it in this country, but throwing out of work about 10,000 cutters, of which perhaps 15 per cent went over to France and fought for you and I. I am speaking for some 15,000 to 20,000 people; I am not speaking for three or four importers who are looking for their income. Some years ago, in 1913, you stepped up and begged for a one and a half cent line rate of duty; that is what you did, and every importer in New York sat in here and backed it up until Mr. Underwood said: "This is the most unreasonable thing I ever saw, that the importers would stand back of the manufacturers," and we were accused by a certain ivory-button manufacturer, of which you are well aware, and this man is particularly well known in the manufacturing business that the importers owned the fresh-water factories. There is an importer on the other side who was in the manufacturing business a couple of years ago, and he wanted the tariff left on in 1913, but is now opposing it. Why did he not stay in the manufacturing business? Because he could make more money importing Japanese buttons than he could manufacturing pearl buttons.

Mr. STREUSAND. I happen to be an attorney and have been an attorney for the last 10 years.

Mr. VETTER. Mr. Marcus Hatow is the man I have reference to. Nevertheless, what I want to get at is not the amount of manufacturers over there, nor an argument with reference to that.

Mr. STREUSAND. Mr. Vetter, what proportion of your stock is of the ocean shell?

Mr. VETTER. We do not manufacture one gross of ocean pearls.

Mr. STREUSAND. You only manufacture—

Mr. VETTER (interposing). Fresh water.

Mr. STREUSAND. A low-priced article only.

Mr. VETTER. I will answer your question in accordance with my views as a manufacturer. We manufacture about 100 per cent fresh-water buttons, of which 70 per cent are low-grade buttons.

Mr. WILLIS. I happen to recollect at the tariff hearings before Mr. Underwood and Mr. Burton Harrison, that Mr. Harrison remarked—I quote him as near as I remember—you will find it in the tariff hearings:

There seems to be the most remarkable unanimity of opinion as to the necessities of a specific duty on these fresh-water pearl buttons, both between the importers and the manufacturers. They all agree that they need this specific duty.

It seems that the importers have changed since the previous tariff hearings.

Senator WATSON. What was the reason for that, do you know?

Mr. WILLIS. The reason is easily explained. The importers at that time had a very nice fresh-water business, and were distributing the goods all over the country and making a profit, and they wanted to keep the fresh-water button with the specific duty on, because they wanted to handle the manufactured product here, while they had no objection to other imported buttons having any rate of duty that the committee desired to give.

Mr. STREUSAND. One more question: Have prices gone up since 1913 on the fresh-water buttons?

Mr. VETTER. I would like to say to you that that is a most foolish question.

Mr. STREUSAND. Please do not criticize my question.

Mr. VETTER. If prices have not gone up?

Mr. STREUSAND. What percentage have they gone up?

Mr. VETTER. Fifty per cent, and in some instances on the good buttons—

Mr. STREUSAND (interposing). I am asking you with reference to the cheap stuff, have they gone up?

Mr. VETTER. I will simply say to you that the prices on the cheap stuff have gone up.

Mr. STREUSAND. How much have they gone up?

Mr. VETTER. I should say offhand 25 to 30 per cent; I do not know whether I am correct on that—some more and some less.

I want to take up now the "trade and competition" on page 25 of the Tariff Commission report:

The large number of cutting and finishing plants engaged in this industry, together with the steady decrease in cost of finished buttons to the consumer, is an evidence of keen domestic competition among the manufacturers. Although the demand for the finished product has increased 45.2 per cent during the past 10 years there has been a decided decline in the cost to the consumer.

Senator WATSON. The committee will now rise until 10 o'clock to-morrow morning.

(Thereupon, at 12.15 o'clock p. m., the subcommittee adjourned to meet at 10 o'clock a. m. to-morrow, Tuesday, December 16, 1919.

PEARL BUTTONS.

TUESDAY, DECEMBER 16, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON FINANCE,
Washington, D. C.

The subcommittee met at 10 o'clock a. m., pursuant to adjournment, Senator James E. Watson presiding.

Present, Senators Watson (chairman) and Curtis.

Senator WATSON. Mr. Vetter, you may resume your statement which you were making at the time the committee adjourned on yesterday.

STATEMENT OF MR. F. C. VETTER, HAWKEYE PEARL BUTTON CO., MUSCATINE, IOWA—Resumed.

Mr. VETTER. Yesterday you asked for the comparison and I had just gotten to that point when we adjourned. I will now offer to the committee a comparative table of cost of buttons made in America and made in Japan, showing the effect when the duty is added and also the effect without the duty, both of the present duty or the specific duty we are asking for. If you would like me to read it into the record I would be very glad to do so, or I would be pleased to file it with the stenographer.

Senator WATSON. Read some of it.

Mr. VETTER. In Table 1 is shown Japanese fresh-water buttons from Chinese dobu shell. This first item is Japanese manufacture. In size 16, cost of blank \$0.08, cost of finishing \$0.0335, total \$0.1135; size 18, cost of blank \$0.105, cost of finishing \$0.0371, total \$0.1421; size 20, cost of blank \$0.12, cost of finishing \$0.0427, total \$0.1627; size 22, cost of blank \$0.14, cost of finishing \$0.0478, total \$0.1878; size 24, cost of blank \$0.17, cost of finishing \$0.0567, total \$0.2267. That is without the duty.

Senator WATSON. Have you got the cost in juxtaposition of your manufacture?

Mr. VETTER. Our own cost is right below it. I wanted to give you the total finished cost. The cost of that button, complete, is, size 16, with the duty of 45 per cent ad valorem, the present duty, is \$0.1645; for size 18, \$0.206; for size 20, \$0.2359; for size 22, \$0.2723; for size 24, \$0.3287.

I will not go into the details of American manufacture, but I will set out the exact cost against it complete. You can see the details from this sheet [presenting paper to the subcommittee]. The American button, finished, costs, size 16, \$0.39, as against the Japanese, \$0.1645; for the size 18, \$0.42, as against \$0.206; for size 20, \$0.49, as

against \$0.2359; size 22, \$0.55, as against \$0.2723; and for the 24 line, \$0.66, as against \$0.3287 for the Japanese.

And that comparison prevails notwithstanding the fact that they have an ad valorem duty added; without the ad valorem duty the differential is considerably more.

On the proposed specific duty that we are asking of 1½ cents per line, plus 15 per cent, you would have these figures: The 16 line would cost the Japanese manufacturer \$0.37.

Senator WATSON. That is laid down in this country?

Mr. VETTER. Yes. The 18 line would be \$0.43, whereas our cost would be \$0.42.

Mr. STREUSAND. Mr. Vetter, did you include in these prices the cost of transportation?

Mr. VETTER. Did I include in those prices the cost of transportation?

Mr. STREUSAND. Yes.

Mr. VETTER. The price on these blanks?

Mr. STREUSAND. Please answer. Did you include transportation?

Mr. VETTER. On the blanks?

Mr. STREUSAND. Not on the entire—

Mr. VETTER (interposing). I am basing my figures on the prices at Seattle, and the blanks would be a lot lighter if they were finished, so your blanks would more than cover it.

Mr. STREUSAND. Mr. Vetter, where will you have these buttons finished, in America or in Japan?

Mr. VETTER. I am taking the price of finished goods, the blanks as quoted by Japan to us and as purchased of recent date, October 15, 1919.

Mr. STREUSAND. The question is, Mr. Vetter, where would you have these finished, here, or would you have to send them back to Japan and finish them?

Mr. VETTER. These are based on Japanese buttons finished, delivered at Seattle.

Mr. STREUSAND. Then they are not blanks; they are complete buttons?

Mr. VETTER. They are certainly finished when I am speaking of those.

Mr. STREUSAND. Why do you use figures on blanks?

Mr. VETTER. Because I do not happen to be buying finished buttons from Japan, but I do buy the raw material, and I have added this to the cost of production or finishing in Japan.

That would be a differential in favor of Japan of 2 cents on the 16 line; on the 18 line the differential against Japan would be 1 cent on the specific duty—ours is 42 and theirs would be 43. The differential on the 20 line would be one-fourth cent in favor of Japan, ours being 49 and their 48.71. On the 22 line the cost of our buttons would be 55, against the Japanese laid down here at 54.58. The American button in 24 line would be 66 cents, against Japanese button at 62, or a differential of 4 cents in favor of the Japanese. In getting these figures—

Mr. STREUSAND (interposing). I am sorry to interrupt you for one more question, please.

Mr. VETTER. If the Senators want me to answer questions, it is all right—

Senator WATSON. If you do not care to be interrupted, we will not permit you to be.

Mr. VETTER. I would like to go ahead, because I want to finish this.

Now, Senators, this base price is the present price of blanks just where we have made the purchase from Japan October 21.

I want to show what our table covers. The cost of Japanese blanks in Table 1 are based on quotations from Osaka, dated October, 1919, original copy of which is hereto attached and samples deposited, said quotations are delivered and include profit on blanks to Japanese exporter.

Cost of finishing Japanese buttons in Table 1 are from commerce report dated October 3, 1917, quoted in Tariff Commission's report, series 4, pages 25 and 29.

The comparative cost of buttons sewed 1 dozen buttons on cards, packed 12 cards or 1 gross in box. The tariff information is in series 4, pages 82 and 83.

I just want to call the Senator's attention to the tremendous advantage they have on us in that particular item, and which the importers on the other side are practically importing 75 to 80 per cent of their goods as carded goods, which affects us most tremendously.

Senator WATSON. What do you mean by "carded goods"?

Mr. VETTER. Put on cards.

Senator WATSON. Buttons sewed on cards?

Mr. VETTER. Yes; for the retail trade. The carded cost of the button as quoted by Japan is 1 cent a gross, which would be added to these prices, making the 16 line 17 cents. I have not added ad valorem here, but you can just add it to the ad valorem. The differential is 1 cent against 10 cents—ours cost 10 cents and theirs cost 1 cent. That is the differential they can add to the bulk gross figures and then they can defeat us in importing on the carded goods by about an average of 10 cents a gross all the way through when they have them carded.

I might also add, however, that being the case, that 75 or 80 per cent of the fresh-water buttons that are manufactured in the United States go direct to the manufacturer of wearing apparel and do not in any way affect the consumer, for the reason that a button that is sewed on a garment, the amount that is used on underwear or any other garment, when figured in cents to that garment, is so trifling that it is lost in the shuffle. They can not find it, and it does not affect the consumer, whereas the buttons on the card, of course, do affect the consumer, but the percentage of that is only about 20 to 25 per cent of the total output. There is a division amongst us manufacturers, one claiming that it is 25 and the other that it is 20. Our statistics are not so complete that we can say whether it is 25 per cent or 20 per cent, but it is between those two. Say the volume of the bulk goods is 75 per cent. We will take the minimum figure that does not go to the consumer except on a garment.

I would like to file this table with the committee, and if there is anything the committee would like to ask me about it I would be very glad, of course, to explain as best I can.

(The table submitted by Mr. Vetter is here printed in full, as follows:)

Comparative cost of buttons per gross.

TABLE 1.—JAPANESE FRESH-WATER BUTTONS FROM CHINESE DOBU SHELLS.

	16	18	20	22	24
Cost of blank.....	\$0.08	\$0.105	\$0.12	\$0.14	\$0.17
Cost of finishing.....	.0335	.0371	.0427	.0478	.0567
Total.....	.1135	.1421	.1627	.1878	.2267
45 percent duty.....	.051	.0639	.0732	.0845	.103
Total.....	.1645	.206	.2359	.2723	.3287

TABLE 2.—AMERICAN FRESH-WATER BUTTONS, SAME QUALITY.

	16	18	20	22	24
Cost of blank.....	\$0.24	\$0.27	\$0.32	\$0.38	\$0.49
Cost of finishing.....	.15	.15	.17	.17	.17
Total.....	.39	.42	.49	.55	.66

TABLE 3.—JAPANESE FRESH-WATER BUTTONS, APPLYING PROPOSED DUTY OF 1½ CENTS PER LINE SPECIFIC AND 16 PER CENT AD VALOREM.

	16	18	20	22	24
Cost of finished.....	\$0.1135	\$0.1421	\$0.1627	\$0.1878	\$0.2267
Duty 1½ cents plus 16 per cent.....	.257	.2913	.3244	.358	.394
Total.....	.3705	.4334	.4871	.5458	.6207

Cost of Japanese blanks in Table 1 are based on quotation from Osaka, dated October, 1919, original copy of which is attached hereto and samples deposited. Said quotations are delivered at San Francisco and include profit on blanks to Japanese exporter.

Cost of finishing Japanese buttons in Table 1 are from Commerce Reports, dated October 3, 1917, quoted in Tariff Commission's report, series 4, pages 25 and 29.

Comparative cost of buttons sewed 1 dozen buttons on cards, packed 12 cards or 1 gross in box.

[Tariff information series 4, pp. 82, 83.]

TABLE 4.—JAPANESE FRESH-WATER BUTTONS FROM CHINESE DOBU SHELLS.

	16	18	20	22	24
Finished cost per Table 1.....	\$0.1645	\$0.206	\$0.2359	\$0.2723	\$0.3287
Carding and boxing.....	.01	.01	.01	.01	.01
Total.....	.1745	.216	.2459	.2823	.3387

TABLE 5.—AMERICAN FRESH-WATER BUTTONS, SAME QUALITY.

	16	18	20	22	24
Finished cost per Table 2.....	\$0.39	\$0.42	\$0.49	\$0.55	\$0.66
Carding and boxing.....	.10	.10	.10	.10	.10
Total.....	.49	.52	.59	.65	.76

I would like now to refer to the War Industries Board Report, under date of 1919, a history of prices during the war, by Wesley C. Mitchell, editor in chief, and refer to page 5 of that report to show the comparison of advance of buttons as compared with any other commodity. Buttons are shown on this whole table here, while all other commodities, compared with buttons that sell in the

same line, have advanced to that. There is their scale [exhibiting weighted index numbers of prices on buttons and all commodities to the committee].

Mr. COLLADAY. To other commodities?

Mr. VETTER. Yes.

(The excerpt from report of War Industries Board history of prices during the war, submitted by Mr. Vetter, is here printed in full, as follows:)

CHART OF THE INDEX NUMBER OF "ALL COMMODITIES" AND OF BUTTONS.

This chart presents the trend of prices (1913-1918), as shown by the index number of "all commodities." The "all-commodities" line shows a steady rise from the fall of 1915 to the end of the war. It is clear that the prices of raw materials and manufactured products in the button industry, as shown by the line of the class index number remained far below the prices of other commodities. Abundance of raw materials and sharp competition in the industry have been significant factors in stabilizing price conditions. In contrast with the average rise of prices of other commodities, it should be noted that the highest price reached in the button industry during the war was only 30 per cent above the prewar average.

* * * * *

FRESH-WATER PEARL BUTTONS.

Fresh-water pearl buttons constitute the most important class in quantity and value of the buttons produced in this country. (See Table I, p. 21.) The mussel shell found in the Mississippi and its tributaries furnishes the raw material. In 1916 there were about 20,000 people engaged in the fisheries and factories. The United States Bureau of Fisheries has been active in the propagation and conservation of mussels. Careful surveys have been made of the fisheries, and the conclusion of the commissioner of the bureau is that our fresh-water mussel resources will, with proper attention, endure indefinitely.

The prices quoted for an average of all varieties of shell vary from 1 cent to 2½ cents a pound. (See series of prices—raw materials.) The button made from fresh-water shells is produced in a great number of standard types, and on account of its durability and cheapness is the button most used in commerce.

The opening of the war found this industry facing severe competition under new conditions. Japanese manufacturers supplied with dobugal (fresh-water) shells taken from the inland lakes of China near Hankow and Tientsin have been rapidly developing an extensive business in shell buttons. These shells are superior to the Japanese in strength and appearance. The stride with which the business has advanced may be judged from the official Japanese reports, which show that the exports rose from 5,000,000 gross of buttons in 1912 to almost 15,000,000 gross in 1916. (See p. 85, Tariff Information Series, No. 4.) Owing to the cheapness of Japanese labor, this button can be produced at a very much lower cost than our domestic button.

The following figures for 1917 and 1918 will show the great difference in the sale prices of Japanese and domestic buttons of the same grade in our market, duty paid.

Fresh-water pearl buttons (shown on cards).

[Price per gross.]

	1917				1918			
	Light.		Dark.		Light.		Dark.	
	Japanese.	Domestic.	Japanese.	Domestic.	Japanese.	Domestic.	Japanese.	Domestic.
16-line.....	\$0.06½	\$0.21	\$0.05½	\$0.20	\$0.07	\$0.22½	\$3.00	\$0.21½
18-line.....	.07½	.23	.06½	.22	.08	.23½	.07	.23½
20-line.....	.08½	.27	.07½	.25	.09	.23½	.04	.26½

Prior to 1913 our manufacturers of shell buttons (ocean and fresh-water) were protected by a duty of 1½ cents a line per gross and 15 per cent ad valorem. This imposed on a 16-line button—i. e., a button sixteen-fortieths of an inch in diameter—a duty of 24 cents per gross and 15 per cent ad valorem, while the tariff act of 1913 imposed on the same button an ad valorem duty of 45 per cent, which amounts to 24 cents on buttons at 5 cents per gross, making the cost, duty paid, 74 cents per gross. The tariff change was followed by the immediate rise of the amount of imports from Japan (as shown by Japanese reports) from 287,437 gross, valued at \$50,302, in 1913, to 730,001 gross, valued at \$185,149, in 1914—a jump of over 200 per cent in value.

The average prices of fresh-water pearl buttons in the tabulated series herein given were prepared from the selling prices of all sizes and grades. The quotations show a reduction in 1914 and 1915 from the 1913 level, but by 1917 the market had more than regained the loss, and in 1918 the prices were almost 30 per cent higher than before the war.

These advances were due in the main to two causes: First, the price of shells from 1913 to 1918, owing to labor shortage, advanced about 100 per cent (see raw materials chart); second, wages in the button factories increased, for the last six months of 1918, 93½ per cent, over the wages of 1913. The Army use of fresh-water pearl buttons was very small. * * *

Mr. COLLADAY. Do other duties?

Mr. VETTER. Yes. For further reference to the cost of Japanese buttons or American buttons, I refer you to my address before the Ways and Means Committee, starting with the last paragraph of page 44 of that hearing to the following page—45—in which you can find all the details given to Mr. Green.

I have not anything further that I believe I would care to lay before the committee. It seems to me the entire case here is based on the cost of production here and abroad. If there is anything the Senators would like to ask me, I would be very glad, indeed, to reply.

STATEMENT OF MR. D. W. MacWILLIE, WISCONSIN PEARL BUTTON CO., LA CROSSE, WIS.

Mr. MACWILLIE. I would like to read into the records a copy of a letter from the Department of Commerce, office of the Secretary.

Senator WATSON. What is the date of it?

Mr. MACWILLIE. May 12, 1919.

Senator WATSON. Was that published in the House hearings?

Mr. MACWILLIE. No, sir; it was not. There was also a reply from the vice chairman of the Tariff Commission to that letter.

Senator WATSON. Please read them.

Mr. MACWILLIE (reading):

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, D. C., May 12, 1919.

MY DEAR CHAIRMAN: This department, through the Bureau of Fisheries at the biological station located at Fairport, Iowa, is maintaining the supply of raw material for the pearl-button industry through the inoculation of fish in quantities with the microscopic parasites from which the fresh-water clams develop.

This cooperation with the industry has been highly appreciated. The manufacturers contributed to the purchase price of the property on which our laboratory is located, and it appears to be the case that without the assistance thus given by us the supply of fresh-water clamshells, on which the industry depends, would soon cease to exist, and with it would go an industry of some importance.

Because of the mutual interest thus arising, I visited the biological laboratory at Fairport on the 1st instant, and then had a conference with the leading manufacturers of pearl buttons in Muscatine, Iowa, the center of the in-

dustry, and met also the producers of the machinery for the industry. It seems to be the fact that the industry is seriously threatened by Japanese competition. This is true in the cheaper grades of pearl buttons, and has gone to such an extent that some of our leading manufacturers have abandoned the manufacture of the cheaper grades and are themselves purchasing the Japanese product, which they sell as jobbers. I saw these Japanese buttons in quantities in their storerooms. At the same time I also saw quantities of the cheaper grades of American-made buttons, for which there is no present sale in competition with the Japanese product. The present market for American-made pearl buttons is almost or quite wholly in the higher grades, including colored buttons and fancy designs.

The manufacturers told me that our duty upon the product was 45 per cent ad valorem, which is quite insufficient to affect materially the lower grades, but has, of course, more bearing on the higher-priced varieties.

There seems no doubt of the reality of the danger to the industry. Its substantial extinction has already taken place in the lower grades, where, as I have said, the American manufacturers have themselves become jobbers of the Japanese product.

We have undertaken here a study of several phases of the industry, which we think may be helpful. Among these are the development of a better market for the large amount of waste product. This is one of the industries in which as at present operated labor constitutes nearly or quite three-fourths of the cost, and a considerable proportion of the labor is hand labor in sorting and grading the product. It seems possible to develop a multiple cutter, so that the same amount of labor will produce many more button blanks than is now the case. This has been tried and failed in the past, but it seems possible to work it out to success. It seems practicable also to improve the methods of sorting and grading, so as to considerably reduce the amount of hand labor in those processes. Economies can apparently also be made in connection with packing.

It does not seem to me, however, from the brief study I was able to give the matter, that these economies can be made sufficient to overcome the difference in cost. It appears to be the case that the American product costs from four to five times as much as the Japanese, in the lower grades.

The subject is one, therefore, worthy of you careful thought. I inclose copies of Commerce Reports Nos. 20 and 40, in which articles bearing on this subject are marked, together with a statement of the buttons exported from Japan for 1915, 1916, and 1917. We will endeavor to get later figures if we can.

I venture to think that what is required is not so much an actual increase of the present duty so much as a modification of its own whereby a specific duty should be made to apply to the lower grades.

If we can assist in the matter, we beg you to command us.

Yours, very truly,

WILLIAM C. REDFIELD,
Secretary of Commerce.

Dr. F. W. TAUSSIG,
Chairman, United States Tariff Commission, Washington, D. C.

UNITED STATES TARIFF COMMISSION,
Washington, D. C., May 13, 1919.

MY DEAR MR. SECRETARY: I thank you for your letter of May 12, with regard to the pearl-button industry in this country. I am very glad to note the personal interest that you have taken in the situation of the people that are engaged in this industry. I wish that the calls upon your time had not been such as to prevent you from having at hand a report on the industry made by this commission, which I had the honor to send you several months ago. We concur in the conclusions that you express in your letter so closely that I am venturing to send you another copy of our report, with the hope that you will be able to note the description we gave of this particular branch of the button industry.

In the preparation of this report we had numerous conferences with the producers and were in close touch also with the Bureau of Fisheries. Most of the work preliminary to the compilation of the report, however, was carried on through investigations made independently by our men in the field.

The fresh-water pearl-button branch of the industry is so intimately connected with the other branches of the button business that it seemed to us

desirable to treat them all as a single subject in gathering information which we hope will be useful to Congress when a revision of duties may be undertaken.

It would give me much pleasure if you would be good enough to write me your impressions of the report and we should appreciate it if you would suggest lines along which it should be completed and made fuller at a later date. Thanking you again for your letter, I am,

Very truly, yours,

THOMAS WALKER PAGE,
Vice Chairman.

Hon. WILLIAM C. REDFIELD,
Office of the Secretary, Department of Commerce,
Washington, D. C.

I am taking the liberty of giving you the following figures, taken from the official reports of Japan, showing the exports to the United States of pearl buttons, covering the period of 1908 to 1918. [Reading:]

	Gross.	Value (United States currency).		Gross.	Value (United States currency).
1908.....	28,674	\$4,572	1914.....	739,061	\$185,149
1909.....	22,756	3,999	1915.....	1,006,358	232,047
1910.....	42,886	10,038	1916.....	3,831,945	770,849
1911.....	77,807	20,659	1917.....	5,020,310	913,021
1912.....	137,797	28,057	1918.....		1,145,070
1913.....	287,437	56,392			

¹ All buttons.

Senator WATSON. Do you run a button factory?

Mr. MACWILLIE. Yes, sir.

Senator WATSON. Is it running now?

Mr. MACWILLIE. Yes, sir.

Senator WATSON. Full time?

Mr. MACWILLIE. No, sir.

Senator WATSON. With the full complement of men?

Mr. MACWILLIE. No, sir; we are about 62 per cent.

Senator WATSON. Running 62 per cent?

Mr. MACWILLIE. Yes, sir.

Senator WATSON. And how as to time?

Mr. MACWILLIE. Eight hours a day.

Senator WATSON. You are running eight hours a day?

Mr. MACWILLIE. Yes, sir.

Senator WATSON. Why do you not run full?

Mr. MACWILLIE. Because we can not clean up our shelves.

Senator WATSON. What do you mean by that?

Mr. MACWILLIE. We have been accumulating a great many thousand gross of buttons, but we can only run so long and can not pile up too much merchandise without damage.

Senator WATSON. In other words, the market does not justify it?

Mr. MACWILLIE. No, sir. Not to stock up our shelves too much.

Senator WATSON. Is it your idea that the Japanese are to that extent shutting you out of our own market at this time?

Mr. MACWILLIE. Yes, sir; absolutely.

Mr. ADKINS. We would like to file a list of our manufacturers who have appeared here.

Senator WATSON. That may be done.

(The list submitted by Mr. Adkins is here printed in full, as follows:)

F. C. Vetter, Hawkeye Pearl Button Co., Muscatine, Iowa.

J. S. McKee, McKee & Blivin Button Co., Muscatine, Iowa.

W. P. Fickett, president National Association of Button Manufacturers, New York City.

D. A. Willis, Pennant Pearl Button Co., Muscatine, Iowa.

Ralph Willis, Pennant Pearl Button Co., Muscatine, Iowa.

D. W. MacWillie, Wisconsin Pearl Button Co., La Crosse, Wis.

J. E. Krause, Davenport Pearl Button Co., Davenport, Iowa.

Leon Lemaire, Mississippi Pearl Button Co., Burlington, Iowa.

James Moir, Mississippi Pearl Button Co., Burlington, Iowa.

Edward Cooper, Harry Chalmers & Son, Amsterdam, N. Y.

H. Umlandt, Automatic Button Co., Muscatine, Iowa.

A. C. Adams, United States Button Co., Muscatine, Iowa.

Mr. COLLADAY. If the committee please, we presented a general inquiry which has not yet been answered, and we would like to again call attention to that. We asked if someone on the other side would furnish to the committee the amount of business done by the 19 manufacturers represented here for the three years in 1917, 1918, and 1919. I understood that that would be done.

Senator WATSON. They can get together and give you that.

Mr. WILLIS. I believe it is here in the War Trade Bulletin.

Mr. COLLADAY. At this time I would introduce, first stating that we represent the importers, some of whom are present and prepared to testify, Mr. Morris Streusand, of counsel for importers, of New York City, N. Y.

Senator CURTIS. We do not want any speeches or arguments here. What we want is information on the cost of production in this country, in Japan, and other competing countries.

Mr. COLLADAY. I understand that is true, and I do not think it is the intention of any one present to state anything but facts. We will get to an immediate understanding on that point. We will simply undertake to point out the defects or inaccuracies in the testimony which has been given to us and to furnish additional facts bearing on the pertinent questions before the committee.

Mr. VETTER. Would you ask the gentlemen to name the concerns they represent and whether they will state the amount each concern contributed to a fund which we understand has been created to defeat this bill? Would that be in order?

Senator CURTIS. We will get to that later on.

Mr. COLLADAY. There has not been any statement on the other side, but I do not presume there will be any failure to pay their bills to come here and such other necessary expenses as are incurred, including counsel fees. They are represented by counsel present, Mr. Jesse C. Adkins.

Senator CURTIS. That is a subject we will settle after a while. We want the facts here about production.

STATEMENT OF MR. MORRIS STREUSAND, OF COUNSEL FOR IMPORTERS, NEW YORK CITY, N. Y.

Senator CURTIS. State your name, your residence, and your profession.

Mr. STREUSAND. My address is 291 Broadway, New York City; attorney representing the Latelle Button Co., the Marcus Hatow Button Co., the Gotham Pearl Button Co., Hammond & Cox, Thompson & Co., Japanese importers, and one other I can not think of.

Senator, before I proceed I would like to ask Mr. Vetter one or two questions, with your permission.

Senator CURTIS. State what your question is, and we will decide about it.

Mr. STREUSAND. My question is, what was your total pay roll for 1916, if you know?

Mr. VETTER. I could not give that.

Mr. STREUSAND. How many men did you employ in 1916?

Mr. VETTER. That would be hard to state.

Mr. STREUSAND. Why?

Mr. VETTER. If you are going to use it for figures to base on previous reports, it would be quite out of order for me to make a statement without knowing accurately.

Senator CURTIS. Can you give it later on?

Mr. VETTER. I would be willing to furnish it off my books, but not offhand, because we have a great many people working for us—some 700 or 800—and I would not want to make any statement as to that without going into it.

Mr. MACWILLIE. We will furnish any information these gentlemen will request if they will make it in writing so that we can get it up in accurate figures. We will put all our books before them.

Mr. STREUSAND. I will take the first phase of the last question produced, as to the cost of production, which has been shown here—or they tried to show—that the differential between American labor and Japanese labor is about in the ratio of about 1 to 10. They showed that the highest price that they paid in 1919 is about \$4 per day; and as a basis for the differential they show that the Japanese laborer receives about 42 cents per day. That is based on the 1917 figures of the Japanese labor. The present Japanese laborer receives about 75 to 85 cents per day; so the real differential there is about 5 to 1.

Senator CURTIS. Have you the latest figures on that?

Mr. STREUSAND. Yes; from their own records. Practically all of our arguments will be on the testimony given by them before the House Ways and Means Committee.

Senator WATSON. By whom?

Mr. STREUSAND. By these men here. We did not appear before the House Ways and Means Committee.

It also appears from their records before the House Ways and Means Committee that the Japanese laborer does one-fourth of the labor per day that the American does. In other words, it takes them four times as long—that is from their own figures—to make up the same amount of buttons it does the Americans. That reduces the differential almost to one against one and one-fourth. When

you add to that the ad valorem duty and the difference in price—that is, the cost of transportation, insurance, and other incidental costs—there is really a difference in differentials in favor of the American. I am taking the statement of Mr. Swacker, who appeared for the National Button Manufacturers' Association before the House Ways and Means Committee.

Senator CURTIS. What page?

Mr. STREUSAND. Page 19. In answer to a question by Congressman Hull, of Tennessee, he replied that the differential in the amount of production is 1 to 4 between the Japanese and the American—in that they have not got the proper machinery.

Senator WATSON. When I was asking Mr. Vetter the question he gave the prices on blanks as laid down in Japan, and added the American cost or he added later that he used 1917 cost manufacture.

Mr. STREUSAND. After the blank is laid down the Americans have automatic machines, while the Japanese have to make each and every operation by hand, and the American does ten times, or at least eight times, as much work after the first operation as the Japanese, and that is why he gave this blank laid down, without giving the laying down of the complete button in San Francisco or Seattle.

Senator WATSON. Are not the Japanese getting these machines?

Mr. STREUSAND. No, sir.

Senator WATSON. You say the Japanese are not getting these new machines, but are doing their work by hand?

Mr. STREUSAND. They are doing their work by hand; and you must figure in when you consider that a certain American factory which is up to date with its machinery and has its work arranged where one man does the cutting, another man does the feeding into the machines, another man does the turning, and another the finishing, it is just like the work that is conducted in the Ford Motor Car Co. Every individual in the Ford Motor Car Co. gets at least \$6 a day for his work, and if they take a Japanese who would manufacture an automobile for himself and say, "This man gets \$2 a day (and the American workingman gets \$6 a day. There is a differential of \$4 in favor of the American." But the amount of production produced by the man working for the Ford Co. more than eliminates the work that this individual does?

Senator WATSON. What I am trying to get at is this: You say that the Japs are still doing button making by hand and are not using improved machinery.

Mr. STREUSAND. They are not. I have a witness who will testify to that effect.

I just want to bring to the attention of you gentlemen that this bill is not in the regular tariff act. It was urged as an emergency measure by these manufacturers who claimed to be on the verge of extermination, is the testimony before the Ways and Means Committee of the House.

Senator WATSON. If all that be true, how do you account for the increase in imports from Japan into this country?

Mr. STREUSAND. I will show that to you. I will show the effect, the percentage and how it affects the American market.

I am taking their own figures—

Senator CURTIS. Before you leave the other question, you know in Japan the whole family works and they work day and night at these different industries, do you not?

Mr. STREUSAND. They do not work day and night.

The labor condition in Japan is pretty nearly identical with the American labor conditions.

It has been testified to that effect. If you remember a little while ago there were riots in Tokio and Yokohama—they called them rice riots—contending that they were not getting a living wage.

Senator WATSON. Yes; and they wanted an increase of 40 per cent. But, of course, 40 per cent increase on a 30-cent day is not very much. [Laughter.] This is not aimed to be funny. I am trying to find out his opinion and get his viewpoint. This is not a humorous matter. We have got to find out the facts if we can.

Mr. STREUSAND. I am going to use practically throughout my entire argument their own figures. I will take their own statement that of July 1, 1917, they had a gross accumulation, page 12 of their testimony, of 10,182,000 buttons. The record shows that from 1914 or 1913, when this bill, the Underwood Act, went into effect, up to 1917, the total importations of all kinds of buttons from Japan was a little less than 5,000,000 gross. In other words, that is all kinds. They claim it is the cheaper button. I will show you, gentlemen, that we import about 5 per cent of one style of cheap button and about 10 per cent of the other type. In other words, out of a total importation in 1918 of \$1,000,000, take 5 per cent of that which is about \$50,000 worth of buttons, and that is sufficient, they claim, to cause them an overstock of 13,000,000 gross a year.

Senator WATSON. Do you know the amount of accumulation they generally carry?

Mr. STREUSAND. They started in 1917, before we started importing. Their testimony shows that Japan did not make these buttons. Mr. Willis, who testified here yesterday, said that the first time he saw one of these buttons was in 1916.

Senator WATSON. A Japanese button?

Mr. STREUSAND. A Japanese fresh water button.

Senator WATSON. And what was the amount of accumulation these people generally carried the year before?

Mr. STREUSAND. About 10,000,000.

Senator WATSON. Are they greater now than they were?

Mr. STREUSAND. In 1919, during those three years, they claim 13,000,000. There is a general natural increase in that accumulation of a type of button for which there is no market, and Mr. Swacker in his testimony, page 15, before the House Ways and Means Committee, says there is no general demand for them and they naturally accumulate, and we have to add the cost of this button to which there is no market to the high-grade button.

And then they argue that the Japanese importation of \$50,000 is causing them an accumulation of millions of dollars a year.

From their own testimony they show in 1914—the year that Mr. Vetter testified was so bad—the American manufacturers manufactured 21,000,000 gross of buttons valued at \$4,000,000.

Mr. COLLADAY. Page 6.

Mr. STREUSAND. The 1914 importations were \$185,000 worth, that is of all grades, and that includes ocean shell, the better grade of button. The percentage of the cheap button of the \$185,000 is about 10 per cent, which will mean \$18,000 against an American manu-

facture of \$4,000,000. And that was felt immediately, as they testified; the first six months they felt that, when this market was just beginning to open up.

When you questioned, Senator, I was proceeding on the point that they urged this as an immediate for fear the business would be extinguished. I then showed in my brief—I do not know whether you gentlemen have a copy, but I will give you a copy.

Senator WATSON. You can give us a copy.

Mr. STREUSAND. That these various firms have been very prosperous. The Hawkeye Pearl Button Co.—that is the company of which Mr. Vetter is an officer—started in 1903 with a capital of \$25,000 par and \$13,000 paid up, and that in 1913, when this new tariff act went into effect, they had increased their capitalization to \$300,000 from earned profits, and in 1915—I do not give their 1914 records, because they did not give it to the agencies, and I could not very well quote from it—if they had a loss they did not state it to the agency.

Mr. ADKINS. May I ask just what agency that was?

Mr. STREUSAND. The general agency.

Mr. ADKINS. There is no such thing as an agency.

Mr. STREUSAND. The general—

Mr. ADKINS. Which one did you get it from? Did you get it personally? Which one of these importers got these figures?

Mr. STREUSAND. No importer got them.

Mr. ADKINS. Did you get them?

Mr. STREUSAND. They gave me that information.

Mr. ADKINS. Do you not know that is a violation of a contract to obtain information in that way?

Senator WATSON. We are not interested in that controversy.

Mr. ADKINS. It throws some light upon the character of the people who are appearing here, in opposition to us.

Senator WATSON. All we are after is the facts.

Mr. STREUSAND. In 1913 their net worth was \$363,000, in 1916, \$419,000; in 1917, \$595,000. When I asked Mr. Vetter what his wage payroll was in 1916, I wanted to show how it compared to his net earnings.

Mr. Vetter in his discussion yesterday said why we want to protect these American working men. Pages 64, 65, and 66 of the testimony before the House Ways and Means Committee gives pay rolls from three different American manufacturers, and it shows for the 5½-day week the highest pay received by anyone on May 26, 1919, was \$24, the next \$22, and the rest average about \$11, \$12, and \$13; that is the scale of wages they paid, and aside from the fact that it is not material, I will say that if that is the protection these American workmen are getting they would be better off if they should get into other employment than making \$10 or \$12 a week. The foreman of this particular factory gets \$23.50, the engineer gets \$10, the shell borer gets \$17. That is the scale of wages.

Senator WATSON. Is that 1918?

Mr. STREUSAND. That is 1919. We have taken it for May 26, 1919.

Their testimony further shows, pages 13 and 14 of the record, that in 1918 some of these manufacturers in Muscatine, Iowa, were obliged to reduce wages. They had, said Mr. Swacker, a strike and lockout,

and I interlined for my own use the word "lockout." There was an inquiry had, and it was found that these concerns were not making any money—that is the report of the committee to investigate—and that, therefore, they were not granted any increase in wages, and the people went back to work. Our brief shows that they were making money each and every year during these last four years.

We further show that the total importations of buttons in 1918 is about 10 per cent of the total manufacture in the American market, and when I say "total" I mean the shell and ocean buttons.

Senator WATSON. Is it your position, Mr. Streusand, that these people do not need any protection whatever?

Mr. STREUSAND. Yes, sir; absolutely. I will show by my witness that none of these particular buttons are actually competing buttons; that there is such a great difference in various types that it would not make any difference.

Referring to their own figures, if you remember, Mr. Willis testified yesterday and said that the Japanese button that cost him 5 cents cost 30 to 35 cents to make up. If we give them their present duty—and that was figured on a 14-line button— $1\frac{1}{2}$ cents a line, that is 21 cents per gross, and 15 per cent ad valorem is three-quarters of a cent; that is $21\frac{3}{4}$ cents; 5 cents which the button costs is $26\frac{3}{4}$; 20 per cent of the cost of the button, or 1 cent on 5 is the cost of importing—that is, bringing it over, freight, and insurance—that is $27\frac{3}{4}$ cents that this button would cost landed in New York, with the new duty, whereas they testified it cost them 35 cents to manufacture the same button. If their argument was real, that would not give them the protection they ask. The same thing holds true through practically the various classes, and our contention is that the purpose is not so much to shut off competition as it is to shut off the importations, which will compel the American consumer to use only their buttons; that we could not possibly sell our buttons at the new rates; or, if we did sell them, the consumer would pay this differential; that is, $21\frac{3}{4}$ cents would be paid by the consumer.

Senator WATSON. Your contention is, then, that the buttons that are imported from Japan are of a different kind or quality or type than those made in this country?

Mr. STREUSAND. Yes, sir; and they touch a different market, and it is only reasonable, if you consider with that the \$10,000,000 or \$12,000,000 worth of business this year—we imported \$1,000,000, 10 or 8 per cent—that the United States market has increased 10 per cent.

Senator WATSON. When you say they "touch" a different market, what do you mean by that?

Mr. STREUSAND. These shirt and waist manufacturers, that we sell to, the cutting-up trade, there is no American button comparable in price with that button, no matter what the duty is, unless it is made five times as great, and that would be like 5 cents on a line—they will not compete; that there still would be a difference in price?

Senator WATSON. Why?

Mr. STREUSAND. Because the American buttons of the comparative type are so much higher in price and different material.

Senator WATSON. They are all made out of shells, are they not?

Mr. STREUSAND. The fresh-water Japanese shell is very inferior, while the American is of a much better quality. This is the type of Japanese shell [indicating samples on committee table].

Mr. VETTER. May I interrupt to ask a question?

Mr. STREUSAND. I have no objection.

Mr. VETTER. I would like the gentleman to tell the committee, if that be true, why American manufacturers are importing so many Japanese blanks to finish in this country. They find it to be much more profitable to use the Japanese blanks than to cut from their own blanks.

Mr. STREUSAND. I do not deny that.

Mr. VETTER. And then I would ask the gentleman whether he likes that kind of a situation.

Mr. HATOW. It is a Japanese blank.

Mr. STREUSAND. That is the type.

Mr. VETTER. That is the Chinese Dobu shells purchased in China and exported to Japan and cut into blanks and exported from Japan.

Mr. STREUSAND. Have you an American blank that compares with that?

Mr. VETTER. I have not got an American blank; Mr. Willis has but I have not as good a blank.

Mr. STREUSAND. Have you, Mr. Willis?

Mr. WILLIS. Yes, sir.

Mr. STREUSAND. Mr. Vetter, before the House Ways and Means Committee, at page 43-44 asked for a duty of 5 cents per line, and Mr. Hull said to him, "Mr. Vetter, if you get that duty that will restrict the importation of buttons entirely, and you will have a monopoly?" His answer was, "Why, we will not have a monopoly, sir; because the Americans will have competition from the ivory button, from the horn button, and the composition and bone button." These buttons are used for underwear, ladies' waists and shirts. I show you this black button on my coat; that is an ivory button.

Senator WATSON. That is, the Japanese button?

Mr. STREUSAND. The pearl and shell buttons.

Senator WATSON. I understood you to say that the Japanese button was used on cheaper material, was inferior shell and made a cheaper button and a button our people do not use, a button that does not compete with the American-made button. That is true, is it?

Mr. STREUSAND. That is true.

Senator WATSON. Can you tell on what the American button is used; how does it happen there is no competition?

Mr. STREUSAND. It happens this way—Mr. Myers will answer that.

STATEMENT OF MR. PETER MYERS, REPRESENTING GOTHAM PEARL BUTTON CO., ETHELL MANUFACTURING CO., AND PRESIDENT OF THE GOTHAM PEARL BUTTON WORKS.

Senator WATSON. You manufacture pearl buttons?

Mr. MYERS. No sir; we job in New York.

Senator WATSON. What do you mean by that?

Mr. MYERS We contract some ocean pearls, and we buy from the dealers and sell direct to the wearing apparel trade. I have been selling the wearing apparel trade 12 years, and am in direct contact every day with them and know their wants.

Senator WATSON. What garments do you make?

Mr. MYERS. I sell underwear trade, the shirt-waist trade, and the shirt trade and childrens' dresses.

Senator WATSON. You can answer that question.

Mr. MYERS. Yes, sir; I can. An underwear man will only use a fresh-water button.

Senator WATSON. Why?

Mr. MYERS. He has always used that kind.

Senator WATSON. I say, why?

Mr. MYERS. Because they all use pearl buttons on that garment there because they have never yet used anything but pearl buttons.

Senator WATSON. I am trying to find out why. Is it because it is cheaper or because it is an inferior grade?

Mr. MYERS. No; I will not say cheaper.

Senator WATSON. They have just got in the habit of it?

Mr. MYERS. It is the general custom. On certain garments and certain styles they use certain classes of buttons to go with the garment. A waist man would not put a black or white ivory button on a waist, because it would be out of place. So a waist man uses pearl buttons of necessity and other fancy buttons for trimming only. The underwear man must use pearl buttons, the waist man and childrens-dresses' man must use pearl buttons. They can not use horn, composition, or ivory buttons on their dresses; they never have and never can.

Senator WATSON. In other words, they take the cheapest button?

Mr. MEYERS. Not exactly the cheapest button, but one that will conform with the style of the garment.

Senator WATSON. You take an ordinary suit of underwear; is it a question of getting a cheap button?

Mr. MEYERS. No, sir; not always a question of getting a cheap button. A higher priced man wants a better button to make his garment look showy.

Senator WATSON. I understood Mr. Streusand to say that this Japanese button did not compete with the American-made button.

Mr. MEYERS. It does not.

Senator WATSON. That it did not compete, because cheaper, and appealed to a market that the American button did not appeal to. I am trying to find out about it.

Mr. MEYERS. A man who manufactures cheaper garments will use a cheaper button made in Japan, because his cost in buttons must conform with the cost of the rest of the garment. He can not use a high priced button on a cheap garment.

Senator WATSON. Then there is a difference in the price between the Japanese button and the American—the Japanese is cheaper?

Mr. MYERS. There is a difference in quality and a difference in price. You take the waist man and he uses the so-called sazae button; he can not use the cheap fresh water button on his garments.

Mr. VETTER. May I ask the gentleman who just spoke a question?

Senator WATSON. If he is willing.

Mr. VETTER. I would like to ask Mr. Meyers if he ever was in the manufacturing business of fresh water or any other buttons?

Mr. MYERS. I was never in the manufacture of buttons.

Mr. VETTER. I would like to ask if the concern you represent was ever in the manufacture of buttons?

Mr. MYERS. I am just in the Gotham Pearl Button Co.

Mr. VETTER. Were you never in the manufacturing business before?

Mr. MYERS. Not the fresh water.

Mr. VETTER. They were manufacturers of pearl buttons?

Mr. MYERS. Yes, sir.

Mr. MACWILLIE. The question was asked, and I think the gentlemen will admit that the question of whether they use a Japanese button on a waist or an American pearl button on a waist is generally not the opinion of the pearl button manufacturer, but the manufacturer of that waist, and I think he uses his judgment; and he will put out in his line 10 garments with fresh water pearl buttons made in America and 10 garments with Japanese buttons made in Japan, and he tries it out on the trade to see how it works, and it is the public that judges. We are in competition and the manufacturer of shirt waist garments uses our buttons alongside the Japanese and buys them at the same time, because we have sold both at the same time.

Mr. MYERS. No, sir; that is not right.

Mr. MACWILLIE. We can not induce them to say which is correct.

Mr. MYERS. You are appealing directly to the trade?

Mr. STREUSAND. Mr. Swacker in his statement before the committee further stated that the cheaper grade of buttons were sold at a loss, but that the American losses on those buttons was added to the higher-priced buttons; and he further testified, pages 11, 12, and 13, that the Japanese were importing these very same buttons at a loss, and they tried to show you how the Japanese make money on this button. But the testimony presented by their committee, is that they are brought in at a loss.

Senator WATSON. You mean buttons are being imported into Japan?

Mr. STREUSAND. No, from Japan into the United States. These very cheap buttons are being manufactured at a loss in Japan.

Another thing which happened, which is easily explained, is this: There was quite an importation of these cheap buttons at one period—that was July and August, 1918, and February, 1919. It was as if the Americans had taken their accumulations of 10,000,000 or 11,000,000 gross, which had been accumulating for years, for which there was no home market, and shipped them to England, France, or whichever country you choose, and try to dispose of them, and the records will show that America imported 10,000,000 gross to England.

The same thing happened here: The Japanese had had an accumulation of this very particular button, which had been accumulating on their shelves at a loss, the same as the Americans have been accumulating scrap at a loss, or if you want to figure scrap as a by-product, and whatever they make out of it is a gain. It is just a question of how you figure, and this very importation took place only during three months, and I am familiar personally with that.

I am giving this fact from personal knowledge, that seven of these importers have been stuck with about 70 per cent of these very buttons, and they have them on their shelves, and there has been no increase and no importation of this button during the last few months, or if there has been it has amounted to about 3 per cent of the general importation.

Senator WATSON. How do you account for the increased imports from Japan to this country?

Mr. STREUSAND. Between 1908 and 1913 there was practically only one man importing. Mr. Land, who was a witness here. There was no market for the Japanese under the 1½ cent per line importation; and then the only button they could import was this shank button that they showed you on a string, and the difference in cost of manufacture between the American and Japanese was such a great proportion; whereas it cost the Japanese 55 cents to manufacture, and it cost the American about \$1.50 or \$1.30, and after selling at a price between \$1.30 and \$1.50, if you added the line duty on 16-line, which is only 24 cents—24 to 55 makes about 18, and 15 per cent ad valorem is another 10 cents, which is about 90, and there was still a difference of about 50 cents in the price.

So far as 90 per cent of the Japanese importations are concerned this new tariff will have no effect to make these competing. There will still be such a great difference in price between the American price—because this is the shank button, which they show the Americans sell for \$1.80, the Japanese sell at 80 cents a gross, with the new duty of 24 cents makes \$1.04, 15 cents and the laying down another 15 cents—\$1.35; and the American manufacturer gets \$1.80. So there will be 60 cents difference in favor of the Japanese as it stands with the new duty.

Senator WATSON. How many different kinds of buttons are there?

Mr. STREUSAND. There are about six different kinds.

Senator WATSON. That is, that they make so much cheaper than that, that it does not make any difference how much duty, they will import anyhow.

Mr. STREUSAND. I will refer to Mr. Swacker's testimony, at page 15 of the record [reading]:

This button machinery that we use in this country is very superior button-making machinery in its operations, and it produces a much better button than the Japanese can make.

That is from their own statement; and there is no competition. It is just a question of various prices. In other words, the effect of these buttons shut out from the American market would be that where an American manufacturer would go in and use an 80-cent button—

Senator WATSON (interposing). When these Japanese buttons come into this country, somebody buys them, and somebody resells them?

Mr. STREUSAND. Yes, sir.

Senator WATSON. Suppose we were to shut out absolutely the importation of that kind of button, could the American manufacturer make that kind of button.

Mr. STREUSAND. No; he would either have to import blanks from Japan, or the American manufacturer would be compelled to buy

the next grade to it—either an inferior American button, if the American button sells at a lower price, or the next better grade and pay a difference in price of almost double the amount.

Our witness will show that the various buttons are so different in quality and make-up and in appearance that they do not compete, and we really only touch 10 per cent of the American market; we touch a few people who can not afford a better grade—we give something in between. We are the producers of the in-between market.

Yesterday they said that in 1914, which was supposed to be a bad year, they produced \$4,000,000 worth of buttons, and the Austrians flooded the market. You gentlemen can well agree with me that Austria has no rivers outside of the Danube, and the Danube does not produce these shells. Austria in order to produce this kind of a button would have to import this kind of shells from Australia or the Pacific Ocean, and their transportation cost would be such as to make it prohibitive.

But what does Austria produce? These gentlemen have some of the Austrian workmen. They produce high-priced, fancy buttons, mostly those produced by Bohemians or the Czecho-Slovak, under the present name. They produce a very high-priced button; they can afford to pay the advanced transportation and make them up, and the differential of labor between Austrians and Americans is such—they have good machinery there.

Senator Watson. You do not object, then, to a tariff on all those products coming from Japan the like of which we do produce in this country?

Mr. STREUSAND. We do not object.

Senator WATSON. In other words, what you want to come in free is this inferior quality that you say they make and that we do not make?

Mr. STREUSAND. The other kinds, 8 per cent of our importation—in fact, only 5 per cent of our importations—and the other kind 80 per cent, which do not compete at all in price. If the one Japanese button costs \$6 a gross, the American button next competing is \$14 a great gross; the new line duty would make the Japanese about \$9, and the American would still remain \$14.

I do not want to say anything about what their object is. As Mr. Hall asked, "Would it not give you a monopoly?" And we contend it would.

Before we went ahead with our brief we wrote to six or seven of the biggest users of this merchandise. We did not go to one individual dealer, but we took concerns that are distributors, like John Farwell & Co., Wyman, Partridge & Co. I want to show how fair Mr. Farwell's reply is; there is no animus [reading]:

In reply to your letter of the 16th—

It is from Mr. Farwell's office; I do not know whether Mr. Farwell wrote it or some one else—

We believe the great necessity now is to have an increased supply of pearl buttons; in fact, that is true of almost any other manufactured articles, so that the next year or so we should encourage the importation of almost any article that will help give us an adequate supply for our own people at a moderate price and still not injure legitimate American industry.

We trust you will succeed in carrying out the purport of your letter.

It is simply a statement of facts. We simply introduced these letters to show they were not overstocked; that these people asked for buttons and they could not get them. One or two others say they made demands for buttons and could not get them.

Mr. COOPER (representing Harvey Chalmers & Sons). Did you send out more than those four letters?

Mr. STREUSAND. We sent out seven.

Mr. COOPER. Did the others answer?

Mr. STREUSAND. One answered he was not a dealer and the other two asked us not to give their replies, as they were dealing with American manufacturers and did not want to hurt their trade. I personally sent out seven letters, just covering the big people.

Mr. COOPER. These are the four most favorable replies?

Mr. STREUSAND. One answered he did not deal in buttons and the other two answered they did not want to reply as being interested.

Mr. COOPER. Again, I ask you if any one of the seven concerns are represented by you?

Mr. STREUSAND. I never knew any one of the seven concerns.

Mr. COOPER. You are not representing them?

Mr. STREUSAND. Not one of those concerns. They are all out of town, one in Chicago, and the other Minneapolis, a third is in Omaha, and the fourth in Rice Stix, of St. Louis.

Mr. VETTER. How did they come to be all Wholesale Dry Goods Association members?

Mr. STREUSAND. I thought they were big and I wanted to get their opinions.

Mr. Vetter. How did they come all to be officers of the Wholesale Dry Goods Association?

Mr. STREUSAND. I do not know.

Mr. WILLIS. Why did you not go to some of the really big users of pearl buttons that use 90 per cent of the American product, for instance, the Northwestern Knitting Co., that probably uses five times as much as any of those?

Mr. STREUSAND. If you had mentioned them in your papers I might have written to them.

Mr. WILLIS. You stated a moment ago that you did not know who signed that John B. Farwell letter, although it is signed "John B. Farwell, president."

Mr. STREUSAND. By that I meant to say that I do not say that the president personally signed it; all I say is that it was signed from the president's office whether his personal signature or that of the clerk I could not answer.

Mr. WILLIS. I would like to know, Senator, if after these witnesses have finished I might have about two minutes?

Senator WATSON. We will see, Mr. Willis.

Mr. MacWILLIE. Senator, before you call another witness, I would like to read the copy of a letter dated a year ago which was received by the Wisconsin Pearl Button Co., from Mr. Mallory, of Wyman, Partridge & Co., to show the feeling of Wyman, Partridge & Co. [reading]:

After looking over your samples and prices on the same we have decided that we will not place any spring business on sweet-water pearls this year and we are returning these cabinets to you to-day by express, and wish you would kindly credit our account with same. You are undoubtedly aware of the feeling which exists toward all of the sweet-pearl button people and we are going

to work along the same line as we did last season and expect to show few if any sweet-water goods on our spring line in addition to what we already have in the house. We wish you would also cancel our order for WPC cabinets and open stock goods as we have also decided to drop this from our line. We believe there is no necessity of going into further details on this line, as we have already talked this matter over several times and would suggest that simply forget us entirely for the coming year. We regret it has been necessary for us to come to this conclusion, but feel that we will be able to hold our own very nicely without this line.

Senator WATSON. We have not time to go into the difficulties that arose between some establishment and the manufacturing institution. We do not know what those reasons were, and we have not any time to go into that.

Mr. STREUSAND (reading):

Your letter of the 10th has been referred to me as buyer of the button department. In our opinion the importation of pearl buttons on a fair basis would be an advantage to the consumer, retailer, and wholesaler of this country and would not jeopardize our own button industry.

The American button manufacturers have been unable to supply the demand for goods, and during the past few years have acted extremely indifferent, and independent toward our class of trade.

Trusting this is the information desired, etc.

Mr. MACWILLIE. That letter was written to us a year ago, and he turned us down, and we could not be very solicitous for his business. I would like to correct the statement you made that you did not know of any machines being shipped to Japan. In April or May, of this year, 15 machines were purchased by Japanese concerns in New York City—those were the Barry automatic machines—and shipped to Japan, and they will no doubt be in operation very soon.

Senator WATSON. Whom will you call next?

Mr. STREUSAND. I will call Mr. Land.

STATEMENT OF MR. DAVID LAND, PRESIDENT LAND & COX (INC.), NEW YORK.

Senator WATSON. You are importers?

Mr. LAND. Yes, sir.

Mr. STREUSAND. I will ask you a few questions. Mr. Land, how long have you been in the business of importing shell and pearl buttons?

Mr. LAND. Fifteen years.

Mr. STREUSAND. Were you in Japan, yourself?

Mr. LAND. Yes.

Mr. STREUSAND. How long were you in Japan?

Mr. LAND. I lived in Japan for several years.

Mr. STREUSAND. How many years?

Mr. LAND. Two years, up to 1904.

Senator CURTIS. Where?

Mr. LAND. In Yokohama and Kobe.

Mr. STREUSAND. And your firm has an office in Japan?

Mr. LAND. Yes.

Mr. STREUSAND. And your partner is at present located in Japan?

Mr. LAND. Yes, sir.

Mr. STREUSAND. And he is always there?

Mr. LAND. Yes.

Mr. STREUSAND. From 1906 to 1918 did you import any pearl buttons from Japan?

Senator WATSON. Wait a minute. We never allow a lawyer to ask questions of a witness. We do that ourselves.

I want to ask this, first: When you were in Japan, were you in the pearl-button business?

Mr. LAND. No, sir; I was not.

Senator WATSON. Were you in anywise connected with it?

Mr. LAND. No, sir.

Senator WATSON. Do you know anything about it over there?

Mr. LAND. Not at that time. In 1904 I returned to America and I have been in that business here.

Senator WATSON. Have you been in Japan since that time?

Mr. LAND. I have.

Senator WATSON. In connection with the pearl-button business?

Mr. LAND. Yes, sir.

Senator WATSON. In what capacity did you go to buy buttons?

Mr. LAND. To buy buttons for American merchants.

Senator WATSON. How long have you been doing that?

Mr. LAND. For 15 years.

Senator WATSON. And have you made more than one trip to Japan?

Mr. LAND. No; only one trip since, in 1910.

Senator WATSON. How long were you there at that time?

Mr. LAND. Only a few months.

Senator WATSON. Did you visit the pearl-button factories then?

Mr. LAND. Yes, sir.

Senator WATSON. How many?

Mr. LAND. Several.

Senator WATSON. Are they factories, or what are they?

Mr. LAND. They vary—of course, there are some small plants. They can not be compared with American plants. Some are very small and others were larger and better organized.

Senator WATSON. What changes in the pearl-button industry in Japan have occurred, if any, between 1910 and the present time?

Mr. LAND. I do not think to any extent, except that the production has increased.

Senator WATSON. Do you know how much?

Mr. LAND. From 1910 to now?

Senator WATSON. Yes.

Mr. LAND. Oh, I should think a little over 100 per cent.

Senator WATSON. And do you know how much their exports have increased?

Mr. LAND. That is the production—there is very little produced for home consumption.

Senator WATSON. They sell them all?

Mr. LAND. So the exports consist almost of the entire production.

Senator WATSON. What proportion of their exports do they send to this country?

Mr. LAND. Well, it is very difficult to say as in the last four or five years some foreign markets were shut out to them. The most of the foreign markets, as a matter of fact, prohibited the importation of various articles. England was very nearly on a par with America, but from time to time they were not able to export except under licenses, and, of course, very limited quantities to England. So America was really the biggest buyer in the past few years.

Senator WATSON. Is America the largest buyer of Japanese exports under normal conditions?

Mr. LAND. The war having begun in 1914, from that time on America was the biggest buyer up to now in this article of buttons.

Senator WATSON. You may proceed with your statement.

Mr. LAND. On the subject of manufacture, I do not know that Japan has any machinery. When I am speaking about "machinery," it may be said there are various machines required for the manufacture of a button. To cut the button, of course, requires a machine called a cutting machine. I believe in that respect Japan is almost on a par with America, as they use almost the same machines. Cutting, of course, is one operation. Mr. Willis testified here and showed the costs were so much and so much, and, of course, it should be remembered there are 14 more operations in addition to cutting. The remainder of the operations I do not know exactly—I am not quite as proficient in that as Mr. Willis. But even taking it for granted that there are 14 other operations, to the best of my knowledge the cost of the remaining 14 hardly exceeds that of the cutting operation.

Mr. STREUSAND. May I interrupt and give you the exact figures of the American manufacturers? The cost of cutting is $9\frac{1}{2}$ cents, the cost of the other operations is 10 cents and 1 mill; they are almost identical.

Senator CURTIS. What page are you reading from?

Mr. STREUSAND. Page 62 of the record of the House Ways and Means hearing.

Mr. LAND. This refers to the remainder of the operations with up-to-date American machinery. As I stated before, the first operation of manufacture required in Japan is probably the same process as in America, but when it comes to the remainder of the operations, after the blank is cut, then a Japanese has to put in fully five times as much work as the American, because in America, we, with what we call the automatic machines, just slip this blank into a certain space, and all you need is to feed it and the remainder of the 14 operations work automatically until the finished button comes out. In Japan they have no automatic machines. But I will concede they have a few machines. I do not believe the machines will exceed one dozen automatic machines in Japan for the manufacture of buttons, and I know one Japanese firm that does have up-to-date machines viz, the 12 machines referred to.

Senator WATSON. You say that you put that blank into a certain machine and it goes through the different processes and comes out a finished button?

Mr. LAND. It does, in these automatic machines which America uses. In Japan, those various processes, like turning, shaping, and drilling, and all those, are individual processes that have got to be made by very crude machines that the Japanese have been using for 25 years, foot power or hand labor, while here in this country, when the blank comes out, a little girl can slip it into that space where the blank is intended to go, and automatically it goes from one state to another and the machine does the entire work, and out of the other end comes the button finished.

This first, cutting operation, is 50 per cent in America, and the remaining operations, the other 50 per cent. But in Japan the cutting

operation would only be $17\frac{1}{2}$ per cent, and there is $82\frac{1}{2}$ per cent of the cost remaining for the other operations on account of the absence of these automatic machines; and I do not think there will be any dispute that it takes five times as long and requires five times the effort and expense to produce a button in Japan as it does in this country.

Senator CURTIS. Not as much as in America, but while it takes five times the time and the effort, yet the Japanese expense is only one-fifth or hardly one-fifth of the cost of production of this one operation as in this country. I believe this can be easily proven; in fact, no one will dispute that.

Mr. LAND. I am trying to give you what I heard. I did not take very much interest in home affairs while an importer, but I gathered from the testimony given you Senators would like information, and I will try to give you as much as I can.

In 1914, I believe, the reduction tariff was then in existence—it had been then in existence about six or seven months, and, of course, the button business was not developed from Japan. While I have been importing from Japan for about seven years prior but such a small quantity that I did not know the American wants, because the duty was absolutely prohibitive, and there was only one little button, and the button was very costly.

I think the specific duty did not hinder the importation, but even that was only to a very small extent and this importation only amounted to \$7,000 or \$8,000. The remainder of the year 1914 the importers kept on submitting various samples to the buyers here, and they kept on developing the business, and naturally the cheaper button, because a specific duty will naturally affect the cheaper button more than the higher-priced buttons. You put at \$2.88 a great gross, or 25 cents a gross on a button that cost \$1, and the effect is not so bad, but you can put it down 25 cents or 10 cents a gross, and the natural consequences were that the importation kept on gradually increasing, and it continuously increased, because business increases continually under normal conditions.

As to the fresh-water buttons, the domestic manufacturers are placing so much stress on the cheap button, what they call dobu shell, that is supposed to be from what I understand the most inferior shell found in the world, and this is a domestic Japanese product.

Senator WATSON. Are those Chinese or Japanese shells?

Mr. LAND. Those are Japanese; the dobu is the Japanese shell. There are two kinds.

Mr. STREUSAND. The dobu a Japanese fresh water, whereas the Chinese fresh water is a shell that comes from the Yang-Tsze-Kiang River and is called the meno, which is practically on a par with the Mississippi River shell. But, nevertheless, that shell is very limited, and we have been unable to get any buttons to any extent at all, and I daresay that the fresh-water buttons referred to as imported from Japan—I can safely state 90 per cent of those buttons are of the meno or Japanese shell. Those buttons are coming in in various grades. Some of them have been far more costly than the domestic fresh-water button. It depends, as explained by the manufacturers, from what part of the shell it comes; from the heavy part of the shell a heavy button comes out and some from the very thin

part of the shell, which is called "scrap" or "rubbish," which also accumulated there, and they find no market for it just like the Americans do; and even from the heavier shell when the buttons are manufactured they are imperfect buttons, some thin buttons, and that is kept aside and left on their shelves until such a time comes when there is a market for them. But the 5 and 6 cents a gross buttons as represented by this button [indicating], for instance, and about which the domestic manufacture have spoken so much, I do not believe there is a button of this kind as inferior in the United States; in fact, I know it. I have seen a lot of American buttons, but nothing as inferior and common as this one, and I am in a position to say so, because I believe we are very heavily interested in the importation of buttons, and that the maximum of 5 per cent will include that very cheap fresh-water button, and the remainder would be the general line of buttons about which they do not seem to be complaining very much.

Senator WATSON. That is to say, of the total imports coming into this country from Japan 5 per cent would be their cheap grade.

Mr. LAND. Yes, sir.

Senator WATSON. The other 95 per cent would consist of the higher grade button?

Mr. STREUSAND. Yes, sir; and, of course, they vary, naturally, in price.

Mr. MACWILLIE. Is that 5 per cent in grossage or 5 per cent in dollars and cents?

Mr. STREUSAND. In value.

Mr. MACWILLIE. That will answer the question. It might be 50 per cent in grossage, which will affect our production.

Mr. STREUSAND. I mean 5 per cent in value.

Mr. FICKETT. May I ask what is the average value of the buttons brought in?

Mr. STREUSAND. The average value? I think the selling price in this country—

Mr. FICKETT. The cost of bringing them in?

Mr. STREUSAND. The first cost, duty paid?

Mr. FICKETT. No; without your duty.

Mr. STREUSAND. I think the average would be about 7 yen, \$3.50 plus 20 per cent.

Mr. FICKETT. What is the average cost of buttons entered at the customhouse, exclusive of duty and transportation?

Mr. STREUSAND. Exclusive of duty, first cost?

Mr. FICKETT. Yes.

Mr. STREUSAND. About \$3.50 to \$4 per great gross.

Mr. FICKETT. Per single gross we want, which the figures of the Department of Commerce show to be 20 cents.

Mr. STREUSAND. I did not take these cheap fresh-water buttons into consideration; I suppose that accounts for it.

Senator WATSON. Go ahead with your statement.

Senator CURTIS. Where are the best principal places of production of pearl buttons in Japan?

Mr. LAND. Kobe and Osaka.

Senator CURTIS. Do they not produce them in Nasaka?

Mr. LAND. No, sir.

Senator CURTIS. That is a great shell port there.

Mr. LAND. Nasaka for shell?

Senator CURTIS. Yes.

Mr. LAND. As a matter of fact, they gather shells in Japan almost everywhere. Any place in Japan is only 10 miles from the coast, since it is only about 20 miles across Japan.

Senator CURTIS. Those two places are the only places where they make them?

Mr. LAND. Ninety-eight per cent probably.

Senator CURTIS. You know that the families work all night there, do you not, on pearl buttons or jewelry or anything else?

Mr. LAND. Not on pearl buttons, especially, because that is an industry—they would work 16 or 18 hours in a home industry like plaiting a hat or jewelry where they can do it conveniently at home, but in buttons they can not have it in their little house, and they have a little shop for the purpose.

Senator CURTIS. The pearl-button industry was not going on when I went over there. But we went around those cities purposely to find out what was going on, and we found them working on jewelry and combs made out of shells and things of that kind, as late as 3 o'clock in the morning.

Mr. LAND. That would be the exception?

Senator CURTIS. They were doing that by lamplight.

Mr. LAND. As I stated, you could not carry on the manufacture of pearl buttons in those little Japanese shacks on the mats. You have got to have a regular shop for that, because of the dirt and dust, but in a home industry like plaiting a hat it could be done.

Senator CURTIS. Their shops and homes are mostly together.

Mr. LAND. Right next to it, but not in their homes. Their little homes are very, very clean, and they would not dare to spoil those mats, and they would not carry on any manufacture unless it is clean work. They would work 16 or 18 hours a day if hard up, but as a rule they are not hard up now. I think that is rather a fallacy, the idea that they work 16 or 18 hours, especially in late years, since, of course, they are getting on fairly well on a par with America.

Senator WATSON. They are getting like our people, they do not want to work at all.

Mr. LAND. They are improving themselves quite a bit, especially since they are earning at least double what they were earning three years ago—fully double and in some instances more than double. They are not usually keenly in need of the extra nickel, so they are living a little more humanly.

Mr. MACWILLIE. They could sew these buttons on cards in their homes?

Mr. LAND. Yes, sir.

Mr. MACWILLIE. The cost of doing which is 10 cents in this country and 1 cent in Japan.

Mr. LAND. One cent? That is about right.

Mr. COOPER. These could be sewed on in the evenings?

Mr. LAND. Yes, sir.

Mr. STREUSAND. On page 62 before the House committee it shows that the American cutter can cut about 45 gross per day of a 14-line button, and 47 gross per day of the same type of a 16 or 18 line, and

about 40 gross of the 24 line. The testimony shows that the Japanese can cut about 20 to 21 gross of the 14 line, about 9 to 12 gross at the utmost of the 22 and 20 line. All of which shows that even in the cutting there is a variation of 2 and 3 to 1; there being a variation of 5 to 1 in the other merchandise makes the variation they show about 4 to 1 on the general differential in the amount.

Mr. ROBINSON. Mr. Chairman and gentlemen—

**STATEMENT OF MR. THEODORE G. ROBINSON, PRESIDENT OF
J. T. ROBINSON & SON, NEW YORK CITY.**

Senator WATSON. Did you testify before the House committee.

Mr. ROBINSON. No, sir.

Senator WATSON. Where do you manufacture pearl buttons?

Mr. ROBINSON. In Cold Spring, N. Y., and our address is also New York City.

Senator WATSON. When did you begin manufacturing, Mr. Robinson?

Mr. ROBINSON. In 1910.

Senator WATSON. Is your full argument there in writing?

Mr. ROBINSON. I have a statement of matter I want to present, different from what has been presented—that is, from a different point of view.

I appear as a manufacturer of pearl buttons. I represent two organizations composed of manufacturers of buttons made from ocean pearl shell, the Ocean Pearl Button Manufacturers' Association and the Mother of Pearl Industry Association, together with 15 other manufacturers who have requested that we represent them.

We desire particularly to direct your attention to the fundamental injustice of the operation of an exclusively ad valorem duty, regardless of rate, in equalizing differences in labor cost of production in such a product as pearl buttons, especially where there is a large disproportion in labor costs such as exists between those of the United States and Japan. Without considering the amount of duty necessary for equalization, we wish to put the following proposition before you:

On account of the peculiar complications in the manufacture of pearl buttons the percentage of labor costs has no consistent relation to the market value or selling prices of the different grades of pearl buttons. Consequently an import duty based solely on selling price, such as ad valorem duty, would not increase in amount with an increase in the percentage of labor costs. As a matter of fact, in the case of pearl buttons a directly contrary relation is the result—that is, the duty is progressively lower the higher the percentage of labor cost is to market value. Inasmuch as labor cost for the various grades of buttons varies only within comparatively narrow limits for the same operations, labor cost bears an increasingly higher percentage to the selling price as the buttons approach the cheaper end of the range of grades. An ad valorem duty thus becomes nominal on the cheapest buttons where the percentage of labor cost to the selling price is higher.

The result of this is particularly evident where some cheap pearl buttons made in Japan have been sold in this country, carded, ma-

terial and labor, profit and duty included, for 5 cents per gross, or at a price less than the labor cost of carding alone in this country. As the value of the button rises, this disproportion of labor costs to selling price gradually becomes reduced, then reverses itself, and if you go high enough the point is reached whereat an ad valorem duty changes in its effect and becomes prohibitive. Thus, under an ad valorem duty the anomaly occurs that our labor is progressively under-equalized where it needs equalization most—that is, where its percentage to the selling price is highest—and it is progressively more than equalized where it needs the equalization least; that is, where its percentage to the selling price is lowest.

Leaving this proposition with you for a few minutes, may I refer to papers we have filed with the United States Tariff Commission, published in their report on "The Button Industry," Tariff Information Series, No. 4. In these papers we have discussed the effect of the present tariff on our industry from various angles. In order to save your time, we venture the liberty of hoping that you will avail yourselves of this matter, published on pages 111 to 120 of this Tariff Commission report, as though it were substantially read now into your record, with certain modifications which we wish to put before you.

The work referred to, with its supporting references and documents, covers the general considerations of open competition; the causes of change in pearl-button prices; the high percentage of labor in the prime cost of our product; the character and extent of Japanese competition, showing an increase in her exports to the United States of 2,814.66 per cent between the years of 1912 and 1916, and that our labor cost was 426.2 per cent higher than corresponding Japanese labor cost at that time, although Japanese methods and machines were crude and relatively expensive compared with ours. It calls to attention the fact that Japan's button industry exists solely for her to profit by trade with other countries, as she uses no buttons, herself; the effect of a high overhead in this country during business inactivity, which it is necessary to maintain for efficient manufacturing; the practically complete loss of costly machinery values in the event of ruination of our industry, as the machines are not readily convertible to other uses; after-the-war conditions, when Japan will be in competition with continental countries, not only for European trade, and consequently forced to market larger quantities of buttons here, but also in competition with those same countries for our trade, with the prospect of very much larger reductions in price than have been at all necessary to secure all of our trade she could supply; the advantage of Japan's cheap labor, which is barred from entrance to this country, but which is virtually imported at a low ad valorem rate under the present duty; the need of a duty, specific in character combined with a low ad valorem rate, which will equalize the difference in labor cost of production together with relative labor costs on a standard button in this country and in Japan; the peculiar complexities in the manufacture of pearl buttons which cause the percentage of labor costs to have no consistent or logical relation to the market value or selling prices of the different grades of pearl buttons, and that, therefore, an ad valorem duty has no logical relation to the protection of labor; and

the proposition to which I directed your attention at first, referring to the notable uniformity of the application of an ad valorem duty to pearl buttons in that, although it was not so intended, it is, nevertheless, progressively inimical to labor the larger the percentage of labor becomes to the selling prices of the product, and that, whereas labor cost varies little between various grades, its percentage to selling price becomes increasingly higher and higher in approaching the lower-priced buttons made of cheap shells, inferior portions of shell, or the different grades of seconds, until an ad valorem duty tends to vanish on the low-priced buttons, where the percentage of labor cost to selling price is highest.

In considering this last feature, may we call your attention to some of the main conditions which involve the manufacture of pearl buttons unavoidably in so many variations, viz, (1) the manufacturing necessity of making a number of grades of pearl buttons widely varying in market value when one grade is made, (2) the practically identical labor cost per gross of making all grades, (3) the impracticability of selling the whole fall of seconds and low grades in one class (regarding them as an inconsiderable loss, as is done in many lines), on account of the large proportion and wide difference in quality of these low grades; this makes it necessary to classify them into a number of grades of different values and to modify the prices on first-quality buttons according to the income received from their sales, (4) the impossibility of selecting the poor-value buttons prior to investing enough labor expense in them to necessitate finishing them.

We have shown at some length in the matter put before the Tariff Commission how these conditions subject the lower grades of ocean pearl buttons to an inevitably destructive Japanese competition. For the presentation before the commission we used labor costs of 42.45 cents per gross of a designated style button for America, and 9.96 cents per gross for the same style for Japan.

While the basic argument against the injustice of expecting an exclusively ad valorem duty to equalize differences in labor cost is not modified by the change in labor costs since then, we wish to submit to you a letter from a concern of recognized standing, Messrs. B. Schwanda & Sons, who are ready to certify to an increase of labor cost of 61 per cent since the labor costs were compiled and placed before the Tariff Commission.

(The letter referred to is here printed in full, as follows:)

WINFIELD, LONG ISLAND, N. Y., December 12, 1919.

Mr. T. G. ROBINSON,

*Chairman Tariff Committee, representing Ocean Pearl Button
Manufacturers' Association and Mother of Pearl Industry Association.*

MY DEAR MR. ROBINSON: Replying to your request for a statement of the increased labor cost on ocean pearl buttons since the last figures submitted to the Tariff Commission, I beg to state that since then five 10 per cent increases in wages have been given to our employees. To my knowledge these increases have been general throughout the industry.

I wish to call to your attention that the aggregate of these increases amounts to a trifle more than 61 per cent. In addition to these advances there have been numerous individual wage increases as occasions demanding them have arisen.

Yours, very truly,

B. SCHWANDA & SONS.

Allowing for a similar increase in Japanese costs, this would make a change from the figures quoted above to 68.34 cents per gross for American labor cost and 15.84 cents per gross for Japanese labor cost, to bring them up-to-date.

In connection with this consideration, may we submit a table showing relative duties for buttons of different prices but the same size? For this purpose we have utilized a 16/ button.

(The table submitted by Mr. Robinson is here printed in full as follows:)

Relative duties of different priced 16/ buttons under present and proposed rates of imposed duty.

Price per gross.	Present duty at 45 per cent.	Proposed line duty.	Proposed ad valorem duty.	Proposed duty.		Price per gross.	Present duty at 45 per cent.	Proposed line duty.	Proposed ad valorem duty.	Proposed duty.	
				Amount.	Ad valorem equivalent.					Amount.	Ad valorem equivalent.
\$0.04	\$0.018	\$0.24	\$0.006	\$0.246	615	\$1.00	\$0.450	\$0.24	\$0.150	\$0.390	39
.10	.045	.24	.015	.255	255	1.25	.563	.24	.187	.427	34
.25	.113	.24	.037	.277	111	1.50	.675	.24	.225	.465	31
.50	.225	.24	.075	.315	63	1.75	.788	.24	.262	.502	29
.75	.338	.24	.112	.352	47	2.00	.900	.24	.300	.540	27

Mr. ROBINSON. It happens that this table embraces the same price range of buttons and is based on the same size as that submitted in the letter to your committee published by representatives of importers, except that we give prices in gross instead of great gross and we have increased the ad valorem equivalent of a 4-cent button 25 per cent, by using an even figure instead of $4\frac{1}{2}$ cents, which they used for their first figure. These figures are for 144 buttons, each of which must be handled from 5 to 10 times or more in making, and our labor cost alone on the 4-cent button would be about 1,500 per cent.

Of course, we realize that the reference to a 4-cent button and its ad valorem equivalent of 590 per cent for the proposed duty was used by the advocates of the present method of calculating duty in an attempt to make the proposed duty appear absurdly high. We might suggest carrying this a step further and applying it to a 2-cent button, where the ad valorem equivalent would be 1,215 per cent, so that this absurdity may appear in all its plainness if its absurdity exists in the nature of the proposed specific component of the duty rather than in the application suggested; or to a 1-cent button on which the proposed duty would be equivalent to an ad valorem duty of 2,415 per cent. Or we might have proposed a \$10 button, on which the proposed duty would be equivalent to an ad valorem of 17 per cent.

While we believe all of these suggestions to be impracticable extremes, nevertheless the application of the specific element of the duty is still consistent so long as the specific rate, viz, 24 cents, is equal to or less than the difference in labor cost between the two countries, whether the duty is figured on a 1-cent, 2-cent, or 4-cent button, or on a \$10 button. We show that this difference in labor cost is more than three times the amount of the specific component of the duty involved on a 16/ button.

It is to be noted that the representatives of importing concerns call attention to bringing in a 4-cent button in all seriousness and with prominence in their argument. If this is significant to them, it should be especially significant not only to those of us who are engaged in the industry, but also to those who have the responsibility of protecting American labor, wages, and living conditions from the necessity of attempting to maintain their present high standard of both in a hopeless competition with the wages and living conditions of Japan.

Senator CURTIS. May I ask a question?

Mr. ROBINSON. Certainly.

Senator CURTIS. Where do you get your mother-of-pearl?

Mr. ROBINSON. From Australia.

Senator CURTIS. Did you try to get any from the Philippines?

Mr. ROBINSON. Yes, sir; a good deal of it comes from the Philippines, or from the Southern Seas, and the localities around there generally.

Senator WATSON. Mr. Robinson, who formulated this bill that passed the House the 3d of September, if you know?

Mr. ROBINSON. You mean what individual?

Senator WATSON. Is the bill under the present conditions satisfactory; if you were making the bill, is it satisfactory to you as a pearl-button manufacturer, as being sufficient to protect the industry?

Mr. ROBINSON. I prefer to cover that ground later, when I shall tell you we do not think it is adequate. I have just a little more matter based on this table which I should like to put before you first, if agreeable to you.

Senator WATSON. I thought you were through.

Mr. ROBINSON. We can not help wondering if those who support the present tariff are planning to buy and bring into the United States to their advantage enough buttons at 4 cents, 6 cents, and 8 cents per gross to justify devoting one-third of their table space to a complaint of the high ad valorem equivalent of the proposed duty on these cheap buttons, on which our labor cost would be many times their selling price.

The very example proposed by the advocates of the present ad valorem duty emphasizes more than we would otherwise have dared the utter impotence of an ad valorem duty in equalizing labor differences between the United States and Japan.

In connection with this table may we call your attention to the fact that the average selling grade of ocean pearl buttons is about \$1.25 to \$1.40 per gross, on which the corresponding ad valorem duty under the proposed rate is less than 35 per cent.

In considering the present bill there are two matters that are important. One is the change of method of figuring duty to a specific rate, combined with a low ad valorem rate, and this is by all means the fundamental and most important consideration and the one of gravest concern to the industry, on account of the injustice of an exclusively ad valorem rate in its relation to labor cost, as we have pointed out. The other matter is as to the amount of duty. Our first plea was for 2 cents per line per gross specific duty, combined with a 15 per cent ad valorem duty, which we regarded

as essential. Since that time labor costs have advanced more than 60 per cent, as pointed out above. Considering these revised figures of 68.34 cents per gross for American labor cost and 15.84 cents per gross for Japanese labor cost, this would leave a difference of 52.5 cents per gross in labor cost. This would be equivalent to more than 3 cents per line per gross as a specific duty, which would be required to equalize labor differences in our industry if present wages are to continue. Notwithstanding that we feel that the specific duty should be higher than the one contemplated, in order to protect our branch of the industry adequately, we desire to concur with those representing the other button interests in urging that the present bill be passed so that the fundamentally essential and just method of figuring a tariff on our product by a combined specific and ad valorem duty may be made effective.

Mindful, however, of the added difference between American and Japanese labor costs due to recent advances in wages, both in the United States and Japan, and also mindful of the statement of the importers present, that under the proposed duty they would still have the wide difference of 60 per cent protection on 80 per cent of their present imports, we urge that you give serious consideration to the question of changing the ad valorem rate of duty in the bill before you to 30 per cent, leaving the specific duty on finished buttons as now proposed, viz, 1½ cents per line per gross.

Senator WATSON. I want to ask you a question or two. Your statement there is largely based on the inadequacy of ad valorem as compared with specific duties.

Mr. ROBINSON. That is our main basis.

Senator WATSON. I see here the first two items, "by striking therefrom"—referring to the present tariff act—"buttons of shell and pearl in sizes of 26/ lines and larger, 25 per cent ad valorem; below 26/, 45 per cent ad valorem," etc., and inserting in lieu thereof the words "finished or partly finished, 1½ cents per line per gross and 15 per cent ad valorem"—what I am trying to get at is whether or not, from the standpoint of the manufacturer, if this committee was to report favorably, supposing we take that view of it, is that sufficient to protect the American manufacturer?

Mr. ROBINSON. I believe it is not sufficient to protect the American manufacturers of ocean pearl buttons, in which the labor cost per gross is considerably higher than in other buttons, on account of the high value of the material used.

Senator WATSON. Did you contend for higher rates before the House committee?

Mr. ROBINSON. We did not appear before the House committee.

Senator WATSON. Did not anybody appear before the House committee?

Mr. ROBINSON. I understand that the fresh-water manufacturers appeared.

On page 111 of the tariff publication on "The button industry" we advised the Tariff Commission that we felt that we should have a duty of 2 cents per line per gross and 15 per cent ad valorem, in order to equalize the difference in labor cost in the manufacture of ocean pearl buttons.

Senator WATSON. That was your statement before the Tariff Commission?

Mr. ROBINSON. Before the Tariff Commission a year and a half or two years ago, since which time our labor cost has advanced about 61 per cent.

Senator WATSON. Did you gentlemen representing the manufacturing industry get together and have a meeting—have you an association?

Mr. ROBINSON. There are two associations, and 15 other manufacturers joined with us in asking us to represent them.

Senator WATSON. That is, manufacturers of what?

Mr. ROBINSON. Ocean-pearl buttons.

Senator WATSON. Did you get together and agree as to what would be the satisfactory rates to you, and were those rates presented to the Tariff Commission and then afterwards to the House committee?

Mr. ROBINSON. Those rates were arrived at largely from figures that were submitted by different manufacturers to the committee itself. They were reported to the associations and there was no dissent to those figures.

Senator WATSON. Then this bill was formulated largely on that report, was it?

Mr. ROBINSON. I assume it has some relation to our application for a specific duty, but it did not embody the specific rate we had asked for through the Tariff Commission.

May I refer to one or two other matters?

Mr. STREUSAND. Will you answer a question?

Mr. ROBINSON. With pleasure, if I am able.

Mr. STREUSAND. What is the lowest-priced button that you sell?

Mr. ROBINSON. In ocean pearls?

Mr. STREUSAND. Yes; per gross.

Mr. ROBINSON. That is a very hard thing to say. I should estimate under 10 cents per gross, if that is sufficiently accurate to suit your purposes.

Mr. STREUSAND. In 16/?

Mr. ROBINSON. In 16/.

Mr. STREUSAND. Broken buttons or first quality?

Mr. ROBINSON. I just testified here that our average price to-day is \$1.25 to \$1.40 per gross. Of course, that is for first-quality ocean-pearl buttons.

Mr. STREUSAND. So that 4 cent, 6 cent, or 8 cent buttons would not hurt you at all?

Mr. ROBINSON. Yes; it would, very much. That is exactly what I have just gone through. The argument I just now placed before you, Mr. Chairman, was stated at a great deal more length in the matter placed before the Tariff Commission, but I did not want to take your time by going into details now. It covers the very fact that we must make these buttons which sell for less than 10 cents per gross and other grades, which sell at different prices at comparatively small intervals above 10 cents per gross up to \$1.25 and then on above \$1.25. The very fact that we must make all those buttons at a practically identical labor cost per gross means that if we do not sell 10, 20, and 30 cent buttons we must add the cost invested in their manufacture to the price of the higher-grade buttons. We are limited in the price which we can obtain for those 10 or 20 cent buttons, etc., by their market value determined through competition.

Senator WATSON. Is it your contention that it is necessary to manufacture all grades of buttons, including the cheaper grades, in order to maintain the efficiency and the integrity of your organization, and keep your men all employed, and operate your factory as a whole?

Mr. ROBINSON. Very largely, but that is not our contention entirely. It is necessary for us to manufacture all these grades of buttons because they appear in the shell which we must buy, and we can not buy a half a shell, or a quarter shell, or any other portion of the shell which would make only the buttons we desire. We must buy whole shells, and these buttons appear in these shells when we buy them. Then there are other varieties of these cheaper buttons due to the imperfections in the shell, which cause the buttons to chip off as they are being made, so that seconds are produced. Labor has already been invested in them before the seconds are made, or possibly so much labor has been invested that it might cost us only a few cents a gross more to finish a certain button and get possibly 17 cents a gross out of them, although we may already have invested 45 or 50 cents in them. But this is already tied up and we can not get it out unless we invest further labor, and, as a business proposition, it is better for us to save the salvage under the circumstances.

It seems to me that the testimony of Mr. Land that American labor is five times as much as Japanese labor has very well corroborated our contention with reference to the ratio of Japanese labor. It also seems to justify our claims to protection against the cheaper and inferior buttons that are coming in from Japan to-day, the importation of which replaces many qualities of buttons which we must produce if we make any buttons.

As I understood Mr. Land, he said the cheaper buttons were made at a loss in Japan, but it is obvious from the comparative labor figures that they are not made at anywhere near the proportion of loss at which we are compelled to make ours in this country, and that they are utilizing our markets as a dumping ground for those very cheap buttons, which they bring over here and sell at less than it costs to make them.

It seems to me we can lay a great deal of emphasis on the desirability of protecting our own labor, from that sort of competition.

Furthermore, so far as the proposed duty is concerned, I can not quite understand why the importers should oppose the present bill. They state they will still have a wide difference of 60 per cent protection in favor of Japan on 80 per cent of the present Japanese importations, even under the proposed duty. So that if they can still continue to bring in 80 per cent of their best Japanese importations under the new bill, it seems to me to leave small reason for complaint; and, furthermore, that justifies the conclusions that we have come to, that the specific duty of 1½ cents per line per gross is not sufficient to adequately protect our branch of the industry. I thank you.

**STATEMENT OF MR. FRANK ARANOW, COUNSEL FOR IMPORTERS,
NEW YORK CITY, N. Y.**

Mr. ARANOW. May I, on behalf of the importers, and I appear as counsel for several houses in New York, in fact, most of them in the shirtwaist business, and while I am not here with statistics, we

feel we do not want to oppose a measure which is protective in its nature. We feel, however, that competition is the life of an industry, and we feel that this bill will wipe out competition that is now hardly existing in the present industry.

Senator CURTIS. You do not mean wipe out American competition?

Mr. ARANOW. Competition in the American market. We feel there is no such thing as competition in the pearl-button industry. I have not been able to get statistics, but I hope to get them in a short time from the consumer's point of view. We feel there is a market at the present time for all the American buttons that can be produced, and the very fact that prices are being raised from 55 to 81 shows there is competition. We feel that the growth of Japanese importations is a natural growth and a growth side by side with American industry, and it was not unnatural, or a growth which came by reason of unfair competition, and if there is unfair competition we want that wiped out, because we are Americans, and while we do not wrap the American flag around us, we all have a great interest in the land where we were born and live.

We feel, again, that the story about the stock being on the shelves has been told with ulterior motives, rather than to prevent competition. We feel that the market at the present time, particularly in the shirt-waist industry, in which my clients are interested, have placed their orders far in excess a year ago, and they would like to get more of them. We feel, on the other hand, that the argument concerning the importation of blanks is a very important thing, and this so-called cry of the American labor has an ulterior sound in it, that if this bill goes through there will be the exclusion of the Japanese button, because it does leave a differential, but it will make Japanese importation very difficult, with the result with the blank which comes in on a cheaper rate, which the Japanese do manufacture cheaper than the Americans—we are not going to argue facts, because we can not—but we feel the blank that the American fisherman will go and fish for, and that the blanks can simply be put in the machine and turned out in a few moments, will be of benefit to the American manufacturer.

Senator WATSON. That is to say, we ought to go abroad and buy blanks.

Mr. ARANOW. The blanks will be sent in here and the shells will be sent in here, and the American labor will not get the benefit of it. We feel that if there is to be a 1½ per cent on the buttons there ought to be the same on the blanks.

Senator WATSON. That is to say, if the first operation—

Mr. ARANOW (interposing). Is the greatest operation. Everybody can see there is no question about that, and that American labor might suffer by reason of the importation of a blank at a cheaper and lower rate of duty, and there might be an ulterior motive in that. This is merely an assumption on our part and not based on facts, because we have not any facts to base it on.

Mr. VETTER. We will be glad to let the blank come in at 1½ cents a line, the same rate of duty as the finished button, so there will be no argument on that score.

Mr. ADKINS. We are willing that that be restored here at the same tariff.

Mr. ARANOW. I think the greatest argument—

Senator WATSON (interposing). Wait a minute. What was the tariff last year on blanks?

Mr. ARANOW. One cent and the ad valorem added; the other is 1½ cents per line.

Mr. ADKINS. That would be on line 6, page 2.

Senator WATSON. Do you gentlemen say you agree on that?

Mr. ADKINS. We would be very glad indeed to have that changed.

Mr. ARANOW. I am only saying, from reading the bill and the testimony very casually that it seemed to be a possibility. Whether or not the glamor of stating that a man has shut down his factory, whether due to labor—which we are able to ascertain in a short hearing, though if I had time enough I think we could show—we feel the best index of whether a man is successful is the amount of business he does, and I respectfully show that the men in the line of Japanese importers have increased their capital. But if a man has increased his capital from \$25,000 up to \$650,000 in spite of war times, it shows a very successful operation. We want to help them along, but I believe this argument must be taken with a grain of salt.

In conclusion, I want to say we are just as anxious for a protective measure as anyone, and we are just as anxious to see American labor protected. But we also have a point of view that the consumer should be protected. It is perfectly ridiculous to argue that a man who has to pay 8, 15, or 20 cents increase on a dozen buttons will not feel the increase. I am a consumer, and it is those 5, 8, and 20 cent items which have made a difference in my yearly earnings up to the point where my earnings mean nothing to me. I want you to consider these things from the point of the consumer and the point of the shirt manufacturers whom I represent. We want clean competition, and I do not think this bill will afford that.

Mr. FICKETT. If the committee will permit it, there are some documents relating to our side of the question which I have here, and which I would like to have inserted in the record.

Senator WATSON. That may be done.

(The documents referred to are here printed in full, as follows:)

LA CROSSE, WIS., December 9, 1919.

WISCONSIN PEARL BUTTON WORKS,

La Crosse, Wis.

GENTLEMEN: Replying to your inquiry of December 8, relative to the prices paid for thread in 1913 as compared with 1919, beg leave to hand you the following figures:

Thread: July, 1913, 30/3-cord white silk-finished thread, 9,600-yard spools, \$1.06 per spool; July, 1919, 30/3-cord white silk-finished thread, 9,600-yard spools, \$2.08 per spool.

Relative to prices prevailing on thread in 1919, will say that our last purchase was made in July, and that we understand that the present price of this thread is above that listed above by about 45 per cent. We trust that this is the information desired.

Yours, very truly,

LA CROSSE CLOTHING Co.,
Per B. J. CASSELS, Manager.

BURLINGTON, IOWA, December 8, 1919.

MISSISSIPPI PEARL BUTTON Co., *City.*

GENTLEMEN: In response to your question as to the comparative prices between the present time and 1914, on work shirts, dress shirts, underwear, night robes, and pajamas, from Rice, Stix & Co., St. Louis, Mo., we are convinced that all of the above lines will run from 150 to 200 per cent higher, and in some cases even more.

Very truly,

EISELDT CLOTHING Co.,
Per L. M. EISELDT, *President and Treasurer.*

BURLINGTON, IOWA, December 9, 1919.

Mr. ALEX MAIR,

President Mississippi Valley Pearl Button Co.

DEAR SIR: In reply to your inquiry about knit underwear, will state that we now pay for shirts, drawers, and union suits the following prices:

Shirts, drawers, and ladies' vests:

1914, paid \$4.25 to \$4.50; now \$10.50 to \$11.50.

1914, paid \$8.50 to \$9; now \$18 to \$21.

1914, paid \$10.50 and \$12; now \$24 to \$27.00.

This is about the average advance in prices on all knit underwear on which pearl buttons such as you manufacture are used.

Yours, truly,

J. S. SCHRAMM Co.,
By C. M. MINKNIGHT, *Treasurer.*

BURLINGTON, IOWA, December 9, 1919.

Mr. W. P. FICKETT,

*President National Association Button Manufacturers,
New York City.*

DEAR MR. FICKETT: In answer to some of the exhibits submitted by our friends, the importers of pearl buttons, and some of the manufacturers and jobbers, also importers of pearl buttons, mostly from Japan, we would like to submit the following answers:

They claim that the imports for 1918 were only \$800,000 in pearl buttons, and they compare this with a bulk manufactured by the button manufacturers in the States of \$12,000,000. They are greatly misinformed as to the amount of buttons manufactured in 1918 in the States. Instead of same being \$12,000,000, the amount would be nearer \$5,000,000 or \$6,000,000. Now, to this they compare the imports of \$800,000. They forget that this import figure is based on the cost value of that button in Japan, where the ad valorem on account of the very cheap labor, probably one-sixth of ours, the price is very low. Their figure doesn't represent the freights, the cost of import, nor the duty of 45 per cent. Neither does it include the very large profit made by the importers, which, by the way, goes into only a few pockets here in the States. If they would add to this \$800,000 the freights, the cost of packing, the duty, and the profit of the importer, which, by the way, is not less than 25 to 50 per cent (in numerous instances more), you would have a total import value, as our goods are valued at the selling price, of something like \$1,600,000.

Now, if you compare this \$1,600,000 to less than \$6,000,000 worth of buttons manufactured, you would have at least 30 per cent of those buttons imported. Now, these imports have especially cut in on our cheap grades and have caused an accumulation which some little time ago amounted to about 12,000,000 gross of stock of buttons on the shelves, but this last 60 days has seen quite an increase in the demand of buttons. This increase sprang up quite suddenly, and the purchasers seem to be somewhat vexed in not finding on the shelves just what they want for prompt delivery.

Our business was demoralized and disrupted by the imports. A great deal of our labor was disbanded, and all at once when they wanted buttons there,

of course, was a delay. Had we known what they would buy later on, they would have found the stock that they needed, but they depended on the imports to a great extent. Of course, these imports are slow coming and then they look to us all at once to supply their requirements. We were not prepared. Therefore the apparent scarcity, which is not real except that we were not prepared to deliver exactly the size, grades, and patterns wanted on a short notice.

I notice that the remonstrance by our friends are all signed by Importers, while a great many of our regular customers have not attached their names to any of the remonstrances, which goes to show that they are supplied and are not delayed to any great extent, and therefore, gentlemen, we feel justified in our demands, and while some of our friends, the importers, of course would like to maintain a source of great income by just importing goods and distributing them at a large profit, which goes only in a few pockets in the States where they have no investments, pay very little taxes, while we, on the other hand, have large investments in factories and machinery, which if not utilized are worthless, and furthermore we give a livelihood to thousands of employees and families dependent on those employees for their daily bread.

You see the case is quite different. The importers' money goes abroad and sustains labor in foreign lands while our money stays at home and sustains home labor and American industries.

Yours, very truly,

MISSISSIPPI PEARL BUTTON CO.,
LEON LEMAIRE, *Treasurer.*

Average return on paid-up capital stock for period 1914-1918, inclusive, 10 per cent.

Average return on investment for period 1914-1918, inclusive, 5 per cent.

Average return of profit on gross sales, 1914-1918, 6.7 per cent.

AUTOMATIC BUTTON CO.,
Muscatine, Iowa.

SCHEDULES OF AUTOMATIC BUTTON CO., MUSCATINE, IOWA.

Amount of gross manufactured: 1914, records incomplete, partially destroyed; 1915, 1,094,691; 1916, 1,466,733; 1917, 1,359,162; 1918, 1,111,307.

Total sales of buttons: 1914, \$191,423.81; 1915, \$231,877.47; 1916, \$374,212.20; 1917, \$350,807.83; 1918, 391,353.27.

Total gross finished buttons on hand end of each year: 1914, 667,168; 1915; 652,296; 1916, 597,189; 1917, 840,408; 1918, 831,941; December 1, 1919, 901,522.

BURLINGTON, IOWA, *December 9, 1919.*

Mr. ALEX MOIR,

President Mississippi Pearl Button Co., City.

DEAR SIR: It might interest you to know that work shirts on which pearl buttons are used have increased on a scale from 1914 to 1915 of about 20 per cent, and a semi-yearly increase up to 1919, inclusive, to 200 per cent. In other words a shirt that cost \$4.50 per dozen in 1914 was \$5.50 in the year 1915, \$6.50 in the year 1916, \$9 in the year 1917, \$10.50 in the year 1918, \$13.50 at the present time, December, 1919.

Manufacturers such as Rice Stix & Co., of St. Louis, Mo.; the Charles Aischuler Manufacturing Co., of Racine, Wis., as well as the R. L. McDonald Manufacturing Co., of St. Joseph, Mo., will verify this statement.

Underwear: All underwear on which pearl buttons are used have increased from 20 per cent in 1914 to 1915, but have had a continual yearly increase until the present season of 1919, when every grade of underwear is 100 per cent or more higher than our purchases during the year 1915. We refer you to such well-known manufacturers of underwear as the Lewis Knitting Mills, of Janesville, Wis.; Wilson Bros., of Chicago, Ill.; and the Rice Stix Manufacturing Co., of St. Louis, Mo.

Yours, very truly,

STRAUSE BROS.,
Per J. JACQUE STRAUSE.

PEARL BUTTONS.

71

U. S. Button Co., pay roll, Dec. 11, 1919, cutting department.

Name.	Line.	Pounds blank.	Test.	Gross.	Price.	Amount.	Saw and files.	Net.
J. Bennett.....	16	81	416 176	201 85	\$0.11 .13	\$23.11 11.47	\$0.34	\$34.24
B. Elliott.....	16	74	376 196	166 86	.11 .13	19.59 11.61	.84	30.96
F. Everman.....	16	41	388 144	95 35	.11 .13	10.92 4.72	.82	14.82
S. Fuller.....	10	70½	504 144	212 60	.11 .13	24.38 8.70	.74	32.34
A. Grooms.....	16	80½	310 212	163 102	.11 .13	18.74 13.77	.....	32.51
William Harkey.....	16	74½	456 152	202 67	.11 .13	23.23 9.04	.27	32.00
J. Harmon.....	16	14	352 184	29 15	.11 .13	3.33 2.02	.18	5.17
P. McGill.....	16	82½	408 208	200 102	.11 .13	23.00 13.77	1.09	35.68
T. Paukratz.....	16	66½	416 160	165 63	.11 .13	18.07 8.50	.24	27.23
R. Schotte.....	16	58½	384 208	134 72	.11 .13	15.41 9.72	.74	24.39
F. Springborn.....	16	45½	400 208	108 56	.11 .13	12.42 7.03	.....	20.35
J. Wren.....	10	66½	392 192	155 76	.11 .13	17.82 10.26	1.44	26.64
H. Bell.....	18	74½	352 104	156 46	.12 .14	18.72 6.44	.28	24.88
W. Forbes.....	18	13	320 152	25 12	.12 .14	3.00 1.68	.10	4.58
C. Howell.....	18	70½	188 240	79 101	.12 .14	9.48 14.14	.58	23.04
S. Land.....	18	15½	210 160	22 15	.12 .14	2.64 2.10	.97	3.77
M. Mitts.....	18	69	264 192	108 79	.12 .14	12.96 11.00	.36	23.66
D. Miller.....	18	34	232 192	47 39	.12 .14	5.64 5.40	2.93	8.17
G. Miller.....	18	39	256 184	59 43	.12 .14	7.08 6.02	.....	13.10
M. Nicola.....	18	28	230 181	43 31	.12 .14	5.16 4.31	2.43	7.07
C. Schmuck.....	18	32½	280 176	54 34	.12 .14	6.48 4.70	.....	11.24
C. Williamson.....	18	74½	232 136	103 60	.12 .14	12.36 8.40	.....	20.76
W. Moore.....	18	40½	592 106	143 127	.10 .12	14.30 15.87	.99	13.31
H. Blahr.....	20	108½	120 96	77 48	.11 .12	11.16 6.00	.11	26.02
H. Bartenhagen.....	20	35	232 96	48 20	.12 .14	6.00 2.90	.....	8.00
D. Boke.....	20	77½	210 101	111 48	.12 .14	13.87 6.96	.11	20.72
C. Bennett.....	20	72½	240 80	101 35	.12 .14	13.00 5.07	.....	18.07
E. Eppers.....	20	35	304 72	63 15	.12 .14	7.87 2.17	.66	9.38
F. Elder.....	20	110	192 136	125 87	.12 .14	15.62 12.90	.69	27.83
M. Gillian.....	20	68	184 120	96 63	.12 .14	12.00 9.13	.31	20.82
B. Griffith.....	20	13	248 88	19 7	.12 .14	2.37 1.01	.11	3.27
M. Gilliard.....	20	49	224 96	65 28	.12 .14	8.12 4.06	.08	12.10
J. Keithley.....	20	56½	288 72	97 24	.12 .14	10.12 3.48	.....	13.60
H. Klobe.....	20	158½	264 72	248 68	.12 .14	31.00 9.80	.....	40.86
E. Keoblch.....	20	49	172 128	50 37	.12 .14	6.25 5.39	.91	10.70
J. Johnson.....	20	66	240 88	94 35	.12 .14	11.75 5.07	.33	16.49
D. Land.....	20	67½	224 104	130 60	.12 .14	16.25 8.70	.60	24.35
R. Melton.....	20	61½	232 88	126 48	.12 .14	15.75 6.96	.....	22.71
L. Mann.....	20	82	210 88	117 43	.12 .14	14.62 6.23	.....	20.85
F. Miller.....	20	57	180 112	51 38	.12 .14	6.37 5.51	.....	11.88

1 R/c.

U. S. Button Co., pay roll, Dec. 11, 1919, cutting department—Continued.

Name.	Line.	Pounds blank.	Test.	Gross.	Price.	Amount.	Saw and files.	Net.
C. Mathes.....	20	120½	240	172	\$.12	\$21.50	\$.42	\$31.08
			96	60	.14	10.00		
Y. Mathes.....	20	108	200	129	.12	18.12	1.39	25.17
			112	72	.14	10.44		
L. Maurath.....	20	149½	222	109	.12	24.87	.29	40.09
			120	107	.14	15.51		
H. McGill.....	20	87½	200	104	.12	13.00	.87	20.54
			112	58	.14	8.41		
D. McIntyre.....	20	123½	184	135	.12	16.87		30.50
			128	94	.14	13.63		
C. Patrick.....	20	90½	264	142	.12	17.75		23.40
			72	39	.14	5.65		
D. Reed.....	20	51½	272	83	.12	10.37	.40	13.88
			88	27	.14	3.91		
N. Schnedler.....	20	18½	168	19	.12	2.37	.50	3.90
			128	14	.14	2.03		
L. Wakeland.....	20	101	256	154	.12	19.25	.27	27.39
			96	58	.14	8.41		
B. Wakland.....	20	124	168	124	.12	15.50	.38	31.36
			152	112	.14	16.24		
W. Wellons.....	20	95	216	122	.12	15.25	.40	23.34
			104	59	.14	8.55		
E. S. Williamson.....	20	102	240	145	.12	18.12	1.05	24.17
			80	49	.14	7.10		
C. Bell.....	24	123	240	176	.12	21.12		21.12
B. Griffith.....	24	131	290	140	.12	16.80		16.80
C. N. Johnson.....	24	122½	160	117	.13	15.21	.24	21.12
			56	41	.15	6.15		
N. Potty.....	24	113½	152	103	.13	13.39	.51	18.13
			52	35	.15	5.25		
F. Elliott.....	24	68½	304	124	.11	14.28	.72	18.54
C. Laud.....	24	22½	336	45	.11	5.17	.09	6.17
Wilson Moore.....	24	16½	312	31	.11	3.56	3.56	
M. Rabodaux.....	24	54	320	103	.11	11.94		11.94
J. Fick.....	(*) 24	128½	172	132	.20	26.40	.24	20.16
N. Schnidler.....	(*) 24	104	176	109	.20	21.80		21.80
F. Abents.....	30	158	93	87	.22	19.14		19.14
H. Bartenhagen.....	30	22	92	12	.22	2.64		2.64
C. Bell.....	30	24	104	15	.20	3.00		3.00
J. Fick.....	30	30	108	19	.22	4.18		4.18
L. Lester.....	30	175	90	94	.22	20.68	.46	20.22
Wm. Townson.....	30	178½	96	102	.22	22.44		22.44
H. Wilson.....	30	300	100	179	.22	39.38		39.38
Total.....						1,371.27	31.10	1,340.17

* R/c.

* S. B.

U. S. Button Co., cutting department.

PAY ROLL, DEC. 8, 1915.

Check No.	Name.	16	18	20	22	24	30	36	1 ^q R.C.	Price.	Amount.	Deduction.	Net.
829	J. Adams.....				225					\$0.07	\$15.75		\$15.75
830	E. A. Allen.....						173			.10	17.30		17.30
831	C. Allis n.....			265						.07	18.55	\$0.15	18.40
832	E. Amerine.....							112		.14	15.68	.65	15.03
834	M. Barker.....		156							.09	10.14	.39	9.75
835	H. Bartenhagen.....				200					.07	15.00		15.00
836	C. Bougness.....		176							.06	11.44	1.15	10.29
837	H. Behrens.....		292							.03	16.06	.70	15.36
838	J. Behrens.....			138						.07	9.66		9.66
839	C. Bell.....						195			.10	19.50		19.50
840	P. Berry.....							104		.14	14.56		14.56
841	E. Beverly.....			135						.07	9.45	.27	9.18
842	L. Bishop.....								133	.03	6.05	.50	6.15
843	C. Boone.....			254						.07	17.78	.66	17.12
844	C. Bowker.....							85		.14	11.90	.40	11.50
845	C. Brill.....						177			.10	17.70	.30	17.40
846	G. Buster.....								202	.03	10.10	.71	9.39
847	J. Butcher.....			132						.07	9.24	.55	8.69
848	W. Butler.....				182					.07	12.74		12.74
849	R. Carr.....			63						.07	4.41	2.40	2.01

PEARL BUTTONS.

U. S. Button Co., cutting department—Continued.

PAY ROLL, DEC. 8, 1915—Continued.

Check No.	Name.	16	18	20	22	24	30	30	18 R.O.	Price.	Amount.	Deduction.	Net.
921	J. Willhite...		148							\$0.08	\$9.62	\$0.45	\$9.17
922	W. Winsor...			189						.07	11.13	.75	10.38
923	F. Witkock...							103		.14	14.70	.20	14.50
710	G. Bryant...	54								.06	3.24	.45	2.79
	Cr.—Deposit Nov. 20.....										10		.10
924	A. Kolin, on account of law and files.....												27.67
	Total...	1,136	4,246	2,827	4,182	295	1,755	774	1,275		1,157.28		1,157.28

Total grossage, 18,400.

PAY ROLL, DEC. 12, 1913.

Check No.	Name.	14	10	18	20	24	30	30	Tips 20.	R. C. 20.	Amt.	Deduction.	Net.
6375	S. Terry.....	228									\$13.68	\$0.73	\$12.95
6376	S. Fuller.....					96					8.16	.06	8.10
6377	L. Cunningham.....						79				9.48		9.48
6378	H. Benninger.....						65				7.80	.36	7.44
6379	O. Hartman.....		149								9.68	.33	9.35
6380	A. Ritter.....					229					19.46	.78	18.68
6381	A. Gable.....								277		13.85	.30	13.55
6382	T. N. Fultz.....		91								5.91		5.91
6383	G. Osborn.....		129								8.38	.35	8.03
6384	R. Millage.....			133							9.31	.63	8.78
6385	C. Bowker.....							75			12.00	.45	11.55
6386	H. Osten.....		183								11.89	.60	11.39
6387	J. Keithly.....					188					15.98	.75	15.23
6388	L. Herwig.....			122							8.54		8.54
6389	O. Zellman.....		177								11.60	.55	10.95
6390	J. Adams.....			104							7.28	.60	6.68
6391	S. Cox.....			103							7.21	.81	6.40
6392	J. Carlisle.....		188								12.09	.68	11.61
6393	R. Carr.....					162					13.77	.30	13.47
6394	E. Buttgen.....					190					10.15		10.15
6395	Geo. Lano.....			194							13.68	.15	13.43
6396	N. Petty.....					137					11.64	.16	11.48
6397	Joe Grimes.....						78				9.36	.25	9.11
6398	O. Fowler.....			153							10.71	.78	9.93
6399	L. Wels.....					217					18.44		18.44
6400	G. Knox.....			147							10.29	.43	9.86
6401	J. Rinnishland.....					132					11.22	.25	10.97
6402	M. Damp.....		40								2.60	.24	2.36
6403	F. Shaner.....					121					10.28		10.28
6404	E. Muller.....								274		14.44	.26	14.18
6405	A. Boone.....								247		12.35	.76	11.60
6406	F. Abents.....						91				10.92		10.92
6407	J. Traas.....			139							357.95		9.73
6408	H. Englehart.....	267									16.02	.39	15.63
6409	R. Brendel.....								107		6.42	.65	5.77
6410	J. Brandes.....			181							12.88	.60	12.28
6411	L. Moore.....		177								11.50		11.50
6412	A. Klatt.....		128								8.32		8.32
6413	C. Schroeder.....									210	14.40		14.40
6414	C. Hinman.....		195								12.67	.58	12.09
6415	V. Root.....			160							10.40	.46	9.94
6416	C. Graham.....			108							13.86		13.86
6417	E. Peck.....					183				257	15.42	.39	15.03
6418	E. Root.....										15.55	.55	15.00
6419	H. Holliday.....			130							9.52	.76	8.77
6420	W. Pulliam.....							108			17.28		17.28
6421	B. Riggins.....			186							13.02	.45	12.57
6422	J. Behrens.....						74				8.88	.45	8.43
6423	J. Davis.....					118					10.03		10.03
6424	J. Lewis.....							85			13.60		13.60
6425	F. Elliott.....			106							7.42	.15	7.27
6426	J. Crow.....					164					13.94		13.94
6427	F. Gravatt.....							122			14.61	.15	14.49
6428	B. McGuire.....			78							5.46	.27	5.19

PEARL BUTTONS.

75

U. S. Button Co., cutting department—Continued.

PAY ROLL, DEC. 12, 1913—Continued.

Check No.	Name.	14	16	18	20	22	24	30	30	Tips 20.	R. C. 20.	Amt.	Deduction.	Net.
6428	W. Wellons.....			109			28					\$10.29	\$0.15	\$10.14
6429	O. Chapman.....		147									9.55	.30	9.25
6430	C. Burgess.....			172								12.04	.75	11.29
6431	J. Elliott.....			99								6.93	1.51	5.42
6432	J. Caine.....				21							1.57	.08	1.49
6433	H. Fuller.....										167	8.35	.53	7.82
6434	L. Odell.....			176								12.32	.90	11.42
6435	S. Paltzer.....		141									9.16		9.16
6436	G. Summers.....							61				7.68	.25	7.43
6437	S. Gravatt.....							63				7.66		7.66
6438	J. Wren.....			118								8.26		8.26
6439	C. Craddock.....		169									10.98	.60	10.38
6440	F. Terry.....		129									8.38	.75	7.63
6441	F. Savage.....					155						13.17	.60	12.57
6442	J. Grimes.....				187							14.02	1.03	12.99
6443	W. Barry.....			145								10.15	.37	9.78
6444	H. Shock.....			151								10.67	.75	9.92
6445	J. J. Behrens.....				171							12.82		12.82
6446	W. Maddox.....				181							13.67		13.67
6447	E. Ammerino.....								76			12.16	.45	11.71
6448	C. Brill.....			229								16.03		16.03
6449	R. Lamb.....	242										14.52	.12	14.40
6450	W. Townsend.....							94				11.28		11.28
6451	B. Wakeland.....		172									11.18	.25	10.93
6452	L. Wakeland.....		152									9.88	.40	9.48
6453	A. Kollen.....													26.88
	Total.....	737	2,525	3,182	560	2,092	28	730	344	691	878	881.33	26.88	881.33

Total grossage, 11,767.

OSAKA, October 21, 1919.

HAWKEYE PEARL BUTTON Co.,
Muscatine, Iowa.

DEAR SIR: To enlarge our business capacity, and to meet with your demands more freely and satisfactorily, we at this opportunity, incorporated with Messrs. S. Tsujimoto & Co., Osaka, the sweet water pearl button makers and beg to call your attentions to the fact that all your future communications to be addressed to Shinkichi Katoh & Co., as per this letterhead shows.

A few days ago, we have sent you, under parcel post, samples of blanks of shells which we think have reached you and meeting with your attentions.

Since we have written to you some time ago the prices of shell buttons has advanced a great deal, and the now ruling rate is very dear indeed; for instance, there is an increase of 60 per cent for shanks and 20 per cent for blanks, comparing that of the last year.

This increase caused by large orders submitted from Europe partly and by the advancement of the materials, and this tendency is generally expected to continue for a while, therefore, we think it most advisable for you to order us as speedily as possible.

We, however, thanks to the cooperation of Messrs. S. Tsujimoto & Co., have large stock of shells and are always trying our utmost to supply cheapest goods obtainable, and we will never fail to supply you at competitive prices with prompt satisfaction.

Soliciting your orders, which we can assure you to have our best and prompt attention,

Yours, faithfully,

SHINKICHI KATOH & Co.,
Per M. NAGAOKA.

Pattern (lines).	Thick.	Thin.	1 c/s.—6 sacks contained—		Average cost.
			Thick.	Thin.	
	Yen.	Yen.			Yen.
1 6.....	1.37	0.95	About 185,000 pieces...	About 245,000 pieces...	1.13
1 8.....	1.70	1.30	About 132,000 pieces...	About 174,000 pieces...	1.47
2 0.....	1.65	1.45	About 100,000 pieces...	About 120,000 pieces...	1.70
2 2.....	2.25	1.75	About 75,000 pieces....	About 105,000 pieces....	1.90
2 4.....	2.70	2.20	About 51,000 pieces....	About 75,000 pieces....	2.41
	Yen.				
2 6.....	3.00		About 45,000 pieces.....		
2 8.....	3.30		About 40,000 pieces.....		
3 0.....	3.75		About 30,000 pieces.....		
3 6.....	5.85		About 20,000 pieces.....		
4 0.....	9.55		About 15,000 pieces.....		
4 4.....	12.30		About 8,000 pieces.....		

Approximate measurement: One c/s., gross weight, 340 pounds; 5 cubic feet.

The above prices are c. i. f. Seattle or San Francisco per 1,000 pieces in yen and subject to market fluctuation. A certain reduction is made for second quality as well as packed loose in bag or box.

THE MORRIS MILLS,

Amsterdam, N. Y., December 8, 1919.

MESSRS. HARVEY CHALMERS & SONS,

Amsterdam, N. Y.

GENTLEMEN: In response to your request, that we cite some of the prices of the various materials and supplies that go to make up our finished product, which is men's underwear, we are glad to enumerate the percentage of advance that has taken place from the prewar period—years 1911, 1912, and 1913 to the present time.

We are very glad to give you these comparisons if it will in any way aid you in bringing about a tariff that will sufficiently protect you from foreign-made buttons. This protection you are entitled to when one considers the progress you have made, not only from the standpoint of production but also the vast strides that have been accomplished by you in producing an output that in quality is a most commendable reflection of American progressiveness.

The increase in cost of our various materials and trimmings are as follows:

Cotton cloths for trimmings.....	Per cent.
Cotton, mercerized cotton, and combed-yarn threads.....	325
Metal eyelets.....	175
Silk ribbons and silk binding.....	275
Box board for the manufacture of paper boxes.....	225

Yours, respectfully,

A. V. MORRIS & SONS.

AMSTERDAM, N. Y., December 8, 1919.

Mr. D. H. HUBBS, *Clly.*

DEAR SIR: You inquired to-day for some data on cotton goods, threads, etc., used by the underwear manufacturers.

In looking over my records I find that the market in February and March, 1914, on 3.50 satteens was 9½ cents; market to-day on the same cloth made in Fall River is 45 cents; 4.00 yard satteen was selling at that time at 7¼ cents; the market to-day is 40 cents.

On 0.60 print cloths the market at that time was 4¼, to-day 10½ cents; 4.00 yard sheeting sold July, 1914, at 5¼ cents; market price to-day is 23½ cents, southern goods; 64/60, which is a staple number made in Fall River and also the South, at that time was selling for 5 cents a yard; market price to-day is 19 to 19½ cents.

These are the cambrics and satteens that the knit-underwear trade use for their drawer bands and also their facings to sew buttons on the underwear.

The market price on thread that is used to sew buttons on knit underwear in the early part of 1914—40/3—ranged between 25 cents and 29 cents, which has steadily advanced, and to-day the market price on same is between \$1.45 and \$1.55; 50/3 combed peeler yarn made in the South was selling in the middle of 1914 for 44 cents per pound; to-day's market price is \$2.50.

This is also used for sewing buttons, drawer bands, and making knit underwear.

No. 8 tape, which is also used on underwear, was selling at that time for about 30 to 32 cents a gross and is now selling for 85 to 90 cents.

Combed peeler 20/2 for mercerizing was selling in the middle of 1914 for 32 cents a pound and to-day is worth \$1.35.

All of these prices that I have given you can be substantiated by the current market quotations of goods on the dates mentioned.

Yours, very truly,

ROBERT G. HANKIN.

AMSTERDAM, N. Y., December 10, 1919.

HARVEY CHALMERS & SON,
Amsterdam, N. Y.

GENTLEMEN: Referring to your inquiry asking for information showing the difference between prewar prices and the present market prices of sundry items which enter into the manufacturing costs of our line of underwear, we give below several items which will show the great advance in materials:

	Prewar prices.	Present market prices.
10/1 carded yarn.....	\$0.18	\$0.70
20/1 combed peeler yarn.....	.30	1.15
20/2 mercerized yarn.....	.40	1.70
No. 8 stay binding.....	.28	.92
40/3 peeler thread.....	.21	1.50
50/3 combed peeler thread.....	.45	2.40
64 by 112, 4-yard sateen.....	.09	.46
72 by 120, 3.50-yard sateen.....	.11	.51
64 by 60 cambric.....	.06	.23

Trusting this information is what you desire, we remain,

Yours, very truly,

CHALMERS KNITTING CO.
THEO. S. DUTCHER.

LITTLE FALLS, N. Y., December 8, 1919.

HARVEY CHALMERS & SON,
Amsterdam, N. Y.

GENTLEMEN: In answer to your inquiry as to present prices of articles of which we use considerable compared to prewar prices, would say, that the greatest advances have taken place in cotton yarns, threads, cambrics, silesias, etc. Yarns are about four times prewar prices, and some instances more. Threads three to four times, cambrics and silesias about four to five times.

Trusting this gives you the information desired, we are,

Very truly, yours,

LITTLE FALLS MANUFACTURING CO.,
Per L. U. LYNT.

Senator WATSON. The hearing in the matter of pearl buttons is now adjourned.

(Thereupon, at 12.30 o'clock p. m., the subcommittee adjourned to meet at the call of the chairman.)